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Cook County Recorder 331.50

THIS INSTRUMENT WAS PREPARED BY
AND UPON RECORDATION RETURN TO:
Squire, Sanders, & Dempsey L.L.P.
350 Park Avenue, Fifteenth Floor
New York, New York 10022
Attention: Andrew L. Jagoda, Esq.

AFTER RECORDING, RETURN TO:
COMMONWEALTH LAND TITLE INSURANCE CO
6949 SHERRY LANE, SUITE 111
DALLAS, TX 75226



Property of Cook County Clerk's Office

MORTGAGE AND SECURITY AGREEMENT

GARDEN TANGLEWOOD, L.P.
as Mortgagor, to

GARDEN CAPITAL, L.L.C. as Mortgagee

Dated: As of June 2, 1998
Mortgaged Property
Address: 2134 Goebbert Road
Arlington Heights, Illinois
Real Estate Tax Parcel Nos.: 02-04-034-0001, 02-04-034-0002
County: Cook
Principal Amount: One Hundred Eleven Million Dollars (\$111,000,000.00)

Lawyers Title Insurance Corporation

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MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT (this "Mortgage"), is made this 20 day of June, 1998 by and between Garden Tanglewood L.P., a limited partnership duly organized and existing under the laws of the State of Delaware, having its principal address at 10670 North Central Expressway, Dallas, Texas 75231 (hereinafter collectively called the "Mortgagor"), for the benefit of Garden Capital, LLC, a limited liability company duly organized and existing under the laws of the State of Delaware, having its principal address at 10670 North Central Expressway, Dallas, Texas, 75231 (hereinafter called the "Mortgagee").

WITNESSETH THAT WHEREAS the Mortgagor has executed and delivered that certain Guaranty of even date (the "Guaranty") in the principal sum of ONE HUNDRED ELEVEN MILLION AND NO/100ths DOLLARS (\$111,000,000.00), in lawful money of the United States of America for money loaned (hereinafter called the "Loan") to the Mortgagor by the Mortgagee, the terms, covenants and conditions of which Guaranty are specifically incorporated in this Mortgage by reference (the Mortgagee and any assignee or other lawful owner of the Guaranty being hereinafter sometimes called the "Mortgagee"); and

WHEREAS the Guaranty is a valid, binding and legally enforceable obligation of the Mortgagor, and this Mortgage is a valid, binding and legally enforceable instrument to secure (i) payment of the principal of all other amounts and obligations payable under the Guaranty and all other obligations under the documents and agreements executed or delivered in connection therewith (such indebtedness and obligations are hereinafter sometimes collectively called the "Indebtedness"), and (ii) the observation and performance of the covenants, terms and conditions set forth herein and in the provisions of the Guaranty and other documents or agreements executed and delivered in connection therewith or herewith; and the Mortgagor has duly authorized the execution and delivery of the Guaranty and this Mortgage and such other documents and agreements to which it is a party; and

WHEREAS the Mortgagor desires to secure to the Mortgagee the payment or repayment of the Indebtedness and compliance with the terms, covenants and conditions, expressed or implied, set forth in the provisions of the Guaranty and of this Mortgage; and

WHEREAS Mortgagee is a party to that certain Loan and Security Agreement (the "Loan Agreement") dated of even date herewith by and between Mortgagee, as Borrower, and American International Life Assurance Company of New York, a New York corporation and AIG Life Insurance Company, a Delaware corporation (collectively, the "Lender"), as Lender; and

WHEREAS the Mortgagor hereby acknowledges and agrees that this Mortgage will be collaterally pledged by Mortgagee to Lender in connection with the Loan evidenced by Loan Agreement;

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NOW, THEREFORE, FOR AND IN CONSIDERATION of the Indebtedness, and of the execution and delivery by the Mortgagor to the Mortgagee of the Guaranty, and of the Mortgagee's acceptance of the Guaranty, of the respective representations, covenants and agreements therein and hereinafter contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Mortgagor hereby irrevocably grants, mortgages, grants a security interest in, pledges, assigns, warrants, bargains and conveys to the Mortgagee, its successors and assigns, the fee title estate of, and a first priority lien on and security interest in, all of those parcels of land, situate and lying in Cook County, Illinois, which are described in Exhibit A (hereinafter sometimes called the "Land"),

TOGETHER WITH all right, title and interest of the Mortgagor in and to, and remedies under (a) any and all leases, subleases, license agreements, concessions, tenancies and other use or occupancy agreements (whether oral or written), or any part thereof, now or hereafter existing, covering or affecting any or all of the Mortgaged Property (as hereinafter defined), all extensions and renewals thereof, and all modifications, amendments and guaranties thereof (each of which is hereinafter called a "Lease"), and (b) any and all rents, income, receipts, revenues, royalties, issues, profits, contract rights, accounts receivable, or general intangibles growing out of or in connection with the Leases, and other payments, payable to the Mortgagor pursuant to any Lease, including, without limitation, cash or securities deposited under any Lease to secure performance by the tenants of their obligations under the Leases, whether such cash or securities are to be held until the expiration of the term of such Leases or are to be applied to one or more of the installments of rent coming due immediately prior to the expiration of such terms (all of which are hereinafter called collectively the "Rents"), subject, however, to the provisions hereof, and

TOGETHER WITH any and all rights, alleys, ways, tenements, hereditaments, easements, passages, waters, water rights, water courses, riparian rights, liberties, licenses, franchises, privileges, appurtenances and advantages, now or hereafter to the same belonging or in any way appertaining, as well as any after-acquired right, title, interest, franchise, license, reversion and remainder, and

TOGETHER WITH all right, title and interest of the Mortgagor, including any after-acquired right, title or reversion, in and to the beds of the ways, streets, avenues and alleys, open or proposed, located wholly or partially within the boundary of the Land or adjacent thereto, and

TOGETHER WITH all buildings, structures, surface parking and other improvements of every kind and description now or hereafter erected or placed on the Land, all additions, alterations and replacements thereto or thereof, and all materials now owned or hereafter acquired by the Mortgagor and intended for the operation, construction, reconstruction, alteration and repair thereof, all of which materials shall be deemed to be included within the Mortgaged Property (hereinafter defined) immediately upon the delivery thereof to the Land (all of which are hereinafter called collectively the "Improvements"), and

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TOGETHER WITH all of the walks, fences, shrubbery, driveways, fixtures, machinery, apparatus, equipment, fittings, and other goods of every kind and description whatsoever, now owned or hereafter acquired by the Mortgagor and attached to or contained in and used for any present or future operation or management of the Land or the Improvements, including, without limitation, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all generating equipment; all pumps, tanks, ducts, conduits, wires, switches, fans, switchboards, and other electrical equipment and fixtures; all telephone equipment; all piping, tubing, plumbing equipment and fixtures; all heating, refrigeration, air conditioning, cooling, ventilating, sprinkling, water, power and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals and compactors, dishwashers, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture installed or to be installed or used or usable in any way in the operation of any Improvements or appurtenant facilities erected or to be erected in or upon the Land; and every renewal, replacement or substitution therefor, whether or not the same are now or hereafter attached to the Land in any manner; all except for any right, title or interest therein held by any tenant of any or all of the Land or the Improvements, or by any other person, so long as such tenant or other person is not a party hereto or bound, with respect to such right, title or interest, by the provisions hereof (it being agreed by the parties hereto that all personal Mortgaged Property owned by the Mortgagor and placed by it on the Land shall, so far as permitted by law, be deemed to be affixed to the Land, appropriated to its use, and covered by this Mortgage), and

TOGETHER WITH all of the Mortgagor's right, title and interest in and to any and all easements and appurtenances, including, without limitation, (i) any drainage ponds or other like drainage area not located on the Mortgaged Property which may be required for water run-off, (ii) any easements necessary to obtain access from the Mortgaged Property to such drainage areas, or to any other location to which the Mortgagor has a right to drain water or sewage, (iii) any land required to be maintained as undeveloped land by the zoning rules and regulations applicable to the Mortgaged Property, and (iv) any easements and agreements which are or may be established to allow satisfactory ingress to, egress from and operation of the Mortgaged Property, and

TOGETHER WITH any and all judgments, awards of damages (including but not limited to severance and consequential damages), payments, proceeds, settlements or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, in connection with, or in lieu of (a) any condemnation, either temporarily or permanently, (b) any change or alteration of the grade or widening of any street or road, and (c) any other damage, destruction, or injury to, or decrease in value of, the Mortgaged Property (as hereinafter defined) or any part thereof, to the extent of all Indebtedness which may be secured by this Mortgage at the date of receipt by the Mortgagee of any such judgment, award of)

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damages, payment, proceeds, settlement or other compensation, including interest thereon, and of the reasonable counsel fees, costs and disbursements, if any, incurred by the Mortgagee in connection with the collection of such judgment, award of damages, payment, proceeds, settlement or other compensation, including interest thereon, and

TOGETHER WITH any and all payments, proceeds, settlements or other compensation heretofore or hereafter made, including any interest thereon, and the right to receive the same from, and all rights under, any and all insurance policies covering the Mortgaged Property or any portion thereof, and

TOGETHER WITH all plans and specifications, surveys, reports, diagrams, drawings, service contracts, accounting records, invoices, change orders, licenses, authorizations, certificates, variances, amounts, approvals and other permits necessary or appropriate to permit the construction, reconstruction, repair or alteration, addition, improvement, use, operation and management of the Mortgaged Property, and

TOGETHER WITH all of the Mortgagor's cash, bank accounts, notes and other instruments, documents, accounts receivable, contract rights, permits, receipts, sales and promotional literature and forms, advertising materials and the like, trademarks, names, logos, copyrights and other items of intangible personal Mortgaged Property now or hereafter owned by the Mortgagor relating to the ownership, operation, development, leasing or management of the Mortgaged Property, and

TOGETHER WITH all right, title, and interest of the Mortgagor in and to any letters of credit held by the Mortgagor as security for the performance by any of the tenants under the Leases, and

TOGETHER WITH all of the Mortgagor's right, title, and interest in and to all of the Mortgaged Property now or hereafter contained in any cash collateral account held by the Mortgagee at any time hereafter as additional security for the Loan, including, without limitation, all monies due or to become due thereunder, all cash and interests in money market funds, and all interest and distributions of cash made in connection therewith, together with all cash and non-cash proceeds thereof and any substitutions or replacements thereof, whenever acquired or arising and wherever located, all as pledged to the Mortgagee as additional security for the Loan.

TOGETHER WITH all refunds, rebates or credits in connection with a reduction in real estate taxes and Impositions charged against the Mortgaged Property as a result of tax certiorari or any applications or proceedings for reduction, whether arising or accruing before or after the date hereof;

TOGETHER WITH the right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of Mortgagee in the Mortgaged Property;

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TOGETHER WITH all agreements, contracts, certificates, instruments, franchises and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Land and any part thereof and any Improvements or respecting any business or activity conducted on the Land and any part thereof and all right, title and interest of Mortgagor therein and thereunder, including, without limitation, the right, upon the happening of any default hereunder, to receive and collect any sums payable to Mortgagor thereunder;

TOGETHER WITH any and all other rights of Borrower in and to the items set forth above in this granting clause and all renewals, substitutions, improvements, accessions, attachments, additions, replacements and all proceeds (whether cash or non-cash, movable or immovable, tangible or intangible) to or of each of the items set forth above, and all conversions of the security constituted thereby (whether voluntary or involuntary and in whatever form) so that, immediately upon such renewal, substitution, improvement, accession, attachment, addition, replacement or conversion, as the case may be, and in each such case, the foregoing shall be deemed a part of the Mortgaged Property and shall automatically become subject to the lien of this Mortgage as fully and completely and with the same priority and effect as though now owned by Borrower and specifically described herein, without any further mortgage or assignment or conveyance by Mortgagor of the Land, the Improvements, the Rents, the Leases, fixtures, personal Mortgaged Property, tenements, hereditaments, appurtenances and all other Mortgaged Property rights and interests being hereinabove described are herein collectively referred to as the "Mortgaged Property").

TO HAVE AND TO HOLD the Mortgaged Property and any and all other interests described above unto Mortgagee, its successors and assigns, in fee simple, subject only to the Permitted Exceptions (as hereinafter defined), for its and their own use, forever, to secure the prompt payment of the Indebtedness and performance of the Mortgagor's obligations hereunder and the other Fee Owner Loan Documents (as hereinafter defined) and all other documents and instruments executed or delivered in connection with the Indebtedness, including without limitation (a) the prompt performance of, observance of and compliance with, by the Mortgagor, all of the terms, covenants, conditions, stipulations and agreements, express or implied, contained in the Fee Owner Loan Documents, and (b) the reimbursement to the Mortgagee, and any purchaser or grantee under any sale made under the provisions of this Mortgage, of all money which may be advanced as provided herein and all expenses (including attorneys' fees) incurred or paid by the Mortgagee on account of any litigation which may arise under this Mortgage, the Guaranty or the Mortgaged Property, or in obtaining possession of the Mortgaged Property after any sale made as hereinafter provided; and

PROVIDED, HOWEVER, that until the occurrence of an Event of Default hereunder (as hereinafter defined), the Mortgagor shall have the right to remain in quiet and peaceful possession of the Mortgaged Property, and to collect, receive and retain the Rents; and

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PROVIDED, FURTHER, that if the Mortgagor pays or causes to be paid to the Mortgagee all sums secured by this Mortgage on the dates and in the manner provided in the Guaranty and in this Mortgage, and fully observes and performs all of the terms and conditions contained in this Mortgage, the Guaranty, and any of the other Fee Owner Loan Documents (other than any surviving obligations regarding Hazardous Substances, as hereinafter defined), then, without setoff, offset, deduction, counterclaim, fraud or delay, this Mortgage and the estate hereby granted shall cease and become void.

THE MORTGAGOR HEREBY REPRESENTS, COVENANTS, AGREES AND WARRANTS THAT UNTIL THE INDEBTEDNESS AND OTHER SUMS SECURED HEREBY IS FULLY REPAID:

Section 1. Definitions; Construction; Representations.

1.1. Definitions. Certain terms used in this Mortgage are defined in this Section 1.1. When used herein, such terms shall have the meanings given to them in this Section 1.1, unless specifically provided otherwise or unless the context clearly indicates otherwise.

1.1.1. "Awards" means all awards or payments for direct, consequential or severance damages, and all other compensation, including settlement proceeds paid on account of any Condemnation.

1.1.2. "Authority" means any nation or government, any state, municipality or other political subdivision thereof and any entity, including, without limitation, the Board of Governors of the Federal Reserve System and any insurance regulatory agency or other authority, agency, commission, board, instrumentality or other Person exercising executive, legislative, regulatory or administrative functions of or pertaining to a government or any quasi-governmental authority, agency, commission, board, instrumentality or other Person having jurisdiction with respect to the Loan, the Borrower, any Fee Owner, any of the undersigned guarantors (collectively, the "Guarantor"), or the Mortgaged Property.

1.1.3. "Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. §101 et seq., and all future acts supplemental thereto or amendatory thereof.

1.1.4. "Casualty" means any act or occurrence of any kind or nature, whether or not insured, which results in damage, loss or destruction to any or all of the Mortgaged Property or any interest therein.

1.1.5. "Casualty Proceeds" means any insurance proceeds payable on account of any Casualty.

1.1.6. "Condemnation" means any taking of title, of use, or of any other Mortgaged Property interest for public or private use, or an actual or threatened action, under the

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exercise of the power of eminent domain by any governmental or quasi-governmental authority affecting any or all of the Mortgaged Property or any interest therein.

1.1.7. "Default Rate" means the Default Rate as defined in the Fee Owner Note.

1.1.8. "Event of Default" means any one or more of the events or circumstances described in Section 13 of this Mortgage.

1.1.9. "Fee Owner Loan Documents" means the Fee Owner Note secured by that certain first lien Mortgage (the "Fee Owner First Mortgage"), the Guaranty secured by this Mortgage, the Assignment of Leases and Rents executed of even date herewith by the Mortgagor in favor of the Mortgagee as additional security for the Guaranty financing statements, or any other security agreement or instrument evidencing or securing the lien of this Mortgage upon the Mortgaged Property and any and all documents or instruments collateral thereto and executed and delivered or hereafter executed and delivered to secure the Indebtedness or any part thereof, or in connection therewith, together with all amendments, modifications, extensions, renewals, supplements and substitutions thereto.

1.1.10. "Fiscal Records" means the financial books and records of the Mortgagor prepared in accordance with generally accepted accounting principles applied on a consistent basis from year to year.

1.1.11. "General Partner" means Garden Capital, Incorporated, a Nevada corporation.

1.1.12. "Hazardous Substance" means: (a) any oil, flammable substance, explosive, radioactive material, hazardous waste or substance, toxic waste or substance or any other waste, material, or pollutant that (i) poses a hazard to the Mortgaged Property or to persons on the Mortgaged Property, or (ii) causes the Mortgaged Property to be in violation of any Hazardous Substance Law; (b) asbestos in any form; (c) urea formaldehyde foam insulation; (d) transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls; (e) radon gas; (f) any chemical, material, or substance defined as or included in the definition of "hazardous substance", "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", or "toxic substances" or words of similar import under any applicable local, state, or federal law or under the regulations adopted or publications promulgated pursuant to those laws, including, but not limited to, any Hazardous Substance Law, applicable to the Mortgaged Property in the State of Illinois; (g) any other chemical, material, or substance, exposure to which is prohibited, limited, or regulated by any governmental authority or which poses a hazard to the health and safety of the occupants of the Mortgaged Property or the owners or occupants of Mortgaged Property adjacent to or surrounding the Mortgaged Property, or any other person coming on the Mortgaged Property or any adjacent Mortgaged Property; and (h) any other chemical, material, or substance that poses a hazard to the environment, but shall not include materials customarily used in the day-to-day

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operation and maintenance of the Property, including but not limited to heating fuel, refrigerants, office supplies, cleaning fluids, in each case only to the extent such materials are stored, used and disposed of in accordance with Hazardous Substance Law.

1.1.13. "Hazardous Substance Claim" means any enforcement, cleanup, removal, remedial, or other governmental, regulatory, or private actions, agreements, or orders threatened, instituted, or completed pursuant to any Hazardous Substance Law, together with all claims made or threatened by any third party against Mortgagor or the Mortgaged Property relating to damage, contribution, cost-recovery compensation, loss, or injury resulting from the presence, release or discharge of any Hazardous Substance.

1.1.14. "Hazardous Substance Law" means any federal, state, or local law, ordinance, regulation, or policy relating to the environment, health, and safety, any Hazardous Substance (including, without limitation, the use, handling, transportation, production, disposal, discharge, or storage of the substance), industrial hygiene, soil, groundwater, and indoor and ambient air conditions or the environmental conditions on the Mortgaged Property, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [42 USC §§ 9601 et seq.], as amended from time to time; the Emergency Planning and Community Right to Know Act (42 USC §§ 11001 et seq.); the Hazardous Materials Transportation Act [49 USC §§ 1801 et seq.], as amended from time to time; the Hazardous Substance Account Act, as amended from time to time; the Resource Conservation and Recovery Act of 1976 [42 USC §§6901 et seq.], as amended from time to time, and those related to Lead-Based Paint.

1.1.15. "Impositions" shall mean any and all taxes, including, without limitation, all real Mortgaged Property taxes, assessments, bonds, levies, ground rents, excise taxes, water and sewer charges, benefit charges assessed for water and sewer facilities, public dues, and all other taxes and all assessments of any kind or nature whatsoever (including, without limitation, non-governmental levies or assessments such as maintenance charges, levies or charges resulting from covenants, conditions and restrictions and Other Requirements affecting the Mortgaged Property) which may at any time be assessed against, levied upon or constitute a Lien on the whole or any part of the Mortgaged Property, or which otherwise may become a Lien superior to any of the Fee Owner Mortgages or Collateral Pledge Loan Documents or otherwise have priority over any of the Fee Owner Mortgages or Collateral Pledge Loan Documents in the distribution of the proceeds of a judicial sale, or otherwise be allowable or payable before any amounts due under the Loan Documents out of the proceeds of a judicial sale, and any and all interest, costs, fines or penalties with respect to any and all unpaid taxes, assessments or charges.

1.1.16. "Indebtedness" of any Person means as of the date of any determination thereof, the principal of (and premium, if any, and unpaid interest on):

(i) any obligation (whether secured or unsecured) for money borrowed, or for deferred purchase price of Mortgaged Property or services or any other obligation which under GAAP is or should be shown on the balance sheet as a liability;

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(ii) indebtedness guaranteed, directly or indirectly, in any manner by such Person, or in effect guaranteed, directly or indirectly, by such Person through an agreement, contingent or otherwise, to supply funds to or in any manner invest in the debtor or to purchase indebtedness, or to purchase personal or real Mortgaged Property or services primarily for the purpose of enabling the debtor to make payment of the indebtedness or of assuring the owner of the indebtedness against loss;

(iii) all indebtedness secured by any mortgage, Mortgage, lien, pledge, charge or other encumbrance upon personal or real Mortgaged Property owned by such Person, even if such Person has not in any manner become liable for the payment of such indebtedness;

(iv) all indebtedness of such Person created or arising under any conditional sale, lease or other title retention agreement with respect to personal or real Mortgaged Property acquired by such Person even though the rights and remedies of the seller, lessor or lender under such agreement or lease in the event of default are limited to repossession or sale of such Mortgaged Property; and

(v) renewals, extensions, reschedules and refunding of any of the foregoing, provided, however, that Indebtedness shall not include current trade accounts payable and accrued expenses (other than for borrowed money or purchase money obligations) incurred in the ordinary course of business.

1.1.17. "Loan Agreement" means that certain Loan Agreement dated of even date by and between Garden Capital, LLC, as borrower, and Lender.

1.1.18. "Mortgage" means this Mortgage as originally executed between the Mortgagor and Mortgagee, together with any and all supplements or amendments thereto partnership, joint venture, unincorporated organization, association or other legal or commercial entity.

1.1.19. "Permitted Exceptions" means (i) Liens created by, under or in connection with this Agreement or the other Loan Documents in favor of (A) Mortgagee or (B) Mortgagor and pledged to Lender for the benefit of Lender; (ii) Liens for real estate taxes not yet due or payable; (iii) the Liens and other matters set forth on Schedule B attached hereto and made a part hereof; and (iv) leases or subleases granted to others, as tenants only, whether now or hereafter existing, entered into in the ordinary course of business and in accordance with the terms and provisions of this Agreement and the other Loan Documents, and not interfering in any material respect with the business or operations of Mortgagor, provided that such leases or subleases, by their terms, are subject and subordinated to the Liens created by, under or in connection with this Agreement and the other Loan Documents.

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1.1.20. "Person" means any natural person, corporation, receiver, trust, partnership, joint venture, unincorporated organization, association or other legal or commercial entity.

1.1.21. "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including continuing migration, of Hazardous Substances that goes into the soil, surface water, or groundwater of the Mortgaged Property, whether or not caused by, contributed to, permitted by, acquiesced to, or known to Mortgagor.

1.1.22. "Requirement of Law" means any law, statute, ordinance, restriction, treaty, rule, regulation, order, writ, judgment, decree, determination or award of an arbitrator or a court or other Authority, or any other requirement of any court or Authority in each case applicable to or binding upon any Person or any of its assets or properties or to which such Person or any of its assets or properties is subject.

1.1.23. "Single-Purpose Entity" means a Person, other than an individual, which (a) is formed or organized solely for the purpose of holding, directly, an ownership interest in the Mortgaged Property or any part or thereof, (b) does not engage in any business other than the ownership, management and operation of the Mortgaged Property, other than providing services pursuant to agreements or arrangements concerning vending machines and laundry equipment, cable television agreements and other ancillary service agreements relating to the Mortgaged Property, (c) does not have any (i) assets other than those related to its interest in Mortgaged Property or (ii) Indebtedness other than as expressly permitted by this Mortgage, (d) does not guarantee or otherwise become liable on or in connection with any obligation of any other Person (except as specifically provided by the Fee Owner Loan Documents); (e) does not enter into any contract or agreement with any stockholder, partner, principal, member or affiliate of such Person or any affiliate of any such stockholder, partner, principal, member or affiliate except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's length basis with third parties other than an affiliate; (f) does not incur, create or assume any Indebtedness (except as evidenced by any of the Fee Owner Loan Documents), (g) does not make any loans or advances to any other Person (including, without limitation, any affiliate), (h) does not become insolvent or fail to pay its debts from its assets as the same shall become due, (i) does not fail to conduct and operate its business in all material respects as presently conducted and operated, (j) does not fail to maintain its books and records and bank accounts separately from those of its affiliates, including, without limitation, its general partners or members, as may be applicable, (k) does not fail at all times to hold itself out to the public as a legal entity separate and apart from any other Person (including, without limitation, any affiliate (including, without limitation, any stockholder, partner, member or other owner of Borrower or any Fee Owner or any affiliate of any such stockholder, partner, member or other owner)), (l) does not fail to file its own tax returns, (m) does not fail to maintain adequate capital for the normal obligations, reasonably foreseeable in a business of its size and character and in light of its contemplated business operations, (n) does not commingle its funds with those of any general partner or member or any affiliate or any other Person, except as required by that certain Lockbox Agreement of even date, (o) does not fail to

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maintain its assets in such a manner that it is not costly or difficult to segregate, ascertain or identify its individual assets from those of any affiliate or any other Person, (p) does not hold itself out to be responsible for the indebtedness of any other Person, (q) is subject to and complies with all of the limitations on powers set forth in the organizational documentation (and if a partnership, that of each general partner, and if a limited liability company, that of the managing member (or if there is no managing member, the members)) as in effect on the date hereof, (r) holds all of its assets in its own name, (s) utilizes its own letterhead, invoices and checks, (t) holds title to its interest in the Mortgaged Property in the name of Mortgagor, (u) allocates fairly and reasonably any overhead expense that are shared with any affiliate including, without limitation, paying for office space and services performed by any employee of any affiliate, (v) does not pledge its assets for the benefit of any other Person except as specifically provided by the Loan Documents, and (w) corrects any known misunderstandings regarding its separate identity.

1.1.24. "Standard Lease Form" shall mean the standard form of lease used by Mortgagor with respect to the Mortgaged Property that either (i) has been delivered to Lender prior to the date hereof or (ii) is delivered to Lender following the date hereof and approved by Lender in its sole discretion.

1.1.25. "State" means the State of Illinois.

1.1.26. "Mortgagor" means the person named as the "Mortgagor" in the first paragraph of this Mortgage, until a successor or assign shall have become such pursuant to the applicable provisions of this Mortgage, and thereafter "Mortgagor" shall mean such successor or assign.

1.2. Construction.

1.2.1. All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

1.2.2. The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

1.3. Representations and Warranties by the Mortgagor. The Mortgagor represents and warrants to the Mortgagee:

1.3.1. Due Organization. The Mortgagor is a limited partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is licensed or qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including but not limited to the State.

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1.3.2. Due Authorization. The Mortgagor (a) is, to the best of its knowledge, in compliance with all Requirements of Law applicable to it, and (b) has all requisite power and authority and all necessary licenses and permits to own and operate the Mortgaged Property and to carry on its business as now being conducted and has the necessary partnership power and authority to execute and deliver the Guaranty and to incur and perform the obligations provided for herein and therein (including the borrowing of the Loan), all of which have been duly authorized by all proper and necessary partnership action. No consent or approval of members or of any other person or public authority or regulatory body is required as a condition to the validity or enforceability of this Mortgage, the Guaranty, or any of the other Fee Owner Loan Documents, or if required the same has been duly obtained.

1.3.3. Single-Purpose Entity. At all times since its formation, Mortgagor has been and will remain a Single-Purpose Entity during the term of the Loan.

1.3.4. No Litigation. There is no actions, suits, litigation or proceeding pending, or to the knowledge of the Mortgagor threatened, against or affecting the Mortgagor or the Mortgaged Property in any court, or administrative agency or before any Authority or arbitration board or tribunal which individually, or in aggregate, claim damages or involve the possibility of damages of \$100,000 or more or concern the authority of the Mortgagor to enter into or the ability of the Mortgagor to perform its obligations under the Fee Owner Loan Documents, or which, in any way, could adversely affect the validity or enforceability of the Fee Owner Loan Documents.

1.3.5. Guaranty is Are Legal and Authorized. The execution and delivery by the Mortgagor of the Guaranty and compliance by the Mortgagor with all of the provisions thereof (i) are within the power of the Mortgagor, (ii) will not conflict with or result in any violation of, breach of any of the provisions of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon the Mortgaged Property, under the provision of, any agreement, certificate of formation, operating agreement, partnership agreement or other instrument to which the Mortgagor is a party or by which it or the Mortgaged Property may be bound, or any applicable license, judgment, decree, or other Requirements of Law applicable to the Mortgagor or any of its activities or the Mortgaged Property, and (iii) have been properly executed and duly authorized by all necessary partnership action on the part of the Mortgagor.

1.3.6. Governmental Consent. Neither the Mortgagor nor any of its businesses or the Mortgaged Property, nor any relationship between the Mortgagor and any other person, nor any circumstances in connection with the execution, delivery and performance by the Mortgagor of the Guaranty, is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any Authority on the part of the Mortgagor, other than those already obtained, made or done.

1.3.7. Title to Mortgaged Property. The Mortgagor is the owner of good and marketable fee simple legal title to and is lawfully seized and possessed of the Mortgaged

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Property, subject to no lien, encumbrances or restrictions, except for the Permitted Exceptions (including, but not limited to, taxes and Impositions which are not yet due and payable).

1.3.8. No Defaults or Restrictions. At the time of the execution and delivery of this Mortgage, no event has occurred and no condition exists with respect to the Mortgagor that constitutes an Event of Default under this Mortgage or the Guaranty or which, with the lapse of time or with the giving of notice or both, would become an Event of Default under this Mortgage or the Guaranty. The Mortgagor is not in default with respect to any order of any court, or other Governmental Authority or in violation in any material respect of any agreement, certificate of formation, operating agreement, limited liability company agreement or other instrument to which it is a party or by which it may be bound.

1.3.9. Compliance with Requirements of Law. The Mortgagor is not in violation of any Requirements of Law to which it is subject and has not failed to obtain any licenses, permits, franchises or other authorizations of any Governmental Authority necessary to the ownership of the Mortgaged Property or to the conduct of its business. The Mortgaged Property, its operation and use, comply with all Requirements of Law in all material respects.

1.3.10. Full Disclosure. All factual statements by Mortgagor in this Mortgage and the Guaranty and all other factual information (including, without limitation, financial statements) heretofore or contemporaneously furnished by Mortgagor in writing to Mortgagee will be true and accurate in all material respects on the date of which such information is dated or certified and such information is not, or will not be, as the case may be, incomplete by omitting to state any material fact necessary to make such information not misleading.

1.3.11. Free of Hazardous Substance. Except as disclosed in writing to, and acknowledged in writing by, the Mortgagee, and except as otherwise disclosed in that certain report prepared by EMG provided to the Mortgagee prior to the date hereof (collectively, the "Environmental Report"), the Mortgagor, represents and warrants, to the best of their knowledge, that:

(a) during the period of Mortgagor's ownership of the Mortgaged Property, (i) there has been no use, generation, manufacture, storage, treatment, disposal, discharge, Release, or threatened Release of any Hazardous Substance by any person on or around the Mortgaged Property, and (ii) there have been no Hazardous Substances transported over or through the Mortgaged Property;

(b) they have no knowledge of, or reason to believe that, there has been (i) any use, generation, manufacture, storage, treatment, disposal, Release, or threatened Release of any hazardous waste or substance by any prior owners or prior occupants of the Mortgaged Property or by any third parties onto the Mortgaged Property, or (ii) any actual or threatened litigation or claims of any kind by any person relating to these matters;

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(c) no Hazardous Substances in excess of permitted levels or reportable quantities under applicable Hazardous Substance Laws in effect as of the date hereof are present in or about the Mortgaged Property or any nearby real Mortgaged Property that could migrate to the Mortgaged Property;

(d) no Release or threatened Release exists or has occurred;

(e) no underground storage tanks of any kind are or ever have been located in or about the Mortgaged Property;

(f) the Mortgaged Property and all operations and activities at, and the use and occupancy of, the Mortgaged Property comply with all applicable Hazardous Substance Laws in effect as of the date hereof;

(g) the Mortgagor and every user has, and is now in strict compliance with, every permit, license, and approval required by all applicable Hazardous Substance Laws for all activities and operations at, and the use and occupancy of, the Mortgaged Property;

(h) there are no Hazardous Substance Claims pending or threatened with regard to the Mortgaged Property or against the Mortgagor;

(i) the Mortgaged Property has not been, to the best of its knowledge, is it within 2,000 feet of any other Mortgaged Property designated as "hazardous waste Mortgaged Property", and no proceedings for a determination of this designation are pending or threatened;

(j) the current use of the Mortgaged Property is commercial as multi-family residential housing; and

(k) any written disclosure submitted by or on behalf of the Mortgagor to the Mortgagee concerning any Release or threatened Release, past or present compliance by the Mortgagor, or any user or other person of any Hazardous Substance Laws applicable to the Mortgaged Property, the past and present use and occupancy of the Mortgaged Property and any environmental concerns relating to the Mortgaged Property, was true and complete when submitted and continues to be true and complete as of the date of this Mortgage.

1.3.12. Covenants Concerning Hazardous Substances. The Mortgagor agree, except in the ordinary course of business and in strict compliance with all applicable Hazardous Substance Laws, as follows:

(a) not to cause or knowingly permit the Mortgaged Property to be used as a site for the use, generation, manufacture, storage, treatment, Release, discharge, disposal, transportation, or presence of any Hazardous Substance;

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(b) not to cause, contribute to, knowingly permit or knowingly acquiesce in any Release or threatened Release;

(c) not to change or modify the use of the Mortgaged Property without the prior written consent of the Mortgagee;

(d) to comply with and to cause the Mortgaged Property and every user of the Mortgaged Property to comply with all Hazardous Substance Laws;

(e) to immediately notify the Mortgagee in writing of and to provide the Mortgagee with a reasonably detailed description of (i) any noncompliance of the Mortgaged Property with any Hazardous Substance Laws; (ii) any Hazardous Substance Claim; (iii) any Release or Threatened Release; (iv) the discovery of any occurrence or condition on any real Mortgaged Property adjoining or in the vicinity of the Mortgaged Property that would cause the Mortgaged Property or any part of it to be designated as "hazardous waste Mortgaged Property" under the provisions of state law;

(f) if either of them discovers a Release or the presence of any Hazardous Substance on or about the Mortgaged Property in violation of any Hazardous Substance Law, to: (i) notify the Mortgagee of that discovery together with a reasonably detailed description; (ii) engage promptly after a request by the Mortgagee, a qualified environmental engineer reasonably satisfactory to the Mortgagee to investigate these matters and prepare and submit to the Mortgagee a written report containing the findings and conclusions resulting from that investigation, all at the sole expense of the Mortgagor, and (iii) take, at the Mortgagor's sole expense, all necessary actions to remedy, repair, clean up, or detoxify any Release or Hazardous Substance, including, but not limited to, any remedial action required by any Hazardous Substance Laws or any judgement, consent, decree, settlement, or compromise in respect of any Hazardous Substance Claims, these actions to be performed: (A) in accordance with Hazardous Substance Laws, (B) in a good and proper manner, (C) under the supervision of a qualified environmental engineer approved in writing by the Mortgagee, (D) in accordance with plans and specifications for these actions approved in writing by the Mortgagee (which such approval shall not be unreasonably withheld if such plans and specifications shall cause the Mortgaged Property to comply with the Hazardous Substance Laws), and (E) using licensed and insured qualified contractors approved in writing by the Mortgagee;

(g) to immediately furnish to the Mortgagee (to the extent such communications are not privileged) copies of all written communications received by Mortgagor from any governmental authority or other person or given by Mortgagor to any person and any other information the Mortgagee may reasonably request concerning any Release, threatened Release, Hazardous Substance Claim, or the discovery of any Hazardous Substance on or about the Mortgaged Property in violation of any Hazardous Substance Law; and

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(h) to keep the Mortgagee generally informed regarding any Release, threatened Release, Hazardous Substance Claim, or the discovery of any Hazardous Substance on or about the Mortgaged Property in violation of any Hazardous Substance Law.

1.3.13. Inspection and Receivership Rights. Upon the Mortgagee's reasonable belief of the existence of a past or present Release or threatened Release not previously disclosed by the Mortgagor in connection with the making of the Loan or the execution of this Mortgage or upon the Mortgagee's reasonable belief that the Mortgagor has failed to comply with any environmental provision of this Mortgage or any other Fee Owner Loan Document and upon reasonable prior notice (except in the case of an emergency) to Mortgagor, the Mortgagee or its representatives, employees, and agents, may from time to time and at all reasonable times (or at any time in the case of an emergency) enter and inspect the Mortgaged Property and every part of it (including all samples of building materials, soil, and groundwater and all books, records, and files of Mortgagor relating to the Mortgaged Property) and perform those acts and things that the Mortgagee deems necessary or desirable to inspect, investigate, assess, and protect the security of this Mortgage, for the purpose of determining (a) the existence, location, nature, and magnitude of any past or present Release or threatened Release, (b) the presence of any Hazardous Substance on or about the Mortgaged Property in violation of any Hazardous Substance Law, and (c) the compliance by Mortgagor of every environmental provision of this Mortgage and every other Fee Owner Loan Document.

In furtherance of the purposes above, without limitation of any of its other rights, the Mortgagee may: (i) obtain a court order to enforce the Mortgagee's right to enter and inspect the Mortgaged Property to which the decision of the Mortgagee as to whether there exists a Release, a threatened Release, any Hazardous Substances on or about the Mortgaged Property in violation of any Hazardous Substance Law, or a breach by Mortgagor of any environmental provision of this Mortgage or any other Fee Owner Loan Document, will be deemed reasonable and conclusive as between the parties; and (ii) have a receiver appointed to enforce the Mortgagee's right to enter and inspect the Mortgaged Property for the purpose set forth above.

All costs and expenses incurred by the Mortgagee pursuant to this Section (with respect to the audits, tests, inspections, and examinations that the Mortgagee or its agents, representatives, or employees may conduct, including the fees of the engineers, laboratories, contractors, consultants, and attorneys, will be paid by Mortgagor. All costs or expenses incurred by the Mortgagee pursuant to this Section (including without limitation court costs, consultant's fees, and attorney fees, whether incurred in litigation and whether before or after judgment) will bear interest at the Default Rate from the date they are incurred until those sums have been paid in full. Except as provided by law, any inspections or tests made by the Mortgagee or its representatives, employees, and agents will be for the Mortgagee's purposes only and will not be construed to create any responsibility or liability on the part of the Mortgagee to Mortgagor or to any other person. The Mortgagee will have the right, but not the obligation, to communicate with any Authority regarding any fact or reasonable belief of the Mortgagee that constitutes or could constitute a breach of any of Mortgagor's obligations under any environmental provision contained in this Mortgage or any Fee Owner Loan Document.

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1.3.14. Environmental Indemnification. The Mortgagor and Guarantor shall defend and indemnify the Mortgagee and hold the Mortgagee harmless from and against all loss, liability, damage and expense, including reasonable attorneys' fees, suffered or incurred by the Mortgagee, whether as Mortgagee of the Guaranty secured by this Mortgage, as mortgagee in possession, or as successor-in-interest to the Mortgagor by foreclosure deed or deed in lieu of foreclosure, under or on account of the Hazardous Substance Laws or any similar laws or regulations, including the assertion of any lien thereunder, (i) with respect to the presence of any Hazardous Substances or asbestos or the threat thereof affecting the Mortgaged Property, whether or not the same originates or emanates from the Mortgaged Property or any contiguous real estate, including any loss of value of the Mortgaged Property from the appraised value of the Mortgaged Property as of the date of this Mortgage as a result of the foregoing, so long as no such loss, liability, damage and expense is attributable to any hazard resulting from Mortgagee's gross negligence, willful misconduct or bad faith; and (ii) with respect to any other matter affecting the Mortgaged Property within the jurisdiction of the Environmental Protection Agency, any other federal agency, or any state or local agency charged with enforcement of Environmental Laws. The obligations of the Mortgagor and Guarantor under this Section shall arise upon the discovery of the presence of any Hazardous Substances or asbestos, whether or not the Environmental Protection Agency, any other federal agency or any state or local agency charged with enforcement of Hazardous Substance Laws has taken or threatened any action in connection with the presence of any such Hazardous Substances or asbestos. Notwithstanding the foregoing provisions of this Section 1.3.14 neither the Mortgagor nor Guarantor shall have any liability for any loss, cost, or expense incurred by the Mortgagee as a result of the acts of the Mortgagee or its successors or assigns following the date that the Mortgagee enters into possession of the Mortgaged Property or the Mortgaged Property is otherwise transferred following a foreclosure or deed in lieu thereof, except for any loss, cost, or expense arising from any act or omission of any party prior to the date of such entry into possession or transfer.

1.3.15. Survival. The provisions of Sections 1.3.11, 1.3.12, 1.3.13, 1.3.14 shall survive the repayment of the Indebtedness and the performance of the Mortgagor's obligations hereunder.

1.3.16. Parking. There are now, and the Mortgagor shall exercise diligent efforts to insure that there will always be, a sufficient number of parking spaces on the Mortgaged Property in order to comply with all Requirements of Law, provided, however, that no such action shall be required on the part of the Mortgagor if any such change in Requirements of Law shall not cause the Mortgaged Property to be in violation thereof.

1.3.17. Utilities; Access. All public utilities necessary for the operation of the Mortgaged Property are available at and within the boundaries of the Mortgaged Property and serve each parcel of the Mortgaged Property with sufficient capacity for the purposes contemplated on the date hereof. Each parcel of the Mortgaged Property has direct pedestrian and vehicular access to a publicly dedicated constructed road.

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1.3.18. Mortgaged Property Management Agreements. Without in each case the prior consent of Mortgagee, Mortgagor shall not materially (a) modify, change, amend, renew or grant any consent, approval or waiver under any Mortgaged Property management agreement with respect to the Mortgaged Property (the "Mortgaged Property Management Agreement"). (b) assign any interest or rights of Mortgagor in and to the Mortgaged Property Management Agreement, or (c) exercise any material rights and remedies with respect to or arising from the Mortgaged Property Management Agreement. Mortgagee hereby approves the use of firms listed on Schedule 8.1.7 of the Loan Agreements provided, however, that the form of any Property Management Agreement with any such firm shall be subject to the prior consent of Mortgagee. Mortgagor shall not enter into any Mortgaged Property Management Agreement without the prior consent of Mortgagee.

Section 2. Payment of Guaranty. The Mortgagor shall duly and punctually pay to the Mortgagee the sums as the same shall become due and payable in the manner provided in the Guaranty.

Section 3. Payment of Additional Sums. The Mortgagor shall duly and punctually repay to the Mortgagee, as the case may be, according to the terms of this Mortgage, any additional sums advanced or expended by the Mortgagee for the Mortgagor's account, together with interest on such sums as provided in the Guaranty.

Section 4. Performance of Fee Owner Loan Documents. The Mortgagor shall observe, perform and discharge all covenants, conditions and obligations of the Mortgagor contained in the provisions of the Fee Owner Loan Documents in accordance with their respective terms.

Section 5. Insurance. During the term of the Loan, the Mortgagor shall obtain and maintain, without interruption, the insurance coverages stipulated hereunder.

5.1. Types of Insurance.

5.1.1. Mortgaged Property and Related Insurance. The Mortgaged Property shall be insured for the benefit of the Mortgagee on a Full Replacement Cost basis. Full Replacement Cost is defined as the cost of replacing the Improvements and appurtenances and betterments in compliance with the prevailing building codes without deduction for physical depreciation thereof, at the time of replacement of Mortgaged Property, following a loss. The policy shall provide that the interest of Mortgagee shall not be subject to depreciation should Mortgagor fail to replace the improvements for whatever reason, unless upon the order of Mortgagee not to replace. Full Replacement Cost shall be determined by an appraisal made at least once every three (3) years, by an appraiser, appraisal company or insurance company, approved by Mortgagee. The value so determined shall be binding and conclusive upon the parties hereto. The policy shall also provide that the release of the insurance proceeds to Mortgagee after a loss shall not be contingent upon the building of the improvement. The policy shall further provide that Mortgagor shall not be unreasonably restricted from applying such

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proceeds to the building of the improvements at such other location as Mortgagor shall elect. Mortgaged Property shall be insured on an All Risk basis, and must include coverage for losses due to flood, earthquake and windstorm. The policy shall be endorsed to provide demolition and increased cost of construction to conform to local ordinance.

5.1.2. Rent Loss/Business Interruption. The Mortgagor shall maintain rent loss/business interruption insurance sufficient to prevent the Mortgagee from being a coinsurer under the terms of the policy and in an amount equal to six (6) months' projected gross income from the Mortgaged Property, or for the length of time it would take to demolish and rebuild the Mortgaged Property whichever is longer.

5.1.3. Boiler and Machinery Insurance. The Mortgagor shall maintain boiler and machinery insurance covering physical damage to the Mortgaged Property and to the major components of any central heating, air conditioning or ventilation systems and such other equipment as the Mortgagee may require. The policy shall include business interruption, including expediting and extra expenses, and shall be in an amount not less than \$500,000.

5.1.4. Builder's Risk. During the period of any construction, repair, restoration or replacement of the Improvements or Mortgaged Property of greater than \$250,000, the Mortgagor shall obtain and maintain a completed value "All Risk" Builder's extended coverage policy (non-reporting form) in the amount of one hundred percent (100%) of the Full Replacement cost of the Mortgaged Property. The coverage may be provided as an extension to the Mortgaged Property policy if the foregoing requirements are met thereby.

5.1.5. Liability.

(a) The Mortgagor shall obtain and maintain Commercial General Liability insurance on the broadest forms issued by the respective insurer and written on an "occurrence policy form" against all claims for bodily injury, death, Mortgaged Property damage, including personal injury and contractual liability (deleting any exclusion restricting coverage for contractual obligations for claims occurring on, in or about the Mortgaged Property and adjoining premises) in an amount not less than \$5,000,000. If liability coverage for the Mortgaged Property is included under the Mortgagor's blanket policy written on an aggregate form, then the annual aggregate limit of insurance must not be less than \$10,000,000. The policy shall be endorsed to include the Mortgagee as an additional insured subject to the benefits stipulated under Section 5.3.4 hereof.

(b) During any period of construction, repair, restoration or replacement of Improvements on the Land, the Mortgagor shall cause the general contractor to require its subcontractors of any tier to provide confirmation of adequate comprehensive public liability and completed operations coverage and name the Mortgagee as an additional insured, and, upon demand by the Mortgagee, provide evidence satisfactory to the Mortgagee that the Mortgagor has complied with this covenant.

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5.1.6. Flood and Earthquake Insurance. If at any time the Mortgaged Property is in an area that has been identified by the Federal Insurance Administration as having special flood and mudslide hazards, and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, the Mortgagor shall purchase and maintain a flood insurance policy satisfactory to the Mortgagee. In the event that the Mortgaged Property is not in an area having special flood and mudslide hazards, the Mortgagor shall deliver to the Mortgagee on or prior to the date hereof and thereafter upon request, a certificate or letter in a form satisfactory to the Mortgagee stating that the Mortgaged Property is not in such a flood or mudslide hazard area.

If, at any time, the Mortgaged Property is determined to be in an area that has been identified by any governmental, engineering or any hazard underwriting agencies as being subject to the peril of earthquake with a Maximum Probable Loss (MPL) of between ten (10%) and twenty (20%) percent, Mortgagor must obtain and maintain earthquake insurance equal to fifty (50%) percent of the Full Replacement Cost of the Mortgaged Property.

5.1.7. Worker's Compensation. During any period of construction, repair, restoration or replacement or improvements on the Land, the Mortgagor shall (a) cause the general contractor (including the Mortgagor, if the Mortgagor acts as a contractor and/or subcontractor of any tier) to obtain and maintain all such worker's compensation or similar insurance to the fullest extent required under the laws of the State, which insurance shall cover all employees of the general contractor of the Mortgagor, (b) cause the general contractor to require its subcontractors of any tier to provide confirmation that worker's compensation or similar insurance to the fullest extent required under the laws of the State is maintained for their respective employees, and (c) upon demand by the Mortgagee, provide evidence satisfactory to the Mortgagee that the Mortgagor has complied with this covenant.

5.1.8. Other Insurance. In addition to the above, the Mortgagor shall also maintain all insurance required to be maintained by the Mortgagor as landlord under the Leases, if any, and, when and to the extent required by the Mortgagee, any other risks or hazards which now or hereafter are customarily insured against by persons operating properties of like size and type in the locality of the Mortgaged Property in such amounts and for such periods as the Mortgagee may from time to time reasonably require and approve.

5.2. Blanket Policies. Notwithstanding anything to the contrary contained in subsections 5.1.2, 5.1.3, 5.1.4, 5.1.6, 5.1.7 and 5.1.8, if any of the insurance required to be maintained by the Mortgagor pursuant to such subsections is included under blanket policies carried by the Mortgagor, such policies shall include warranties of the right to reinstate policy limits of not less than the amount specified in the applicable subsection, if any. Mortgagee shall reasonably determine whether such blanket policies provide sufficient limits of insurance.

5.3. Specific Requirements With Respect to Insurance. The following provisions shall apply with respect to the insurance coverage required by this Section 5.

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5.3.1. Insurance Companies. All insurance required shall be carried with insurance companies selected by the Mortgagor and approved by the Mortgagee, which approval shall not be unreasonably withheld and may be effected by endorsement of blanket insurance policies, provided, however, that all policies of insurance shall be written by companies of recognized good standing which are licensed to do business and may write such insurance in the State of Illinois having a rating of at least A+ VII in Best's Key Rating Guide or any lower rating acceptable to Mortgagee, and provided each such policy shall not have more than a \$25,000 deductible for any single casualty occurrence except for mandatory deductibles where required under local regulations, or where required by insurers for specific catastrophic perils.

5.3.2. Evidence of Insurance. The Mortgagor shall deliver to the Mortgagee, promptly upon the execution and delivery of this Mortgage and thereafter before the expiration date of each such policy, original policies (or renewals or extensions of the insurance afforded thereby) or duplicates thereof, or binders evidencing such insurance, or endorsed certificates thereof in form and content satisfactory to the Mortgagee including, without limitation, a certification that the full amount of insurance required hereby will continually be available to the Mortgagee and that the specific coverages requested are not contributory nor excess over any other valid and collectible insurance unless such other insurance is part of and applicable to the same risk (with the prior consent of Mortgagee). Upon request of Mortgagee, Mortgagor shall deliver, together with receipts satisfactory to the Mortgagee evidencing payment of the current premiums therefor and the Mortgagor shall deliver to the Mortgagee, prior to the expiration or cancellation of, or material change in, any such insurance, additional policies or duplicates thereof, or binders evidencing the renewal of such insurance, or a certificate thereof accompanied by a certified copy of such renewal or extension with a receipt evidencing payment of the premium therefor. All binders, original policies or certified copies of policies, endorsements, copies of certificates, and cancellation notices are to be sent to the Mortgagee at the following address: Corporate Risk and Insurance Department, 48th Floor, 70 Pine Street, New York, New York 10270.

5.3.3. Mortgagee and Loss Payee Clauses. The Mortgaged Property insurance policies as required under subsections 5.1.1, 5.1.2, 5.1.3, 5.1.4, 5.1.6, 5.1.7 and 5.1.8 shall have attached thereto a standard non-contributing, non-reporting mortgagee clause in favor of and entitling the Mortgagee a first priority to collect directly from the insurers, the proceeds payable under such insurance as its interest may appear, and stipulating that this entitlement will in no way be adversely affected by any act, error or omission of the Mortgagor which may void any or all coverages provided. The policies will also contain a standard waiver of subrogation endorsement.

5.3.4. Cancellation. The Mortgagor will immediately notify the Mortgagee of any cancellation of or material change in any insurance policy, and each such insurance policy to be provided hereunder shall contain an agreement by the insurer that it will not modify or cancel such policy except upon at least thirty (30) calendar days' prior written notice to the Mortgagee, and that any loss otherwise payable thereunder shall be payable

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notwithstanding any act or negligence of the Mortgagee or the Mortgagor which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment.

5.3.5. Payment of Premiums; Failure of the Mortgagor to Effect Insurance. The Mortgagor shall be solely responsible for, and promptly pay when due, any and all premiums on all such insurance. On each yearly anniversary of the date hereof, the Mortgagor shall deliver to the Mortgagee, a certificate, dated as of such date, to the effect that there is then in force all such insurance which is then required to be maintained by the Mortgagor. Should the Mortgagor fail to effect, maintain or renew any of the insurance required hereunder in the required amounts, or to pay the premiums therefor, or to deliver to the Mortgagee any evidence of such insurance or payment therefor as required hereunder, then in any of such events the Mortgagee, at its option, but without obligation so to do, may procure such insurance, and any sums expended by it to procure any such insurance shall be payable by the Mortgagor with interest, on demand, as provided in Section 12 hereof; however, it is expressly understood that procurement by the Mortgagee of any of such insurance shall not be deemed to waive or release the default of the Mortgagor, or the right of the Mortgagee, at its option, to exercise the remedies hereinafter set forth upon the occurrence of an Event of Default. The Mortgagee shall not be responsible for obtaining or maintaining any insurance required under the provisions of this Section 5, and shall not, by reason of accepting, rejecting, approving or obtaining any such insurance, incur any liability for the existence, nonexistence, form or legal sufficiency thereof, the solvency of any insurer or the payment of any losses, and the Mortgagor hereby expressly assumes full responsibility therefor and liability, if any, thereunder.

5.3.6. Sale Under the Mortgage. In the event of a sale of all or any part of the Mortgaged Property pursuant to the provisions of this Mortgage, or if the title to any or all of the Mortgaged Property is transferred in extinguishment of the Indebtedness, the Mortgagee shall succeed to all the rights and interest of the Mortgagor, including any right of the Mortgagor to unearned premiums, in and to all such policies of insurance.

5.3.7. Separate Insurance. Without Mortgagee's prior written consent, the Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required hereunder.

5.3.8. Contravention of Insurance. The Mortgagor will not do or permit anything to be done on or about the Mortgaged Property that will affect, impair or contravene any policies of insurance that may be carried on the Mortgaged Property, or any part thereof, or the use thereof, against loss, damage or destruction by fire, casualty, public liability, or otherwise.

5.3.9. Reinsurance. For all policies for which the insurer has purchased reinsurance, the Mortgagor shall obtain a "cut-through" clause allowing recovery directly from the reinsurer in the event of the insurer's insolvency or cessation of insurance operations.

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5.4. Notice of Transfer or Casualty. Upon a change in ownership or use of the Mortgaged Property, the Mortgagor shall immediately notify in writing all insurers of the Mortgaged Property (provided, that nothing herein shall be construed to permit such change in ownership if otherwise prohibited under the provisions hereof) and, if a Casualty occurs, the Mortgagor will give immediate written notice to the Mortgagee of the Casualty and the Mortgagee may, but is not obligated to, make proof of such Casualty if not made promptly by the Mortgagor. Mortgagor shall settle (independently of Mortgagee all claims of \$1,000,000 or less. Mortgagor shall be given a reasonable amount of time, not to exceed six (6) months, to settle (independently of Mortgagee) Mortgaged Property damage claims of over \$1,000,000, but Mortgagee's consent to such settlement is required. Loss proceeds of \$200,000 or less shall be paid directly to Mortgagor and all other loss proceeds shall be payable directly to Mortgagee. Any excess loss proceeds up to \$50,000 over the cost of repair shall be released to Mortgagor upon completion of said work, and the remaining excess shall be applied to the prepayment of the Loan. With the exception of Worker's Compensation claims and all general liability claims that do not exceed \$10,000,000, all policies of insurance required herein shall allow, but not obligate Mortgagee to participate in the adjustment and settlement process of all claims expected to exceed \$500,000.

5.5. The Mortgagee's Rights. Losses shall be settled and any insurance proceeds payable on account of any Casualty (the "Casualty Proceeds") claimed under any insurance Mortgagor is required to maintain hereunder shall be paid to Lender or Mortgagor as provided in the preceding paragraph 5.4 after deducting the costs of collection, adjustment and compromise, and Mortgagee shall, at Mortgagee's option elect: (i) to apply the Casualty Proceeds as a credit towards the Indebtedness evidenced by the Fee Owner Note in such manner as Mortgagee deems appropriate, provided that if such proceeds are applied by Mortgagee to reduce the outstanding balance of principal under the Loan, such application will cause a pro rata reduction in debt service payments to maintain the interest rate set forth in the Fee Owner Note, or (ii) to apply the Casualty Proceeds to the restoration of the Mortgaged Property (in which event Mortgagee shall not be obligated to see to the proper application of the Casualty Proceeds nor shall the amount so released or used be deemed a payment on the indebtedness evidenced by the Fee Owner Note), or (iii) to deliver the Casualty Proceeds to the Mortgagor. Notwithstanding the foregoing, Casualty Proceeds will be applied to repayment of the Loan only if such Casualty Proceeds and any amounts deposited by Mortgagor, in a reserve held by Lender, is not sufficient for repair and restoration of the Mortgaged Property and as provided in paragraph 5.4, or in Mortgagee's sole discretion, if the Property can not be restored to the condition, use and dimensions (including, without limitation, the number of apartments in existence immediately prior to the Casualty without special zoning or other legal relief.

For the purposes of this paragraph 5.5, Casualty shall mean any act or occurrence of any kind or nature, whether or not insured, which results in damage, loss or destruction to any or all of the Mortgaged Property or any interest herein.

Section 6. Payment of Impositions; Payments by the Mortgagee.

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6.1. Payment by the Mortgagor.

6.1.1. The Mortgagor shall (a) before delinquency, duly pay or discharge, or cause to be paid or discharged all Impositions; (b) upon demand pay any ad valorem or excise tax or other public charge (other than any tax in the nature of an income tax) imposed or levied upon the Fee Owner Loan Documents, including any interest and penalties incurred in connection therewith; and (c) before delinquency, submit to the Mortgagee evidence satisfactory to the Mortgagee of the payment of each Imposition. To better secure this covenant, the Mortgagor shall deposit with the Mortgagee, concurrently with the payment of the installments of the principal of and interest on the Fee Owner Note, an amount equal to one-twelfth of the annual Impositions on the Mortgaged Property, as reasonably estimated by the Mortgagor, together with an amount equal to one-twelfth of the annual insurance premiums next due, and the Mortgagee shall hold all such sums. If necessary, the Mortgagee shall make an adjustment according to the actual charge for such Impositions and premiums and, if the deposits made by the Mortgagor are insufficient to pay such charges in full, the Mortgagor shall deposit with the Mortgagee the amount of such deficiency before such Impositions or premiums become due. The Mortgagee shall credit any excess deposits against the next installments falling due. All deposits shall be retained by the Mortgagee without interest and free of trust except to the extent, if any, that applicable law shall require otherwise.

6.1.2. The Mortgagor shall have the right to contest, in good faith, the amount, applicability or validity of any Imposition by appropriate judicial proceedings conducted promptly and at the Mortgagor's sole expense, provided (i) unless Mortgagee has waived the provisions of 6.1.1 hereinabove requiring Mortgagee to deposit annual Impositions with Mortgagee, Mortgagor shall have first given the Mortgagee such security as it may request, in its good faith judgment, to insure such payment (in the event of a determination of such contest adversely to the Mortgagor) and to secure and indemnify the Mortgagee against any cost, expense, loss or damage in connection with such contest or such postponement of payment; (ii) the Mortgagor shall not postpone payment if the Mortgagee would thereby be subject to potential fine or penalty or prosecution for a crime, or the Mortgaged Property or any part thereof might thereby be condemned, foreclosed upon, sold, forfeited or vacated, or the value of the Mortgaged Property might thereby, in the good faith judgment of the Mortgagee, be impaired; and (iii) such proceedings shall not relieve the Mortgagor of its covenant hereunder to pay such Impositions at the time and in the manner herein provided, or to extend the time for such payment, unless such judicial proceedings operate to prevent or suspend the collection of the Impositions so contested and the sale of the Mortgaged Property for or on account of the non-payment thereof.

6.2. Tax Service Reports. Intentionally Omitted.

6.3. Tax on Indebtedness. Intentionally Omitted.

6.4. Payment by the Mortgagee. If an Event of Default exists and, if, in the Mortgagee's reasonable judgment, any payment is necessary or desirable to protect the security interest intended to be created by this Mortgage, the Mortgagee is authorized, in the Mortgagor's

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place, (a) to pay any Imposition, sale, forfeiture, tax lien, or title or claim thereof made against the Mortgaged Property, and to make such payment according to any bill, statement or estimate procured from the appropriate Governmental Authority without inquiring into the accuracy of such bill, statement or estimate or into the validity of such Imposition, sale, forfeiture, tax lien, or title or claim thereof; or (b) to make any payment necessary to remove any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim or charge, and to be the sole judge of the legality or validity thereof; or (c) to pay the expense of any repair or replacement of any of the Mortgaged Property, and to be the sole judge of its state of repair and of the necessity for incurring the expense of any such repair or replacement; or (d) to make any other payment for any other purpose herein and hereby authorized, but not enumerated in this subsection.

Section 7. Further Assurances. Within fifteen (15) days after the Mortgagee requests the Mortgagor to do so, the Mortgagor shall execute, acknowledge, deliver and cause to be recorded and rerecorded, or filed and refiled, all further instruments, deeds, financing statements, renewals, continuation statements, transfers, assignments, or other documents that are necessary, in the Mortgagee's sole opinion, (a) to correct any defect, error or omission which may be discovered in the contents of any of the Fee Owner Loan Documents or in the execution or acknowledgement thereof, (b) to create, perfect, preserve, continue and protect the lien and security interest of this Mortgage on the Mortgaged Property, whether now owned or hereafter acquired by the Mortgagor, (c) to secure the rights and remedies of the Mortgagee hereunder or under the provisions of the Fee Owner Note, or (d) to better assure, assign and confirm to the Mortgagee the Leases and Rents. The Mortgagor shall pay to the Mortgagee on demand all expenses, charges and taxes reasonably incurred by the Mortgagee in preparing, executing, recording, rerecording, filing or refiling of any such document. Upon any failure by the Mortgagor to do so, the Mortgagee may make, execute and record any and all such instruments, certificates and documents for and in the name of the Mortgagor, and at the sole expense of the Mortgagor, and the Mortgagor hereby irrevocably appoints the Mortgagee the agent and attorney-in-fact of the Mortgagor to do so, this appointment being coupled with an interest. The Mortgagee may, at its option, advance the expenses incurred in making, executing and recording any and all such instruments, certificates and documents, and such sums advanced, with interest, will be repaid to the Mortgagee by the Mortgagor as provided in Section 12 hereof.

Section 8. Maintenance and Use of Mortgaged Property.

8.1. Obligations and Prohibitions. The Mortgagor shall (a) keep and maintain the Mortgaged Property in good condition, repair and working order, ordinary wear and tear excepted, and supplied with all necessary equipment; (b) effect such repairs of the Mortgaged Property as the Mortgagee may reasonably require; (c) from time to time make all needed and proper replacements to the Mortgaged Property so that the Mortgaged Property will at all times be in good condition, fit and proper for the purposes for which it was originally erected or installed; (d) not permit, commit or suffer any waste of the Mortgaged Property; (e) not sell, abandon, assign, lease, transfer, encumber (except for Permitted Exceptions) or otherwise dispose of any or all of the Mortgaged Property or any interest therein, except as otherwise permitted in this Mortgage, without, in each instance, obtaining the Mortgagee's prior written

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consent thereto; (f) except for the replacement of fixtures, personal Mortgaged Property and non-structural elements of the Improvements made for the purpose of enhancing the economic viability of the Mortgaged Property, and by fixtures, personal Mortgaged Property and nonstructural elements which are of at least like quality, not knowingly permit the removal, demolition or material alteration of any Improvement covered by the lien of this Mortgage, without, in each instance, obtaining the Mortgagee's prior written consent to such alteration, and any such approved alteration shall be and become a part of the Mortgaged Property and subject to the lien and security interest of this Mortgage unless otherwise agreed to in writing by the Mortgagee; (g) promptly repair, restore, replace or rebuild any part of the Mortgaged Property now or hereafter subject to the lien of this Mortgage which may be damaged or destroyed by any Casualty whatsoever or which may be affected by any Condemnation; (h) obey and comply with all Requirements of Law whether or not any such Requirement of Law shall necessitate structural changes or improvement to the Mortgaged Property including, but not limited to, those Requirements of Law relating to the discharge and removal of Hazardous Substances and shall pay immediately when due the cost of removal of any such Hazardous Substances; (i) not install or knowingly permit the installation of any friable asbestos or any substance containing asbestos and deemed hazardous by Requirements of Law respecting such material; (j) observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, by way of example rather than of limitation, all zoning variances, special exceptions and non-conforming uses), privileges, franchises and concessions which are applicable to the Mortgaged Property or are granted to or contracted for by the Mortgagor for any existing or contemplated use of the Mortgaged Property; (k) obey and carry out every covenant, agreement, restriction and encumbrance contained in any instrument recorded among the Land Records in which this Mortgage is recorded or known to the Mortgagor, which may from time to time be in force and apply to or affect the Mortgaged Property or the Mortgagor's interest therein, and not use or permit the use of any or all of the Mortgaged Property in contravention thereof; and (l) permit the Mortgagee, its agents or employees, subject to the rights of tenants under the leases, to enter upon and inspect the Mortgaged Property at any reasonable time during normal business hours.

8.2. Management of the Mortgaged Property. The Mortgaged Property shall constantly be operated and managed by the Mortgagor, or by a managing agent approved in writing by the Mortgagee, pursuant to a management agreement, approved in writing by the Mortgagee.

Section 9. Liens and Exceptions.

9.1. Prohibition. The Mortgagor shall (a) not, without, in each instance, the prior written consent of the Mortgagee, create, assume or incur or suffer to be created, assumed or incurred or to exist (i) any lien, encumbrance or charge against the Mortgaged Property or any interest of the Mortgagor in the Mortgaged Property (except for Permitted Exceptions), by or pursuant to any mortgage, Mortgage, security agreement or other instrument, as security for the repayment of any debt or the performance of any obligation or undertaking by the Mortgagor or any other person; or (ii) any other lien, encumbrance or security interest; (b) not, without

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obtaining the prior written consent of the Mortgagee, which consent shall be exercised in the sole discretion of the Mortgagee to the extent permitted by law, transfer, convey, pledge, or otherwise hypothecate the Mortgaged Property or any interest in the Mortgaged Property or the limited partnership interests in the Mortgagor or issue any additional partnership interests in the Mortgagor, unless the Loan is repaid in full (including any applicable prepayment fee) in accordance with the provisions of the Fee Owner Loan Documents; and (c) keep and maintain the Mortgaged Property free from the claims of all persons supplying labor or materials in connection with the construction or reconstruction of any Improvements on the Mortgaged Property regardless of by whom such labor or materials may have been contracted.

9.2. Substitution of Collateral/Release of Mortgaged Property. Mortgagor shall have no right to release any of the Mortgaged Property for the Loan while the Loan remains outstanding. Notwithstanding the foregoing, however, pursuant to the terms and conditions set forth in the Loan Agreement, the Mortgaged Property may, at the election of Mortgagee and Lender and, upon the terms and conditions contained therein, have the right to substitute a new Fee Owner Loan for Loan by effecting the release of the Mortgaged Property and making a new Fee Owner Loan with respect to a substitute real Mortgaged Property, as set forth in the Loan Agreement.

Section 10. Assignment of Leases and Rents.

10.1. Assignment. As further and additional security for the due performance and observance of the covenants and conditions to be performed and observed by the Mortgagor under the provisions of the Fee Owner Note and this Mortgage, the Mortgagor hereby assigns and transfers to the Mortgagee (a) all the Mortgagor's right, title and interest in and to all Leases, and (b) the immediate and continuing right to collect and receive all of the Rents payable to the Mortgagor pursuant to each Lease; provided, that the Mortgagor shall have a license, terminable by the Mortgagee upon the occurrence of an Event of Default, to collect any or all of the Rents when due, to hold them as a trust fund for the sole benefit of the Mortgagee, and before using the Rents for any other purpose, to apply them to pay (1) any Imposition having priority over the lien created by this Mortgage, (2) the premiums for insurance which the Mortgagor is obligated to pay pursuant to the terms of this Mortgage, (3) the principal of (prepayment premium, if any), interest on the Indebtedness and any other sums then due and secured by this Mortgage, and (4) any other expense or cost which the Mortgagor is obligated to pay under the terms of this Mortgage. Upon the occurrence of an Event of Default, the license granted to the Mortgagor hereunder shall be automatically and immediately revoked. Upon the revocation of such license, the Mortgagee shall notify all tenants under the Leases that the Mortgagee will thereafter collect all Rents directly and not through the Mortgagor, or enforce the assignment of Leases and Rents by any other method provided for under the laws of the State. The foregoing general assignment of Leases and Rents shall have priority over any future specific assignment of any of the Leases and the Rents to any person other than the Mortgagee.

10.2. Approval. The Mortgagor agrees that it will not enter into any leases without the prior written consent of the Mortgagee other than those on the Standard Lease Form.

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The Mortgagor further covenants and agrees to assign and transfer to the Mortgagee any and all future leases upon all or any part of the Mortgaged Property and to execute and deliver, at the request of the Mortgagee, all such further assurances and assignments with respect thereto as the Mortgagee shall from time to time require.

10.3. Subordination. The Mortgagee may require that any and/or all of the Leases now or hereafter affecting the Mortgaged Property be made subject, subordinate, junior and inferior to the lien of the Mortgage, or be made superior and prior to the Mortgage, whichever the Mortgagee elects in writing. Any agreement to pay leasing commissions (a) shall be subordinate to the Mortgage and (b) shall not be enforceable against the Mortgagee or any foreclosure transferee or transferee in lieu of foreclosure. The Mortgagee shall be furnished with evidence of the foregoing satisfactory to it in form, scope and substance.

Section 11. Condemnation.

11.1. Right to Contest. The Mortgagee may, at its option, in its own name (a) appear or proceed in any Condemnation proceeding, and (b) make any compromise or settlement thereof. The Mortgagor shall give the Mortgagee immediate notice of the initiation of any Condemnation, and a copy of every paper served in any Condemnation. Upon request, the Mortgagor shall make, execute and deliver to the Mortgagee, free, clear and discharged of any encumbrance of any kind whatsoever, such further assignments and every other instrument deemed necessary, in the Mortgagee's discretion, validly and sufficiently to assign each such Award to the Mortgagee (including the assignment of any Award from the United States Government at any time after the allowance of any claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for payment thereof) for any permanent or temporary Condemnation.

11.2. Application of Award. The Mortgagor hereby agrees that all Awards paid by reason of a Condemnation, whether the rights to such Award or under such Condemnation accrued before or after the date of this Mortgage, are hereby assigned and shall be paid directly to the Mortgagee, and the Mortgagee shall apply the Award as follows, in the order of priority indicated: (a) to reimburse the Mortgagee for all costs and expenses, including attorneys' fees incurred in connection with the collection of the Award; (b) to the payment of accrued and unpaid interest on the Fee Owner Note; (c) to the prepayment of the last maturing installments of unpaid principal on the Fee Owner Note; (d) to the payment of the balance of the unpaid Indebtedness; and (e) the balance, if any, of the Award to the Mortgagor. If the Mortgaged Property is sold at any foreclosure proceeding brought under this Mortgage before the Mortgagee's receipt of any such Award, the Mortgagee shall have the right to receive out of such Award the difference between the proceeds derived from such sale and the amount of the Indebtedness secured hereby and all interest and other amounts accruing hereunder, whether or not a deficiency judgment on this Mortgage has been sought, recovered or denied, plus any attorneys' fees, costs and disbursements incurred by the Mortgagee in collecting such Award.

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11.3. Release for Restoration. Notwithstanding the provisions of Section 11.2 hereof, if in the determination of Mortgagee, the Mortgaged Property is capable of being restored, then the Award shall be made available to the Mortgagor in accordance with the provisions of Section 5.5.

Section 12. Payment of the Mortgagee's Costs.

12.1. If the Mortgagee incurs or expends any sums, including attorneys' fees, in any action at law or in equity or in any other proceeding, to sustain the lien of this Mortgage or its priority, to protect or enforce any of its rights hereunder, to perform any of the Mortgagor's covenants hereunder, or to recover any of the Indebtedness, all such sums so advanced or paid by the Mortgagee, together with interest thereon at the Default Rate, shall be (a) paid to the Mortgagee by the Mortgagor immediately upon its receipt of notice and demand therefor, (b) a lien upon the Mortgaged Property before any right or title to, interest in, or claim upon the Mortgaged Property which is subordinate to the lien of this Mortgage, and (c) secured by this Mortgage and evidenced by the Guaranty. In any action or proceeding to foreclose this Mortgage or to recover or collect the Indebtedness secured hereby, the provisions of law respecting the recovery of costs, disbursements and allowances shall prevail unaffected by this covenant.

12.2. The Mortgagor shall save the Mortgagee harmless from all expenses (including, by way of example rather than of limitation, those of attorneys' fees and of any title search, continuation or abstract, or preparation of survey), incurred by reason of any action, suit, proceeding, hearing, motion or application before any court or administrative body in and to which the Mortgagee may be or become a party by reason hereof (including, by way of example rather than of limitation, any bankruptcy, administration or other proceeding in which proof of claim is by law required to be filed or in which it becomes necessary to defend or uphold the terms of and the lien created by this Mortgage), and all money expended by the Mortgagee in that regard, together with interest thereon from date of such payment at the Default Rate, shall constitute additional Indebtedness secured hereby and shall be immediately and without notice due and payable by the Mortgagor to the Mortgagee.

Section 13. Events of Default. The occurrence of any one or more of the following events shall be deemed an "Event of Default" for purposes of the provisions of this Mortgage and the other Fee Owner Loan Documents:

13.1. Mortgagor shall fail to pay any sum under the Guaranty or this Mortgage when due, whether at maturity, by acceleration or otherwise.

13.2. Mortgagor shall fail to pay any other amount (whether fees, taxes, insurance premiums or otherwise) payable to Lender or any other party under or as required by this Mortgage, the Guaranty or any other Fee Owner Loan Document when due, whether at maturity, by acceleration or otherwise.

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13.3. Any default (beyond applicable notice or cure periods, if any) not described in subsection (a) or subsection (b) above by Mortgagor under the Guaranty, the Fee Owner First Mortgage or the Loan Agreement or any other Loan Document shall have occurred.

13.4. Mortgagor shall fail to perform or observe any obligation, covenant or term contained in Section 8.1, (if such failure under Section 8.1 places life or Mortgaged Property in imminent danger or threatens the priority or existence of the Lien of any Loan Document), Section 9 (except for failure to pay any mechanic's Lien that does not have priority over any of the Liens under the Loan Documents), Section 5, Section 6, in imminent danger or threatens the priority or existence of the Lien of any Loan Document, or Section 28, hereof, and such default shall continue unremedied for a period of thirty (30) days after the occurrence thereof or, if such default cannot be cured within thirty (30) days and Borrower is at all times diligently pursuing the cure thereof, such default shall continue unremedied for a period of ninety (90) days after the occurrence thereof.

13.5. Mortgagor shall fail to perform or observe any obligations, covenants, terms, agreements or undertakings contained in this Agreement (other than obligations, covenants, terms, agreements or undertakings set forth in subsections (a), (b), and (d) above), and such default shall continue unremedied for a period of thirty (30) days after notice of such default is delivered by Lender to Mortgagee or, if such default cannot be cured within thirty (30) days and Mortgagee is at all times diligently pursuing the cure thereof, such default shall continue unremedied for a period of ninety (90) days after such notice.

13.6. Any representation or warranty made by Mortgagor, any stockholder, partner, member or other owner of Mortgagor, or any stockholder, partner, member or other owner of any such stockholder, partner, member or other owner, in this Mortgage, the Fee Owner Note or any other Fee Owner Loan Document, or in any certificate or notice delivered or made in connection herewith or therewith shall prove to be false or misleading in any respect when made.

13.7. One or more judgments for the payment of money in excess of One Hundred Thousand and No Dollars (\$100,000) in any instance or in the aggregate for which judgments shall be rendered against Mortgagor, or the Guarantor, and such judgments shall not be paid, bonded, vacated or stayed, and discharged of record, pending appeal before the earlier of (A) the date which is thirty (30) days after the entry of such judgments and (B) the last day to file a permitted appeal therefrom, if any.

13.8. Intentionally Omitted.

13.9. An involuntary case under any applicable bankruptcy, reorganization, insolvency or other similar law now or hereafter in effect shall be commenced against either the Mortgagor or a court shall enter a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequester (or similar official) of the Mortgagor, or for the Mortgaged Property or any part of the Mortgaged Property, or ordering the winding-up or liquidation of the affairs of the

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Mortgagor, and such case shall not be dismissed in sixty (60) days, or such decree or order shall remain unstayed for a period of thirty (30) consecutive days.

13.10. Mortgagor shall commence a voluntary case under any applicable bankruptcy, reorganization, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by, a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Mortgagor for the Mortgaged Property or any part of the Mortgaged Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate, membership and/or partnership action in furtherance of any of the foregoing.

Section 14. The Mortgagee's Rights Upon Event of Default. If an Event of Default occurs, then the Mortgagee may, without further notice to or demand upon the Mortgagor or any other party having an interest in the Mortgaged Property, and without regard to the value of the Mortgaged Property held as security for the Indebtedness and subject to any reinstatement rights granted to Mortgagor under applicable law or the solvency of any person liable for the payment of such Indebtedness, at the Mortgagee's option and whether or not electing to declare the whole Indebtedness due and payable, do any or all of the following, to the extent permitted by law, either successively or concurrently:

14.1. Declare the entire Indebtedness which is then unpaid, including any other unpaid sums accruing under the Guaranty, and any other amounts payable under the provisions of this Mortgage or of any other Fee Owner Loan Document, to be, and the Indebtedness, and the Fee Owner Note evidencing the Indebtedness, and all other sums payable by the Mortgagor hereunder, under the Fee Owner Note or under any Fee Owner Loan Document shall thereupon become, immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Mortgagor to the extent such waiver is not prohibited by applicable law, and the Mortgagor shall forthwith pay to the Mortgagee the entire outstanding Indebtedness and all such other amounts.

14.2. Terminate the license granted to the Mortgagor under the provisions of Section 10 of this Mortgage and, either personally or by any attorney or agent without bringing any action or proceeding, or by a receiver (who may be an officer, employee or agent of, or attorney for the Mortgagee) appointed pursuant to subsection 14.3 hereof, enter upon and take possession of any or all of the Mortgaged Property, without force or with such force as is permitted by law and without notice and process or with such notice or process as is permitted by law unless such notice and process is waivable, in which case Mortgagor hereby waives such notice and process. Upon such entry, the Mortgagee shall have the right (a) to exclude the Mortgagor, and its agents, officers and employees, wholly from the Mortgaged Property, and to have, hold, manage, lease, use, operate and control the Mortgaged Property on such terms and for such periods of time as the Mortgagee may deem proper in its sole discretion, and (b) to collect and receive all Rents, for which this Mortgage shall be sufficient authority whether or not any such Lease or sublease has been assigned to the Mortgagee. Upon every such entry, the

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Mortgagee, at the expense of the Mortgagor, may from time to time, (i) take such steps and expend such sums as the Mortgagee deems necessary to preserve and protect the Mortgaged Property, including without limitation, employment of watchmen or other protective services, (ii) make all necessary and proper repairs, renewals, replacements and useful or required alterations and improvements to the Mortgaged Property as, in the Mortgagee's sole judgment, may be necessary or desirable.

Any disbursement of funds for this purpose shall be deemed a disbursement pursuant to this Mortgage and secured hereby. In addition, if the Mortgagee disburses any amounts in order to accomplish such purposes, the Mortgagor agrees to reimburse the Mortgagee for such amount, together with interest thereon at the Default Rate. The Mortgagee may, in its sole discretion, terminate or change any action initiated by the Mortgagee under this Mortgage, and neither this Mortgage nor any action taken hereunder shall impose any obligation upon the Mortgagee to act or continue to act on the Mortgagor's behalf or otherwise to fulfill any obligation of the Mortgagor.

After deducting the expenses of or incident to managing and operating the Mortgaged Property, conducting the business thereof, making any repairs, maintenance, renewals, replacements, alterations and improvements thereto, taking and retaining possession of the Mortgaged Property, and keeping it properly insured, the Mortgagee may apply the residue of the Rents, if any, to the payment of the following items, in such order or priority as the Mortgagee may determine, any statute, law, custom, or use to the contrary notwithstanding (a) any lien or other claim which may have priority in lien over the lien of this Mortgage, (b) premiums for insurance which the Mortgagee deems necessary or desirable, with interest thereon, (c) the interest, prepayment premium, if any, and principal due and secured by this Mortgage, and (d) all costs and attorneys' fees incurred in connection therewith.

14.3. (a) Mortgagee shall, as a matter of right, without notice and without giving bond to Mortgagor or anyone claiming by, under or through Mortgagor, and without regard for the solvency or insolvency of Mortgagor or the then value of the Mortgaged Property, to the extent permitted by applicable law, be entitled to have a receiver appointed for all or any part of the Mortgaged Property and the Rents, and the proceeds, issues and profits thereof, with the rights and powers referenced below and such other rights and powers as the court making such appointment shall confer, and Mortgagor hereby consents to the appointment of such receiver and shall not oppose any such appointment. Such receiver shall have such powers which are necessary or usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property, and such rights and powers as Mortgagee would have, upon entering and taking possession of the Mortgaged Property under subsection (b) below.

(b) Entry. Mortgagee, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Mortgaged Property, and may also do any and all other things in connection with those actions that Mortgagee may in its sole discretion consider necessary and appropriate to protect the security of this Mortgage. Such other things may include: taking and possession of all of Mortgagor's or the then owner's Fiscal

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Records; collection and receiving any payment of money owing to Mortgagee; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Mortgagee so requests, Mortgagor shall assemble all of the Mortgaged Property that has been removed from the Land and make all of it available to Mortgagee at the site of the Land. Mortgagor hereby irrevocably constitutes and appoints Mortgagee as Mortgagee in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Mortgagor's name on any instruments.

(c) Cure; Protection of Security. Mortgagee may cure any Event of Default, and if it chooses to do so in connection with any such cure, Mortgagee may also enter the Mortgaged Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Mortgage. Except as may be limited by applicable law, such other things may include; appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Mortgagee under, this Mortgage; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Mortgagee's sole judgement is or may be senior in priority to this Mortgage; such judgment of Mortgagee to be conclusive as among the parties to this Mortgage; obtaining insurance and/or paying any premiums or charges for insurance required to be carried under the Loan Agreement; otherwise caring for and protecting any and all of the Mortgaged Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Mortgagee. Mortgagee may take any of the actions permitted under this subsection (c) either with or without giving notice to any person. Any amounts expended by Mortgagee under this Section shall be secured by this Mortgage.

14.4. Foreclosure; Lawsuits. Mortgagee shall have the right, in one or several concurrent or consecutive proceedings, to foreclose the lien hereof upon the Property or any part thereof, for the Indebtedness, or any part thereof, by any proceedings appropriate under applicable law. Mortgagee or its nominee may bid and become the purchaser of all or any part of the Mortgaged Property at any foreclosure or other sale hereunder, and the amount of Mortgagee's successful bid shall be credited on the Indebtedness. Without limiting the foregoing, Mortgagee may proceed by a suit or suits in law or equity, whether for specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure under the judgment or decree of any court of competent jurisdiction.

14.5. Other Remedies. Mortgagee may exercise all rights and remedies contained in any other instrument, document, agreement or other writing heretofore, concurrently or in the future executed by Mortgagor or any other person or entity in favor of Mortgagee in connection with the Indebtedness or any part thereof, without prejudice to the right of Mortgagee thereafter to enforce any appropriate remedy against Mortgagor. Mortgagee shall have the right to pursue all remedies afforded to a mortgagee under law.

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14.6. Single or Multiple Foreclosure Sales. If the Property consists of more than one lot, parcel or item of property, Mortgagee may:

- a. designate the order in which the lots, parcels and/or items shall be sold or disposed of or offered for sale or disposition; and
- b. elect to dispose of the lots, parcels and/or items through a single consolidated sale or disposition, to be held or made under or in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; or through two or more such sales or dispositions; or in any other manner Mortgagee may deem to be in its best interests (any foreclosure sale or disposition as permitted by the terms hereof is sometimes referred to in this Section as a "Foreclosure Sale;" and any two or more such sales, "Foreclosure Sales").

If it chooses to have more than one Foreclosure Sale, Mortgagee at its option may cause the Foreclosure Sales to be held simultaneously or successively, on the same day, or on such different days and at such different times and in such order as it may deem to be in its best interests. No Foreclosure Sale shall terminate or affect the liens of this Mortgage on any part of the Property which has not been sold, until all of the Indebtedness has been paid in full.

14.7. Release of Lien. If Mortgagor shall fully pay all of the Indebtedness and comply with all of the other terms and provisions hereof and in the Note and Loan Agreement to be performed and complied with by Mortgagor, then this Mortgage shall be null and void. Mortgagee shall release this Mortgage and the lien thereof by proper instrument upon payment and discharge of all of the Indebtedness and payment of any filing fees in connection with such release.

Section 15. Foreclosure and Sale.

15.1. Omitted.

15.2. Request for Notice. The Mortgagor hereby requests that any notice of default required to be mailed to Mortgagor pursuant to Illinois law shall be mailed to Mortgagor at its last known address, with a copy to:

Shereff, Friedman, Hoffman & Goodman LLP
919 Third Avenue
New York, New York 10022
Attention: Morris Orens, Esq.

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15.3. Protection of Collateral. The Mortgagee shall be entitled to enter onto the Mortgaged Property, and the Mortgagor does hereby authorize, permit, and grant to the Mortgagee an easement so to do, for the purpose of taking all reasonable actions to prevent the deterioration of the Mortgaged Property, or any part thereof, and securing the same against loss by theft, mischief or hazard. Such actions may include, inter alia, the posting of guards, securing of unincorporated materials and other personalty, and such further construction on or about the Mortgaged Property as may be reasonably necessary to avoid waste and deterioration of the Mortgaged Property. All sums reasonably expended in furtherance hereof shall have been advanced under and secured by this Mortgage, as principal disbursements, and shall bear interest in accordance with the Fee Owner Note. The parties hereto agree that, in the event Mortgagee elects to proceed with respect to personal property separately from the real property, the requirement of the Illinois Uniform Commercial Code ("Illinois UCC") as to notice of any proposed sale or disposition of the personal property shall be met if such notice is mailed to Mortgagor at least ten (10) days prior to the time of such sale or disposition.

15.4. Separate Sales. Any Mortgaged Property or any interest or estate therein sold pursuant to any writ of execution issued on a judgment obtained by virtue of the Fee Owner Note, the Mortgage, or the other Fee Owner Loan Documents, or pursuant to any other judicial proceedings under this Mortgage or the other Fee Owner Loan Documents, may be sold in one parcel, as entirety, or in such parcels, and in such manner or order as the Mortgagee may elect.

15.5. Waiver of Redemption, Notice, Marshalling, Etc. The Mortgagor hereby waives and releases, to the fullest extent permitted by law: (a) all benefit that might accrue to the Mortgagor by virtue of any present or future law exempting the Mortgaged Property, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment; (b) unless specifically required herein, all notices of the Mortgagor's default or of the Mortgagee's election to exercise or the Mortgagee's actual exercise, of any option or remedy under the Fee Owner Note or the Fee Owner Loan Documents; and (c) any right to have the Mortgaged Property marshalled.

15.6. Discontinuance of Proceedings. In case the Mortgagee shall have proceeded to enforce, judicially or nonjudicially, any right under the Fee Owner Note or the Fee Owner Loan Documents and such proceedings shall have been discontinued or abandoned for any reason, then in every such case the Mortgagor and the Mortgagee shall be restored to their positions as they existed immediately prior to the commencement of proceedings to enforce, and the rights, remedies and powers of the Mortgagee shall continue as if no such proceedings had been instituted.

15.7. Application of Proceeds. The proceeds of any sale of all or any portion of the Mortgaged Property and the earnings of any holding, leasing operation or other use of the Mortgaged Property shall be applied by Mortgagee in accordance with applicable law or, to the extent not contrary to law, in the following order:

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(a) First, to pay all proper costs, charges, attorneys' fees and expenses, including the fees and costs herein provided for, and to pay or repay to the Mortgagee all monies advanced by them or either of them for taxes, insurance and Impositions, or otherwise, with interest thereon as provided herein, and to pay all taxes, general and special, due upon the Mortgaged Property at the time of sale, and to pay any other liens prior to the lien of this Mortgage unless said sale is made subject to such tax or other lien;

(b) Second, to pay whatever may then remain unpaid on account of the Indebtedness to the date of payment and any other sums secured hereby; and

(c) Third, to pay the remainder of said proceeds, to the Mortgagor or other party lawfully entitled to receive the same.

The Mortgagee shall account to the Mortgagor for any surplus.

Section 16. Prepayment Premiums. In partial consideration for the Mortgagee agreeing to make the Loan to the Mortgagor, the Mortgagor agrees that, subject to any rights of reinstatement under applicable law, upon the occurrence of an Event of Default and acceleration of the Indebtedness secured hereby, any tender of payment by or on behalf of the Mortgagor of the amount necessary to satisfy all of such Indebtedness and the Mortgagor's obligations made at any time before or at any foreclosure sale shall constitute an evasion of the payment terms of the Fee Owner Note and hereunder and shall be deemed to be a voluntary prepayment, and such payment, to the extent permitted by law, shall be accompanied by the prepayment premiums set forth in the Fee Owner Note, and the Mortgagee shall not be obligated to accept any such tender of payment unless such tender of payment includes such premiums. It is agreed by the Mortgagor that the amount of such prepayment premium is a negotiated fee agreed upon by the Mortgagor to induce the Mortgagee to make the Loan, that a payment of the Loan without payment of the prepayment premiums would cause material injury to the Mortgagee and result in the loss by the Mortgagee of the benefit of the bargain associated with the return and yield on its investment in the Loan, and that the Mortgagee would not have made the Loan in the absence of this agreement by the Mortgagor.

Section 17. Effect of Payment. Any payment made according to the provisions of this Mortgage by any subsequent owner of any or all of the Mortgaged Property, by any other person whose interest in the Mortgaged Property might be prejudiced by the failure to make such payment, or by any stockholder, officer or director of a corporation which at any time is liable for such payment or owns or has an interest in the Mortgaged Property or in the Mortgagor, shall be deemed, as between the Mortgagee and all persons who at any time may be liable or may own any or all of the Mortgaged Property or the Mortgagor, to have been made on behalf of all such persons.

Section 18. Intentionally Omitted.

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Section 19. Fiscal Records. The Mortgagor shall keep and maintain at all times true and complete Fiscal Records, so as to show accurately and in detail the earnings and expenses of the Mortgaged Property (separate and apart from those of any other Mortgaged Property or otherwise), and shall preserve the Fiscal Records for at least three (3) fiscal years after the close of the fiscal year to which they relate. The Mortgagor shall permit the Mortgagee or its representatives to examine the Fiscal Records and all supporting vouchers and data at any time during normal business hours, at the Mortgagor's offices as hereinabove identified or at such other location as the parties may mutually agree upon, and to make copies there from. As soon as reasonably possible, and in any event not later than ninety (90) days after the close of each of the Mortgagee's fiscal years, the Mortgagor shall furnish to the Mortgagee a financial statement (to include balance sheet, profit and loss statement, sources and uses of funds statements and cash flow projections), in form and detail satisfactory to the Mortgagee, showing the complete results of the operations of and only of the Mortgaged Property for the Mortgagor's immediately preceding fiscal year, certified as true and correct by an independent certified public accountant (who shall have been approved in advance by the Mortgagee) and prepared after audit in accordance with generally accepted accounting principles applied on a consistent basis from year to year. The Mortgagor shall also furnish to the Mortgagee, at the same time as it furnishes such financial statement, a statement certified as true and correct by the managing member of the Mortgagor, in form and detail satisfactory to the Mortgagee, listing the Leases then in effect, the space or unit occupied by each tenant, the gross income derived from each such tenant, the term of each such Lease and the security deposit held under such Lease. If any such statement is not received within the period hereinabove set forth for forwarding it to the Mortgagor, the Mortgagee shall be entitled to receive an audit report for the Mortgaged Property and such operations, prepared at the Mortgagor's expense by a certified public accountant selected by the Mortgagee. Notwithstanding the foregoing, for so long as title to the Mortgaged Property remains with the Mortgagor and there is no Event of Default hereunder or any state of facts which, with the passage of time or giving of notice, or both, would constitute an Event of Default hereunder, the financial statements may be signed by the Mortgagor's chief financial officer or managing member in form and substance satisfactory to the Mortgagee in lieu of the certification and opinion from a certified public accountant.

Section 20. Other Security.

20.1. Other Security.

20.1.1. The Mortgagee may resort to any other security held by the Mortgagee in such order and manner as the Mortgagee may elect, and no such action by the Mortgagee shall operate to modify or terminate any of the rights, powers or remedies contained in the Fee Owner Note or the Fee Owner Loan Documents.

20.1.2. Notwithstanding anything contained herein to the contrary, the Mortgagee shall be under no duty to the Mortgagor or others, including, without limitation, the Mortgagee of any junior, senior or subordinate mortgage on the Mortgaged Property or any part thereof or on any other security held by the Mortgagee (without hereby implying the Mortgagee's

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consent to such junior, senior or subordinate mortgage), to exercise or exhaust all or any of the rights, powers and remedies available to the Mortgagee, whether under the Fee Owner Note, this Mortgage or any other Fee Owner Loan Document prior to the sale of the Mortgaged Property.

Section 21. Security Agreement and Fixture Filing.

21.1. This Mortgage constitutes a Security Agreement with respect to all personal Mortgaged Property in which the Mortgagee is granted a security interest hereunder, and the Mortgagee shall have all of the rights and remedies of a secured party under the Illinois UCC as well as all other rights and remedies available at law or in equity. It is hereby agreed that, to the extent permitted by law, all of such personal property is to be deemed to be a part of and affixed to the Improvements. The Mortgagor hereby agrees to execute and deliver on demand and hereby irrevocably constitutes and appoints the Mortgagee the attorney-in-fact of the Mortgagor, to execute, deliver and, if appropriate, to file with the appropriate filing officer or office such security agreements, financing statements, continuation statements or other instruments as the Mortgagee may request or require in order to impose, perfect or continue the perfection of, the lien or security interest created hereby. Upon the occurrence of any Event of Default hereunder, the Mortgagee shall have the right to cause any of the Mortgaged Property which is personal Mortgaged Property and subject to the security interest of the Mortgagee hereunder to be sold at any one or more public or private sales as permitted by applicable law, and the Mortgagee shall further have all other rights and remedies, whether at law, in equity, or by statute, as are available to secured creditors under applicable law. Any such disposition may be conducted by an employee or agent of the Mortgagee. Any person, including the Mortgagee, shall be eligible to purchase any part or all of such Mortgaged Property at any such disposition.

21.2. Expenses of retaking, holding, preparing for sale, selling or the like shall be borne by the Mortgagor and shall include the Mortgagee's reasonable attorneys' fees and legal expenses. The Mortgagor, upon demand of the Mortgagee, shall assemble such personal Mortgaged Property and make it available to the Mortgagee in the Mortgagee's sole discretion. The Mortgagee shall give the Mortgagor at least five (5) days' prior written notice of the time and place of any public sale or other disposition of such personal Mortgaged Property or of the time on or after which any private sale or any other intended disposition is to be made, and if such notice is sent to the Mortgagor, as the same is provided for the mailing of notices herein, it is hereby deemed that such notice shall be and is reasonable notice to the Mortgagor.

21.3. Portions of the Mortgaged Property are goods which are or are to become fixtures relating to the Mortgaged Property, and the Mortgagor covenants and agrees that the filing of this Mortgage in the real estate records of the county where the Mortgaged Property is located shall also operate from the time of filing as a fixture filing.

21.4. A CARBON, PHOTOGRAPHIC OR OTHER REPRODUCTION OF THIS MORTGAGE OR ANY FINANCING STATEMENT RELATING TO THIS MORTGAGE SHALL BE SUFFICIENT AS A FINANCING STATEMENT.

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Section 22. Future Advances. The Loan Agreement shall be deemed a "commitment" as provided in Section 15-1302(b) of the Act. Mortgagee has bound itself and does hereby bind itself to make advances pursuant to and subject to the terms of the commitment, and the parties hereby acknowledge and intend that all such advances, including future advances whenever hereafter made, shall be a lien from the time this Mortgage is recorded, as provided in Section 15-1302(b)(1) of the Act.

Section 23. Estoppel Certificates. The Mortgagor shall, within fifteen (15) days after the Mortgagor's receipt of written request to such effect from the Mortgagee, certify to the Mortgagee or to any party designated by the Mortgagee, by a writing duly acknowledged, the amount of principal and interest then owing under the Fee Owner Note and whether any offset or defense exists against the Indebtedness evidenced thereby.

Section 24. Notices. All notices, demands or requests required or permitted by this Mortgage to be given by or to the Mortgagor, the Mortgagee shall be in writing, and (b) until otherwise specified in a written notice by the respective parties or any of them, shall be sent to the parties at their following respective addresses:

24.1. If to the Mortgagor:

Garden Tanglewood, L.P.
10670 North Central Expressway
Dallas, Texas 75231
Attention: Linda Sheldon, Esq.

with a copy to:

Shereff, Friedman, Hoffman & Goodman, L.P.
919 Third Avenue
New York, New York 10022
Attn: Morris Orens, Esq.

24.2. If to the Mortgagee:

Garden Capital, LLC
10670 North Central Expressway
Dallas, Texas 75231

with a copy to:

AIG Life Insurance Company,
One Chase Manhattan Plaza
57th Floor
New York, New York 10005
Attention: President

and

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American International Life
Insurance Company of New York
One Chase Manhattan Plaza
57th Floor
New York, New York 10005
Attention: President

with an additional copy to:
Squire, Sanders & Dempsey L.L.P.
350 Park Avenue, Fifteenth Floor
New York, New York 10022
Attention: Andrew L. Jagoda, Esq.

24.3. Intentionally Omitted.

Each such notice, demand or request shall be deemed to have been properly served for all purposes if personally delivered or deposited into the United States Mail registered or certified mail, and return receipt requested, or by Federal Express or other similar overnight delivery service, postage prepaid, to its addressee at its address as set forth hereinabove in this Section. Each such notice, demand or request so mailed by the Mortgagor, the Mortgagee shall be deemed to have been received by its addressee on the next business day after the day of mailing.

Section 25. General.

25.1. Amendment. This Mortgage may be amended or supplemented only by a written agreement executed and, if necessary, acknowledged by the party against whom enforcement of such amendment or supplement is sought.

25.2. Applicable Law. The Mortgaged Property being located in the State, this Mortgage and the rights and Indebtedness secured hereby shall, without regard to the place of contract or the place of payment of any sum paid hereunder, be governed by and construed by application of the laws of the State.

25.3. Covenants to Run With Land. The grants, terms, covenants, provisions and conditions hereof shall run with the land and shall be binding upon the Mortgagor, its permitted successors and assigns, and any subsequent owner of the Mortgaged Property, and shall inure to the benefit of the Mortgagee, its successors and assigns.

25.4. Time of Essence. Time shall be of the essence of this Mortgage.

25.5. Headings. The Section and subsection headings herein are for convenience only and shall not affect the construction hereof.

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25.6. Exhibits. Each writing or plat referred to in this Mortgage as being attached hereto as an exhibit or otherwise designated in this Mortgage as an exhibit hereto is hereby made a part of this Mortgage.

25.7. Severability. Nothing in the provisions of this Mortgage and no transaction related hereto shall operate or be construed to require the Mortgagor to make any payment or do any thing contrary to any applicable Legal Requirement. No determination by any court or Governmental Authority that any provision in this Mortgage is invalid, illegal or unenforceable in any instance shall affect the validity, legality or enforceability of (a) any other provision thereof, or (b) such provision in any circumstance not controlled by such determination. Each such provision shall be valid and enforceable to the fullest extent allowed by, and shall be construed wherever possible as being consistent with, applicable Requirements of Law

25.8. No Limitation of Rights. No right or remedy conferred in this Mortgage upon or reserved to the Mortgagee is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under this Mortgage or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy. Should any right or remedy granted herein be held to be unlawful, the Mortgagee shall be entitled to every other right and remedy provided in this Mortgage and by law or in equity.

25.9. Waiver. Any failure by the Mortgagee to insist upon the Mortgagor's strict performance of any of its obligations hereunder shall not be deemed to be a waiver of the Mortgagee's right to such performance and no waiver, amendment, release or modification of this Mortgage shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the Mortgagee. Notwithstanding any such failure, the Mortgagee shall have the right thereafter to insist upon the Mortgagor's strict performance of any and all of its obligations hereunder. Neither the Mortgagor nor any other person now or hereafter obligated for the payment of any or all of the Indebtedness secured by this Mortgage shall be relieved of such obligation by reason of (a) the Mortgagee's or any other person's failure to comply with any request of the Mortgagor or to take any action to foreclose this Mortgage or otherwise enforce any of the provisions of the Fee Owner Loan Documents, (b) the release, regardless of consideration, of any or all of the Mortgaged Property, or (c) the agreement or stipulation, by any subsequent owner of any or all of the Mortgaged Property and the Mortgagee, extending the time of payment or modifying the terms of the Fee Owner Loan Documents without the prior written consent of the Mortgagor or such other person, and in the event of any such agreement or stipulation, the Mortgagor and each such other person shall continue to be liable to make such payments according to the terms of any such agreement of extension or modification unless expressly released and discharged in writing by the Mortgagee. In case any proceedings taken by the Mortgagee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Mortgagee then and in

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every such case, the Mortgagee and the Mortgagor shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Mortgagee shall continue as though no such proceeding has been taken.

25.10. Warranties of Title. The Mortgagor hereby warrants generally that it (a) lawfully holds the title to, and possesses, the Mortgaged Property in fee simple, subject only to the operation and effect of the Permitted Exceptions; (b) holds the right to encumber such title; and (c) will protect, preserve, and defend the Mortgaged Property and the title to the Mortgaged Property against any person whomsoever.

25.11. Joint and Several Liability. If there exists more than one Mortgagor, all liabilities under this Mortgage shall be joint and several with respect to the Mortgagors.

25.12. After-Acquired Property. All property acquired by Mortgagor after the date of this Mortgage which by the terms of this Mortgage shall be subject to the lien and the security interest created hereby, shall immediately upon the acquisition thereof by Mortgagor and without further mortgage, conveyance or assignment become subject to the lien and security interest created by this Mortgage. Nevertheless, Mortgagor shall execute, acknowledge, deliver and record or file, as appropriate, all and every such further mortgages, security agreements, financing statements, assignments and assurances as Mortgagee shall require for accomplishing the purposes of this Mortgage.

25.13. Unsecured Portion of Indebtedness. If any part of the secured Indebtedness cannot be lawfully secured by this Mortgage or if any part of the Mortgaged Property cannot be lawfully subject to the lien and security interest hereof to the full extent of such indebtedness, then all payments made shall be applied on such indebtedness first in discharge of that portion thereof which is unsecured by this Mortgage.

Section 26. Limitation of Liability. Anything contained in any provision of this Mortgage to the contrary notwithstanding, if any foreclosure proceeding is brought under the provisions of this Mortgage or otherwise to enforce such provisions or those of the Fee Owner Note, or if the Mortgagor is otherwise in default in performing its obligations under this Mortgage, the Mortgagee shall not be entitled to take any action to procure any money judgment in personam or any deficiency decree against the Mortgagor or any member of the Mortgagor, it being understood and agreed by the Mortgagee's acceptance of the delivery of this Mortgage that just recourse hereunder and under the Fee Owner Note shall be limited to the enforcement of the lien created by this Mortgage and to the collateral and other security held by the Mortgagee; provided, that nothing in the provisions of this Section shall be deemed to alter or impair the enforceability of the rights and remedies of the Mortgagee hereunder or under any of such provisions, against the Mortgaged Property, against any other Mortgaged Property which may from time to time be given to the Mortgagee as security for the performance of the Mortgagor's obligations hereunder or under the provisions of this Mortgage or any other document.

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Notwithstanding the foregoing, the provisions of this Section 26 shall be null and void and of no force and effect and the Mortgagor shall be fully liable for, and subject to, judgments and deficiency decrees arising from or to the extent of any loss suffered by the Mortgagee as a result of (a) Mortgagor misapplying any Awards or Casualty Proceeds, (b) any act of fraud or breach of any material representation or warranty of the Mortgagor or any partner thereof contained in the Fee Owner Loan Documents or any other agreement, certificate or instrument delivered pursuant to or in connection therewith, (c) the Mortgagor, or its employees, officers, or agents collecting Rents in advance or failing to apply the Rents in the manner and for the purposes provided therein, (d) the Mortgagor, or its employees, officers, or agents misapplying any security deposits attributable to the Mortgaged Property covered by this Mortgage, (e) except during any time that the Mortgagee has taken possession of the Mortgaged Property, the gross revenues from the Mortgaged Property when and as collected are sufficient to pay any portion of the Indebtedness, operating and maintenance expenses, insurance premiums, deposits into a reserve for replacements, or other sums required by the Fee Owner Loan Documents next due, and the Mortgagor fails to make such payments or deposits when due, (f) the Mortgagor failing to comply with the provisions of Section 1.3.13 or any other provision of this Mortgage relating to Hazardous Substances, or materials which pursuant to applicable laws require special handling in collection, storage, treatment or disposal, or (g) any diminution in value of the Mortgaged Property or other collateral or security for the Loan evidenced hereby, arising from the waste (either actual or otherwise) of the Mortgagor. Further, nothing herein contained shall be deemed to limit, vary, modify or amend any obligation owed to the Mortgagee under that certain Hazardous Materials Agreement, of even date herewith, from the Mortgagor and Guarantor in favor of the Mortgagee.

The Mortgagor and General Partner hereby waive (i) to the extent permitted under applicable law, any defense they may acquire by reason of the Mortgagee's election of any remedy against them or the Mortgagor or both, including, without limitation, election by the Mortgagee to exercise its rights under the power of sale in this Mortgage and the consequent loss by them of the right to recover any deficiency from the Mortgagor; (ii) any defense based on the Mortgagee's failure to disclose to them any information concerning the Mortgagor's financial condition or any other circumstances bearing on the Mortgagor's ability to pay all sums payable under the Fee Owner Note or any of the Mortgagor's other obligations under the Loan; (iii) any defense based on any statute or rule of law that provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (iv) any defense based on the Mortgagee's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; (v) any defense based on any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (vi) any right of subrogation, contribution, or reimbursement against the Mortgagor, any right to enforce any remedy that the Mortgagee has or may in the future have against the Mortgagor, any other right that the Mortgagee may now or later acquire against the Mortgagor that arises from the existence or performance of the Mortgagor's obligations under this Mortgage or would arise with respect to any of the Mortgagor's obligations under the Loan, and any benefit of, and any right to participate in, any

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security for the obligations now or in the future held by the Mortgagee; and (vii) the benefit of any statute of limitations affecting their liability or the enforcement of this Mortgage.

Section 27. Brokerage. Mortgagor hereby indemnifies and hold harmless the Mortgagee from and against any and all liability, responsibility, claims, losses, damages, costs, controversies, expenses and attorneys' fees of any kind or nature incurred or sustained by Mortgagee as a result of the claim of any person or entity for a commission or finders fee resulting from the activities or actions of Mortgagor. This Section shall survive the termination of this Mortgage.

Section 28. Single-Purpose Entity Covenants. Mortgagor shall not:

(i) dissolve, terminate or otherwise fail to do all things necessary to preserve its existence as a Single-Purpose Entity, and will not, nor will any partner, limited or general, member or shareholder thereof, amend, modify or otherwise change its partnership certificate, partnership agreement, articles of organization, operating agreement, articles of incorporation or by-laws in a manner which adversely affects Mortgagor's existence as a Single-Purpose Entity;

(ii) enter into any transaction of merger or consolidation, or liquidate or dissolve itself (or suffer any liquidation, dissolution or winding up, in whole or in part), or acquire by purchase or otherwise all or substantially all the business or assets of, or any stock or other evidence of beneficial ownership of, any person or entity;

(iii) guarantee or otherwise become liable on or in connection with any obligation of any other person or entity;

(iv) at any time own any asset other than (A) the Mortgaged Property, as the case may be, and (B) incidental personal Mortgaged Property necessary for the operation of the Mortgaged Property, as the case may be;

(v) at any time be engaged directly or indirectly, in any business other than the ownership, management and operation of the Mortgaged Property, as the case may be, and ancillary businesses (e.g., laundry, cable, television, telephone);

(vi) enter into any contract or agreement with any general partner, principal, member or affiliate of applicant or any affiliate of the general partner or member of Mortgagor except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's-length basis with third parties other than an affiliate;

(vii) incur, create or assume any indebtedness, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (i) the

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Loan, and (ii) indebtedness which represents trade payables or accrued expenses incurred in the ordinary course of business of owning and operating the Mortgaged Property as the case may be, and deferred not more than sixty (60) days; no other debt will be secured (senior, subordinate or pari passu) by the Mortgaged Property, as the case may be;

(viii) make any loans or advances to any third party (including any affiliate);

(ix) become insolvent or fail to pay its debt from its assets as the same shall become due;

(x) fail to conduct and operate its business in all material respects as presently conducted and operated;

(xi) fail to maintain books and records and bank accounts separate from those of its affiliates, including the General Partner;

(xii) fail to at all times hold itself out to the public as a legal entity separate and distinct from any other entity (including any affiliate thereof, including General Partner or any affiliate of the General Partner);

(xiii) fail to file its own tax returns;

(xiv) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(xv) commingle the funds and other assets of Mortgagor with those of the General Partner, any member, any affiliate or any other person or entity provided however, that each Mortgaged Property Owner may commingle its funds with the funds of other Fee Owners pursuant to the provisions of that certain Lockbox Agreement;

(xvi) fail to maintain its assets in such a manner that it is not costly or difficult to segregate, ascertain or identify its individual assets from those of any affiliate or any other person or entity; and

(xvii) hold itself out to be responsible for the debts or obligations of any other person or entity.

[SIGNATURES ON FOLLOWING PAGE]

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IN WITNESS WHEREOF, the Mortgagor has executed and ensealed this Mortgage, or has caused it to be executed and ensealed on its behalf by its duly authorized representatives, the day and year first above written.

WITNESS:

MORTGAGOR:

Garden Tanglewood, L.P.,
a Delaware limited partnership

By: Garden Capital, Incorporated,
a Nevada corporation

Its: General Partner

By: Carol Williams
Name: CAROL WILLIAMS
Title: TREASURER

STATE OF New York

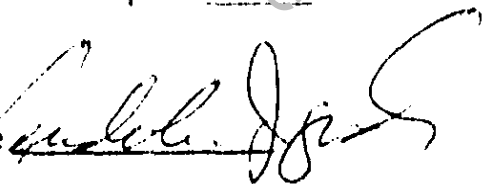
COUNTY OF New York

I, Andrew Jagoda, do hereby certify that Carol Williams, personally known to me to be the Treasurer, of Garden Capital Inc., a Nevada corporation the general partner of Garden Tanglewood L.P. appeared before me this day in person and severally acknowledged that as such officer he signed and delivered the said instrument, pursuant to authority, given by the Board of Directors of said corporation, as his free and voluntary act, and as the free and voluntary act and deed of said corporation and partnership. Given under my hand and official seal, this 10th day of June 1998.

Notary Public

My commission expires: _____
[SEAL]

Signature
(Seal)



My Commission Expires: _____

ANDREW L. JAGODA
Notary Public, State of New York
No. 02JAG041637
Qualified in Westchester County
Commission Expires 06-11-99

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EXHIBIT A Legal Description

Parcel 1 (Phase I).

That parcel of land located in the County of Cook, State of Illinois and described as follows: That part of the North 3/4 of the West 1/2 of the Northwest 1/4 of Section 15, Township 41 North, Range 11 East of the Third Principal Meridian, lying South of Seegers Road, in Cook County, Illinois:

Beginning at the Southeast corner of the North 3/4 of the West 1/2 of the Northwest 1/4 of Section 15, Township 41 North, Range 11 East of the Third Principal Meridian; thence Westerly along the South line of the North 3/4 of the West 1/2 of the Northwest 1/4 of said Section 15, a distance of 858.86 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Northerly, a distance of 441.776 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Easterly, a distance of 120.87 feet; thence turning a left angle to the course of 90 degrees 00 minutes 00 seconds Northerly, a distance of 436.11 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Easterly, a distance of 546.34 feet; thence turning a right angle to the course of 90 degrees 32 minutes 32 seconds Southerly, a distance of 351.05 feet; thence turning a left angle to the course of 90 degrees 00 minutes 00 seconds Easterly, a distance of 200.00 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Southerly, a distance of 525.00 feet to the point of beginning, in Cook County, Illinois, (excepting from the above described tract that part of the land dedicated for public streets by Document Number 21541064).

Parcel 2 (Phase II).

That part of the North 3/4 of the West 1/2 of the Northwest 1/4 of Section 15, Township 41 North, Range 11 East of the Third Principal Meridian, lying South of Seegers Road, in Cook County, Illinois, described as follows:

Beginning at the Southwest corner of the North 3/4 of the West 1/2 of the Northwest 1/4 of Section 15, Township 41 North, Range 11 East of the Third Principal Meridian; thence Northerly along the West line of the said Section 15, a distance of 1168.26 feet; thence turning a right angle to the course of 89 degrees 25 minutes 01 seconds Easterly, a distance of 381.27 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Southerly, a distance of 161.10 feet; thence turning a left angle to the course of 90 degrees 00 minutes 00 seconds Easterly, a distance of 100.34 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Southerly, a distance of 258.14 feet; thence turning a left angle to the course of 90 degrees 00 minutes 00 seconds Easterly, a distance of 92.31 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Southerly, a distance of 287.16 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Westerly, a distance of 120.83 feet; thence turning a left angle to the course of 90 degrees 00 minutes 00 seconds Southerly, a distance of 441.776 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Westerly, a distance of 464.96 feet to the point of beginning, in Cook County, Illinois, (excepting from the above described tract that part of the land dedicated for public streets by Documents 21541064 and 22568064).

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Parcel 3 (Phase III):

That part of the North 3/4 of the West 1/2 of the North 1/4 of Section 15, Township 41 North, Range 11 East of the third Principal Meridian lying South of Seegers Road, in Cook County, Illinois; commencing at the Southwest corner of the North 3/4 of the West 1/2 of the Northwest 1/4 of Section 15, Township 41 North, Range 11 East of the Third Principal Meridian; thence Northerly along the West line of the Northwest 1/4 of the said Section 15 a distance of 1168.26 feet to a point of beginning; thence continuing Northerly along the West line of the Northwest 1/4 of said Section 15, a distance of 239.22 feet; thence turning a right angle to the course of 71 degrees 09 minutes 13 seconds Northeasterly, a distance of 467.09 feet; thence turning a right angle to the course of 3 degrees 41 minutes 20 seconds Northeasterly, a distance of 168.00 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Southeasterly, a distance of 213.00 feet; thence turning a left angle to the course of 90 degrees 00 minutes 00 seconds Northeasterly, a distance of 181.06 feet; thence turning a right angle to the course of 7 degrees 10 minutes 00 seconds Northeasterly, a distance of 290.87 feet; thence turning a right angle to the course of 97 degrees 57 minutes 00 seconds Southerly, a distance of 595.10 feet; thence turning a right angle to the course of 89 degrees 27 minutes 28 seconds Westerly, a distance of 546.34 feet; thence turning a left angle to the course of 90 degrees 00 minutes 00 seconds Southerly, a distance of 148.95 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Westerly, a distance of 92.31 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Northerly, a distance of 258.14 feet; thence turning a left angle to the course of 90 degrees 00 minutes 00 seconds Westerly, a distance of 100.34 feet; thence turning a right angle to the course of 90 degrees 00 minutes 00 seconds Northerly, a distance of 181.10 feet; thence turning a left angle to the course of 90 degrees 00 minutes 00 seconds Westerly, a distance of 381.27 feet to the point of beginning in Cook County, Illinois (excepting from the above described tract that part of the land dedicated for public streets by Document Numbers 21541064 and 22568065).

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