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 COOK COUNTY RECORDER

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LEASEHOLD MORTGAGE AND SECURITY AGREEMENT

THIS LEASEHOLD MORTGAGE AND SECURITY AGREEMENT ("Security Instrument") is given on this 20th day of February, 1997. The Lender is Mid Town Bank and Trust Company of Chicago, not personally, but solely as Trustee under Trust Agreement dated May 12, 1985 and known as Trust No. 1982 ("Trustee"), Cheryl L. Cervillo, and Leonard J. Cervillo (collectively, "Borrower"). This Security Instrument is given to Mid Town Bank and Trust Company of Chicago, an Illinois banking corporation, which is organized and existing under the laws of Illinois, and whose address is 2021 North Clark Street, Chicago, Illinois 60614 ("Lender"). Borrower owes Lender the principal sum of Two Million Two Hundred Fifty Thousand and no/100 Dollars (U.S. \$2,250,000.00) or so much thereof as has been disbursed. This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note") which provides for monthly payments, with the full debt, if not paid earlier, due and payable on the Maturity Date, which is the eighth (8th) anniversary of the first disbursement of the Loan. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other debts, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note and any of the other Loan Documents. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in Cook County, Illinois:

The Leasehold Estate created pursuant to that certain Proprietary Sublease (the "Lease") dated May 24, 1995, by and between 199 Corp., an Illinois corporation, as Lessor, and Trustee, as Lessee, in which Lessor leases to Lessee apartment No. 3E (the "Apartment") in the building situated at 199 East Lake Shore Drive, Chicago, Illinois (which building is situated on land more particularly described on Exhibit A attached to this Mortgage) and garage spaces 4 and 9.

TOGETHER WITH all the improvements now or hereafter erected on the property, all of the property described in Paragraph R-5, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower covenants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

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We certify that this is a true, correct, and accurate copy of the original instrument.

CHICAGO TITLE AND TRUST COMPANY

BY *[Signature]*

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UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 *et seq.* ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentally, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to any sums payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions assessable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them or the same directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. **Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

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All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. **Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is brought in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, or causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. **Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appealing in court, paying reasonable attorney's fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Default Rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. **Mortgage Insurance.** If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

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9. **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is condemned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

13. **Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a cash payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. **Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. **Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. **Transfer of the Property or a Beneficial Interest in Borrower.** Except as may be set forth in Section 10.2 of the Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require

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immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstatement. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unimpaired. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any litigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

23. Waiver of Homestead. Borrower waives all right of homestead exemption in the Property.

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24. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

- | | | |
|--|---|---|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> Graduated Payment Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Rate Improvement Rider | <input type="checkbox"/> Second Home Rider |
| <input checked="" type="checkbox"/> Other(s) (specify) Leasehold Mortgage and Security Agreement Rider | | |

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Witnesses:

Mid Town Bank and Trust Company of Chicago, as Trustee
as aforesaid

By: [Signature] (Seal)

DEBORAH M. STEPHANIDES

CHIEF CREDIT OFFICER

Cheyl L. Corallo

Leonard J. Corallo

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RIDER TO LEASEHOLD MORTGAGE AND SECURITY AGREEMENT

This Rider is attached to and made a part of that certain Leasehold Mortgage and Security Agreement dated February 28, 1997, between Mid Town Bank and Trust Company of Chicago as Trustee ("Trustee") under Trust Agreement dated May 10, 1995 and known as Trust No. 1982, having an address of 2021 North Clark Street, Chicago, Illinois 60614, and Cheryl L. Cerullo and Leonard J. Cerullo (collectively, "Cerullo"), having an address of 1212 North Monroe, River Forest, Illinois 60305 (Trustee and Cerullo are referred to collectively as "Borrower") and Mid Town Bank and Trust Company of Chicago, an Illinois banking corporation ("Lender").

R-1. Leasehold Estate. Borrower hereby represents and covenants, to the best of Borrower's knowledge:

- (a) that the Lease is in full force and effect and unmodified;
- (b) that all rents (including additional rents and other charges) reserved in the Lease have been paid to the extent they were payable prior to the date of this Security Instrument;
- (c) to defend the Leasehold Estate created under the Lease for the entire remainder of the term set forth in the Lease, against all and every person or persons lawfully claiming, or who may claim the right to possess all or any part of the Property, subject to the payment of the rents in the Lease reserved and subject to the performance and observance of all of the terms, covenants, conditions, and warranties of the Lease;
- (d) that there is no uncured default under the Lease or in the performance of any of the terms, covenants, conditions, or warranties of the Lease on the part of the lessee to be observed and performed. Further, no state of facts exist under the Lease which, with the lapse of time or giving of notice or both, would constitute a default under the Lease.

R-2. Borrower's Covenants with Respect to Lease.

- (a) Borrower shall at all times promptly and faithfully keep and perform, or cause to be kept and performed, all of the covenants and conditions contained in the Lease by the lessee under the Lease be kept and performed and in all respects conform to and comply with the terms and conditions of the Lease, and Borrower further covenants that it shall not do or permit anything which will impair or tend to impair the security of this Security Instrument or will be grounds for declaring a forfeiture of the Lease, and upon any such failure aforesaid, Borrower shall be subject to all of the rights and remedies granted Lender in this Security Instrument.
- (b) Borrower shall not modify, extend, or in any way alter the terms of the Lease or cancel or surrender the Lease, or waive, execute, condone, or in any way release or discharge the lessor under the Lease of or from the obligations, covenants, conditions, and agreements by lessor to be done and performed; and Borrower does expressly release, relinquish, and surrender unto Lender all of its rights, power, and authority to cancel,

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surrender, amend, modify, or alter in any way the terms and provisions of the Lease, and any attempt on the part of Borrower to exercise any such right without the prior written approval and consent of Lender shall constitute a default under the terms of this Security Instrument and the entire debt shall, at the option of Lender, become due and payable without notice.

- (c) The entire debt secured by this Security Instrument shall immediately become due and payable at the option of Lender if (a) Borrower fails to give Lender prompt notice of any default under the Lease or of the receipt by Borrower of any notice of default from the lessor under the Lease, (b) Borrower fails to furnish to Lender promptly any and all information which it may request concerning the performance by Borrower of the covenants of the Lease, (c) Borrower fails to permit Lender or its representative at all reasonable times to make investigation or examination concerning the performance by Borrower of the covenants of the Lease, or (d) Borrower fails to permit Lender or its representative at all reasonable time to make investigation or examination concerning such performance. Borrower shall promptly deliver to Lender an exact copy of any notice, communication, plan, specification, or other instrument or document received or given by it in any way relating to or affecting the Lease.
- (d) In the event of any failure by Borrower to perform any covenant on the part of lessee to be observed and performed under the Lease, the performance by Lender on behalf of Borrower of the Lease covenant shall not remove or waive, as between Borrower and Lender, the corresponding default under the terms of this Security Instrument and any amount so advanced by Lender or any costs incurred in connection therewith, with interest at the Default Rate shall constitute additional debt and be immediately due and payable.
- (e) To the extent permitted by law, the price payable by Borrower, or by any other party so entitled, in the exercise of the right of redemption, if any, shall include all rents paid and other sums advanced by Lender, on behalf of Borrower, as lessee under the Lease.

R-3. Payment of Lease Expenses. Borrower shall pay or cause to be paid all rents, additional rents, taxes, assessments, water rates, sewer rents, and other charges and impositions payable by the lessee under the Lease for which provision has not been made in this Security Instrument, when and as often as the same shall become due and payable.

R-4. Lender's Performance of Borrower's Obligations. In case of a default, either before or after acceleration of the debt or the foreclosure of the lien of this Security Instrument, Lender may, but shall not be required to, make any payment or perform any act required of Borrower in this Security Instrument (whether or not Borrower is personally liable) in any manner deemed expedient to Lender. Lender may, but shall not be required to, complete construction, furnishing, and equipping of the Property and rent, operate, and manage the Property and pay operating costs, including management fees, of every kind in connection therewith, so that the Property shall be usable for their intended purposes. All such monies paid and expenses incurred, including attorneys' fees, shall be additional debt, whether or not the debt, as a result, exceeds the face amount of the Note, and shall become immediately due with interest at the Default Rate. Inaction of Lender shall never be considered a waiver of any right accruing to it on account of any default

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nor shall the provisions of this Paragraph or any exercise by Lender of its rights under this Security Instrument prevent any default from constituting a default. Lender, in making any payment authorized by this Security Instrument (a) relating to 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 of title; (b) for the purchase, discharge, compromise, or settlement of any lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; or (c) in connection with the completion of construction, furnishing, or equipping of the Property or the rental, operation, or management of the Property or the payment of operating costs, may do so in such amounts and to such persons as Lender may deem appropriate. Nothing contained in this provision shall be construed to require Lender to advance monies for any purpose.

R-5. **Security Agreement.** Borrower and Lender agree that this Security Instrument shall constitute a Security Agreement within the meaning of the Illinois Uniform Commercial Code (the "Code") with respect to (i) all sums at any time on deposit for the benefit of Lender or held by Lender (whether deposited by or on behalf of Borrower or anyone else) pursuant to any of the provisions of this Security Instrument or the other Loan Documents, and (ii) with respect to any fixtures, equipment, systems, appliances, hardware, and lighting, which personal property may not be deemed to be affixed to the Property or may not constitute a "fixture" (within the meaning of Section 9-313 of the Code) (the "Collateral") and all replacements of, substitutions for, additions to, and proceeds of the Collateral, and that a security interest in and to the Collateral is hereby granted to Lender, and the Collateral and all of Borrower's right, title, and interest in the Collateral are hereby assigned to Lender, all to secure payment of the debt secured by this Security Instrument. All of the provisions contained in this Security Instrument pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Property; and the following provisions of this paragraph shall not limit the applicability of any other provision of this Security Instrument but shall be in addition to those provisions:

- a. Borrower (being the Debtor as that term is used in the Code) is and will be the true and lawful owner of the Collateral, subject to no liens, charges, or encumbrances other than the lien of this Security Instrument, other liens and encumbrances benefitting Lender and no other party, and liens and encumbrances, if any, expressly permitted by the other Loan Documents.
- b. The Collateral will be kept on the Property and will not be removed without the consent of Lender (being the Secured Party as that term is used in the Code). The Collateral may be affixed to the Property but will not be affixed to any other real estate.
- c. The only persons having any interest in the Property are Borrower, Lender, and holders of interests, if any, expressly permitted by this Security Instrument.
- d. No Financing Statement (other than Financing Statements showing Lender as the sole secured party, or with respect to liens or encumbrances, if any, expressly permitted by this Security Instrument) covering any of the Collateral or any proceeds of the Collateral is on file in any public office except pursuant to this Security Instrument; and Borrower will at its own cost and expense, upon demand, furnish to Lender such further information and will execute and deliver to Lender such financing statements and other documents in form

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satisfactory to Lender and will do all such acts as Lender may at any time or from time to time request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the debt secured by this Security Instrument, subject to no other liens or encumbrances, other than liens or encumbrances benefitting Lender and no other party and liens and encumbrances (if any) expressly permitted by this Security Instrument; and Borrower will pay the cost of filing or recording such financing statements or other documents, and this instrument, in all public offices wherever filing or recording is deemed by Lender to be desirable.

e. Upon default under this Security Instrument, Lender shall have the remedies of a secured party under the Code, including without limitation, the right to take immediate and exclusive possession of the Collateral, or any part of the Collateral, and for that purpose may, so far as Borrower can give authority, with or without judicial process, enter (if this can be done without breach of the peace), upon any place which the Collateral or any part of the Collateral may be situated and remove the same (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Code); and Lender shall be entitled to hold, maintain, preserve, and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Borrower's right of redemption in satisfaction of Borrower's obligations, as provided in the Code. Lender may render the Collateral unusable without removal and may dispose of the Collateral on the Property. Lender may require Borrower to assemble the Collateral and make it available to Lender for its possession at a place to be designated by Lender which is reasonably convenient to both parties. Lender will give Borrower at least twenty (20) days' notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition of the Collateral is made. The requirements of reasonable notice shall be met if such notice is mailed, by certified United States mail or equivalent, postage prepaid, at least twenty (20) days before the time of the sale or disposition. Lender may buy at any public sale. Lender may buy at private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations. Any such sale may be held in conjunction with any foreclosure sale of the Property. If Lender so elects, the Property and the Collateral may be sold as one lot. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling, and the reasonable attorneys' fees and legal expenses incurred by Lender, shall be applied against the debt secured by this Security Instrument in such order or manner as Lender shall select. Lender will account to Borrower for any surplus realized on such disposition.

f. The terms and provisions contained in this Paragraph R-5 shall, unless the context otherwise requires, have the meanings and be construed as provided in the Code.

g. This Security Instrument is intended to be a financing statement within the purview of Section 9-402(6) of the Code with respect to the Collateral and the goods described in this Security Instrument, which goods are or may become fixtures relating to the Property. The addresses of Borrower (Debtor) and Lender (Secured Party) are set forth above. This

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Security Instrument is to be filed for record with the Recorder of Deeds of the County or Counties where the Property is located.

- R-6. **Defined Terms.** Any capitalized terms not defined in this Security Instrument shall have the meanings given to them in that certain Construction Loan Agreement having the same date as this Security Instrument between Borrower and Lender.
- R-7. **Inconsistency.** To the extent that any inconsistency exists between the terms and provisions of this Security Instrument and the terms and provisions of the Loan Agreement, the terms and provisions of the Loan Agreement shall control to the extent necessary to resolve such inconsistency.
- R-8. **Trustee's Recalcitrant Clause.** This Security Instrument is executed by Trustee, not personally, but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said Trustee hereby warrants in its individual capacity that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed that nothing herein contained shall be construed as creating any liability on said Trustee personally to pay the Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant, representation, agreement or condition, either express or implied herein contained, or with regard to any warranty contained in this Mortgage except the warranty made in this Paragraph, all such liability, if any, being expressly waived by Lender and by every person now or hereafter claiming any right of security hereunder; provided that nothing herein contained shall be construed in any way so as to affect or impair the lien of this Mortgage or Lender's right to the foreclosure thereof, or construed in any way so as to limit or restrict any of the rights and remedies of Lender in any such foreclosure proceedings or other enforcement of the payment of the Indebtedness out of and from the security given therefor in the manner provided herein, or construed in any way so as to limit or restrict any of the rights and remedies of Lender under any other Loan Document.
- R-9. **Limitation of Security.** In no event shall this Security Instrument secure in excess of two times the face amount of the Note.

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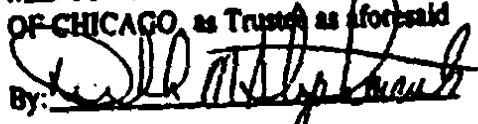
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IN WITNESS WHEREOF, Borrower has caused this Rider to be duly signed, sealed, and delivered the day and year first above written.

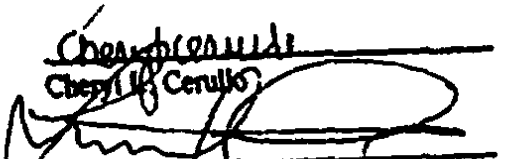
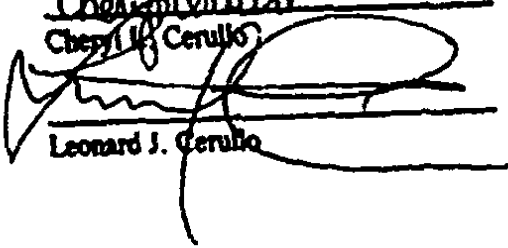
BORROWER:

**MID TOWN BANK AND TRUST COMPANY
OF CHICAGO, as Trustee as aforesaid**

This instrument is executed by Mid Town Bank & Trust Co. of Chicago not personally but solely as trustee, as aforesaid. All the covenants and conditions to be performed hereunder by Mid Town Bank & Trust Co. of Chicago are undertaken by it solely as trustee, as aforesaid and not individually, and no personal liability shall or can be enforced against Mid Town Bank & Trust Co. of Chicago by reason of the covenants, statements, representations or warranties contained herein.

By: 

Is: **DEBORAH M. STEPHANITES**
TRUST OFFICER


Cheryl J. Cerullo

Leonard J. Cerullo

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EXHIBIT A

NORTH PARCEL: THE WEST 17.00 FEET OF LOT 9, ALL OF LOT 10, THE EAST 33.00 FEET OF LOT 11, THAT PART OF THE EAST 17.00 FEET OF LOT 32, TOGETHER WITH THAT PART OF LOT 33 AND THAT PART OF THE WEST 17.00 FEET OF LOT 34, ALL TAKEN AS ONE TRACT, LYING NORTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE EAST LINE OF THE WEST 17.00 FEET OF LOT 34 AFORESAID, 59.61 FEET NORTH (AS MEASURED ALONG SAID EAST LINE) OF THE SOUTH LINE OF SAID LOT, THENCE NORTH 89 DEGREES 38 MINUTES 27 SECONDS WEST, 73.10 FEET TO THE POINT OF INTERSECTION WITH A LINE DRAWN 73.10 FEET (AS MEASURED PERPENDICULARLY) WEST OF AND PARALLEL WITH THE EAST LINE OF THE WEST 17.00 FEET OF LOT 34 AFORESAID; THENCE SOUTH 0 DEGREES 41 MINUTES 47 SECONDS WEST, ALONG SAID PARALLEL LINE, 10.30 FEET, THENCE NORTH 89 DEGREES 38 MINUTES 27 SECONDS WEST, 10.91 FEET TO THE POINT OF INTERSECTION WITH THE WEST LINE OF THE EAST 17.00 FEET OF LOT 32 AFORESAID, SAID POINT BEING 49.01 FEET NORTH (AS MEASURED ALONG SAID WEST LINE) OF THE SOUTH LINE OF SAID LOT, ALL IN FITZSIMMON'S ADDITION TO CHICAGO, A SUBDIVISION OF PART OF BLOCK 8 IN CANAL TRUSTEES' SUBDIVISION OF THE SOUTH FRACTIONAL QUARTER OF FRACTIONAL SECTION 3, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

AREA = 15,143.1 SQUARE FEET OR 0.34787 ACRES.

**P.I.N.: 17-03-208-004-0000
17-03-208-012-0000**

*199 E Lake Shore Dr
Chgo Ill Unit 3E*

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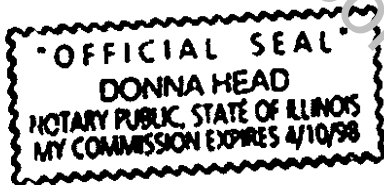
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Donna Head, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Leonard J. Cerullo and Cheryl L. Cerullo, personally known to me to be the same person whose name is 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 28th day of February, 1997.

Donna Head
Notary Public

My Commission Expires:



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