

This Instrument Prepared By:  
Philip E. Searcy  
Wells Jenkins Lucas & Jenkins PLLC  
380 Knollwood Street - Suite 610  
Winston-Salem, NC 27103

After Recording Return To:  
Jennifer Schroeder  
Commonwealth Land Title Insurance Co.  
30 N. LaSalle Street - Suite 3440  
Chicago, Illinois 60602

RE: Dudley Products  
NTS 98-06-039

RESERVED FOR RECORDER'S STAMP



**MORTGAGE, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**

made as of April 3, 1998 by

**DUDLEY PRODUCTS, INC.,**  
a North Carolina corporation  
1080 Old Greensboro Road  
Kernersville, North Carolina 27284

"Mortgagor"

and

**BRANCH BANKING AND TRUST COMPANY,**  
a North Carolina corporation  
110 S. Stratford Road  
Winston-Salem, North Carolina 27104

"Mortgagee"

in the principal face amount of  
**\$5,750,000.00**

Property of Cook County Clerks Office

CHICAGO, IL

THIS DOCUMENT PREPARED  
BY AND AFTER RECORDING  
RETURN TO:

WELLS JENKINS LUCAS & JENKINS PLLC  
380 Knollwood Street, Suite 610  
Winston-Salem, NC 27103  
Attn: Philip E. Searcy

*This space reserved for Recorder's use only.*

**MORTGAGE, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**

THIS MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Mortgage") is made as of the 2 day of April, 1998 by DUDLEY PRODUCTS, INC, a North Carolina corporation ("Mortgagor"), whose address is 1080 Old Greensboro Road, Kernersville, NC 27284 and BRANCH BANKING AND TRUST COMPANY, a North Carolina corporation ("Mortgagee"), whose address is 110 S. Stratford Road, Winston-Salem, NC 27104.

**WITNESSETH**

THAT FOR AND IN CONSIDERATION OF THE SUM OF TEN AND NO/100 DOLLARS (\$10.00), AND OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, MORTGAGOR HEREBY IRREVOCABLY GRANTS, BARGAINS, SELLS, CONVEYS, MORTGAGES, WARRANTS, TRANSFERS, PLEDGES, ALIENATES, REMISES, RELEASES, SETS OVER AND ASSIGNS, AND GRANTS A SECURITY INTEREST, TO MORTGAGEE, ITS SUCCESSORS AND ASSIGNS, IN ALL OF MORTGAGOR'S ESTATE, RIGHT, TITLE AND INTEREST IN, TO AND UNDER ANY AND ALL OF THE FOLLOWING DESCRIBED PROPERTY, WHETHER NOW OWNED OR HEREAFTER ACQUIRED (COLLECTIVELY, THE "PROPERTY")

(A) All that certain real property situated in the County of Cook, State of Illinois, more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Real Estate"), together with all of the easements, rights, privileges, franchises, tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in any way appertaining and all of the estate, right, title, interest, claim and demand whatsoever of Mortgagor therein or thereto, either a law or in equity, in possession or in expectancy, now or hereafter acquired;

(B) All structures, buildings and improvements constituting real property now or at any time hereafter located or placed on the Real Estate (the "Improvements");

(C) All real property fixtures, owned by Mortgagor and now or hereafter located on, attached to or used in and about the Improvements, including, but not limited to, all boilers, elevators, stokers, tanks, cabinets, awnings, screens, shades, blinds, carpets, draperies, plumbing, heating, air conditioning, lighting, ventilating, and all fixtures and appurtenances thereto and all building materials now or hereafter situated on or about the Real Estate or Improvements, and all warranties and guaranties relating thereto, and all additions thereto and

substitutions and replacement therefor (collectively, the "Real Property Fixtures");

(D) All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, and other emblements now or hereafter located on the Real Estate or under or above the same or any part thereof, and all estates, rights, titles, interests, tenements, hereditaments and appurtenances, reversions and remainders whatsoever, in any way belonging, relating or appertaining to the Property or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Mortgagor;

(E) All water, ditches, wells, reservoirs and drains and all water, ditch, well, reservoir and drainage rights which are appurtenant to, located on, under or above or used in connection with the Real Estate or the Improvements, or any part thereof, whether now existing or hereafter created or acquired;

(F) All minerals, crops, timber, trees, shrubs, flowers and landscaping features now or hereafter located on, under or above the Real Estate;

(G) All leases, licenses, tenancies, concessions and occupancy agreements of the Real Estate or the Improvements now or hereafter entered into and all rents, royalties, issues, profits, revenue, income and other benefits received by Mortgagor as owner of the Property (collectively, the "Rents") now or hereafter arising from the use or enjoyment of all or any portion thereof or from any lease, license, tenancy, concession, or occupancy agreement;

(H) To the extent assignable, all water taps, sewer taps, certificates of occupancy, permits, licenses, franchises, certificates, consents, approvals and other rights and privileges now or hereafter obtained in connection with the ownership and occupancy of the Real Estate or the Improvements and all present and future warranties and guaranties relating thereto;

"Proceeds" means all "proceeds" (as defined in the Uniform Commercial Code) payable from time to time with respect to any of the Personal Property Collateral, including without limitation (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable from time to time with respect to any of the Personal Property Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to Mortgagor from time to time in connection with the requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Personal Property Collateral by any governmental authority (or any person acting under color of governmental authority), (iii) any and all profits, rentals or receipts, in whatever form arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or realization upon, any Personal Property Collateral and (iv) any and all other amounts from time to time paid or payable under or in connection with any of the Personal Property Collateral

#### FOR THE PURPOSE OF SECURING

(1) The debt evidenced by those certain Promissory Notes (such Promissory Note, together with any and all renewals, modifications, consolidations and extensions thereof, is hereinafter referred to as the "Note") of even date with this Mortgage, made by Mortgagor to the order of Mortgagee in the principal face amount of FIVE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$5,750,000.00), together with interest as therein provided, which Note is due and payable on April 30, 1999; and

(2) The full and prompt payment and performance of all of the provisions, agreements, covenants and obligations herein contained and contained in any other agreements, documents or instruments now or hereafter evidencing, securing or otherwise relating to the indebtedness evidenced by the Note (the Note, this Mortgage, and such other agreements, documents and instruments, together with any and all renewals, amendments, extensions and modifications thereof, are hereinafter collectively referred to as the "Loan Documents") and the payment of all other sums therein covenanted to be paid;

(3) Any and all additional advances made by Mortgagee to protect or preserve the Property or the lien or security interest created hereby on the Property, or for taxes, assessments or insurance premiums as hereinafter provided or for performance of any of Mortgagor's obligations hereunder or under the other Loan Documents or for any other purpose provided herein or in the other Loan Documents (whether or not the original Mortgagor remains the owner of the Property at the time or such advances); and

TO HAVE AND TO HOLD the Property, together with the rights, privileges and appurtenances thereto belonging unto Mortgagee, its successors and assigns forever, for the purposes and uses herein set forth.

PROVIDED, HOWEVER, that if the principal and interest and all other sums due or to become due under the Note, including, without limitation, any prepayment fees required pursuant to the terms of the Note, shall have been paid at the time and in the manner stipulated therein and all other sums payable hereunder and all other indebtedness secured hereby shall have been paid and all other covenants contained in the Loan Documents shall have been performed, then, in such case, this Mortgage shall be satisfied and the estate, right, title and interest of Mortgagee in the Property shall cease, and upon payment to Mortgagee of all costs and expenses incurred for the preparation of the release hereinafter referenced and all recording costs if allowed by law, Mortgagee shall release this Mortgage and the lien hereof by proper instrument.

## ARTICLE I

### COVENANTS OF MORTGAGOR

For the purpose of further securing the indebtedness secured hereby and for the protection of the security of this Mortgage, for so long as the indebtedness secured hereby or any part thereof remains unpaid, Mortgagor covenants and agrees as follows:

1.1 Warranties of Mortgagor. Mortgagor, for itself and its successors and assigns, does hereby represent and warrant as of the date hereof and, so long as the indebtedness secured hereby or any part hereof remains unpaid, Mortgagor covenants to and with Mortgagee, its successors and assigns, that except as disclosed to Mortgagee that certain title report issued by Commonwealth Land Title Insurance Company, with respect to the Real Estate and delivered to Mortgagee in connection with this Mortgage, as such reports may have been amended, supplemented or revised prior to the date hereof (collectively, the "Reports"):

(a) Mortgagor has fee simple title to the Property, subject only to those matters expressly set forth in said title report and has full power and lawful authority to grant, bargain, warrant, sell, convey, assign, transfer, alienate, remise, release and mortgage its interest in the Property in the manner and form hereby done or intended. Mortgagor will preserve its interest in and title to the Property and will forever warrant and defend the same to Mortgagee against any and all claims whatsoever and will forever warrant and defend the validity and priority of the lien and security interest created herein against the claims of all persons and parties whomsoever, subject to the title report exceptions. The foregoing warranty of title shall survive the exercise of remedies under this Mortgage and shall inure to the benefit of and be enforceable by Mortgagee in the event Mortgagee acquires title to the Property pursuant to any foreclosure hereunder.

1.2 Defense of Title. If, while this Mortgage is in force, the title to the Property or the interest or Mortgagee therein shall be the subject, directly or indirectly, of any action at law or in equity, or be attached directly or indirectly, or endangered, clouded or adversely affected in any manner other than by the action or inaction of Mortgagee, Mortgagor, at Mortgagor's expense, shall take all necessary and proper steps for the defense of said title or interest, the prosecution or defense of litigation, and the compromise or discharge of claims made against said title or interest, the prosecution or defense of litigation, and the compromise or discharge of claims made against said title or interest. Notwithstanding the foregoing, in the event that Mortgagee reasonably determines that Mortgagor is not adequately performing its obligations under this Section and such

performance may have a material and adverse effect on title to the Property or the interests of Trustee or Mortgagee therein, Mortgagee may, upon ten (10) days' prior written notice and without limited or waiving any other rights or remedies of Mortgagee hereunder, take such steps with respect thereto as Mortgagee shall deem necessary or proper and any and all costs and expenses incurred by Mortgagee in connection therewith, together with interest thereon at the Default Rate (as defined in the Note) from the date incurred by Mortgagee until actually paid by Mortgagor, shall be immediately paid by Mortgagor on demand and shall be secured by this Mortgage and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note.

1.3 Performance of Obligations. Mortgagor shall pay when due the principal of and the interest on the indebtedness evidenced by the Note. Mortgagor shall also pay all charges, fees and other sums required to be paid by Mortgagor as provided in the Loan Documents, and shall observe, perform and discharge all obligations, covenants and agreements to be observed, performed or discharged by Mortgagor set forth in the Loan Documents in accordance with their terms. Further, Mortgagor shall perform and comply with all material covenants, conditions, obligations and prohibitions required of Mortgagor in connection with any other document or instrument affecting title to the Property, or any part thereof, regardless of whether such document or instrument is superior or subordinate to this Mortgage.

1.4 Insurance. Mortgagor shall, at Mortgagor's expense, maintain in force and effect on the Property at all times while this Mortgage continues in effect the following insurance:

"All-risk" coverage insurance against loss or damage to the Property from all-risk perils. The amount of such insurance shall be not less than one hundred percent (100%) of the full replacement cost of the Improvements, furniture, furnishings, fixtures, equipment and other items (whether personalty or fixtures) included in the Property and owned by Mortgagor from time to time, without reduction for depreciation. Full replacement cost, as used herein, means, with respect to the Improvements, the cost of replacing the Improvements without regard to deduction for depreciation, exclusive of the cost of excavations, foundations and footings below the lowest basement floor, and means, with respect to such furniture, furnishings, fixtures, equipment and other items, the cost of replacing the same. Each policy or policies shall contain a replacement cost endorsement and either an agreed amount endorsement (to avoid the operation of any co-insurance provisions) or a waiver of any co-insurance provisions, all subject to Mortgagee's reasonable approval.

Mortgagor shall as of the date hereof deliver to Mortgagee evidence that said insurance policies have been paid current as of the date hereof and certified copies of such insurance policies and original certificates of insurance signed by an authorized agent evidencing such insurance reasonably satisfactory to Mortgagee. Mortgagor shall renew all such insurance and deliver to Mortgagee certificates evidencing such renewals at least thirty (30) days before any such insurance shall expire. Without limiting the required endorsements to insurance policies, Mortgagor further agrees that all such policies shall provide that proceeds hereunder shall be payable to Mortgagee, its successors and assigns, pursuant and subject to a mortgagee clause (without contribution) of standard form attached to, or otherwise made a part of, the applicable policy and that Mortgagee, its successors and assigns, shall be named as an additional insured under all liability insurance policies. Mortgagor further agrees that all such insurance policies: (i) shall provide for at least thirty (30) days' prior written notice to Mortgagee prior to any cancellation or termination thereof and prior to any modification thereof which affects the interest of Mortgagee; (ii) shall contain an endorsement or agreement by the insurer that any loss shall be payable to Mortgagee in accordance with the terms of such Policy notwithstanding any act or negligence of Mortgagor which might otherwise result in forfeiture of such insurance; and (iii) shall either name Mortgagee as an additional insured or waive all rights of subrogation against Mortgagee. In the event Mortgagor fails to provide, maintain, keep in force or deliver and furnish to Mortgagee the policies of insurance required by this Mortgage or evidence of their renewal as required herein, Mortgagee may, but shall not be obligated to, procure such insurance and Mortgagor shall pay all amounts advanced by Mortgagee, together with interest thereon at the Default Rate from and after the date advanced by Mortgagee until actually repaid by Mortgagor, within thirty (30) days after written demand by Mortgagee. Any amounts so advanced by Mortgagee, together with interest

thereon, shall be secured by this Mortgage and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note. Mortgagee shall not be responsible for nor incur any liability for the insolvency of the insurer or other failure of the insurer to perform, even though Mortgagee has caused the insurance to be placed with the insurer after failure of Mortgagor to furnish such insurance.

1.5 Payment of Taxes. Mortgagor shall pay or cause to be paid all taxes, including, without limitation, all ad valorem, license or similar taxes, assessments, water, sewer and other rents and charges, levies and fees, whether general or special, ordinary or extraordinary, foreseen or unforeseen, with respect to the Property (collectively, the "Impositions"). Upon Mortgagee's request, Mortgagor shall furnish Mortgagee with receipts (or if receipts are not immediately available, with copies of canceled checks evidencing payment with receipts to follow promptly after they become available) showing payment of such Impositions prior to the applicable delinquency date therefore. Notwithstanding the foregoing, Mortgagor may in good faith, by appropriate proceedings and upon notice to Mortgagee, contest the validity, applicability or amount of any asserted Imposition so long as (a) such contest is diligently pursued, (b) nonpayment of such Imposition will not result in the sale, loss, forfeiture or diminution of the Property or any part thereof or any interest of Mortgagee there.

1.6 Casualty and Condemnation. Mortgagor shall give Mortgagee prompt written notice of the occurrence of any casualty affecting, or the institution of any proceedings for eminent domain or for the condemnation of, the Property or any portion thereof. All insurance proceeds on the Property, and all causes of action, claims, compensation, awards and recoveries for any damage, condemnation or taking of all or any part of the Property or for any damage or injury to it for any loss or diminution in value of the Property, are hereby assigned to and shall be paid to Mortgagee. Mortgagee may participate in any suits or proceedings relating to any such proceeds, causes of action, claims, compensation, awards or recoveries and Mortgagee is hereby authorized, in its own name or in Mortgagor's name, to adjust any loss covered by insurance or any condemnation claim or cause of action, and to settle or compromise any claim or cause of action in connection therewith, and Mortgagor shall from time to time deliver to Mortgagee any instruments required to permit such participation.

1.7 Mechanics' Liens. Mortgagor shall pay when due all claims and demands of mechanics, materialmen, laborers and others for any work performed or materials delivered for the Real Estate or the Improvements; provided, however, that Mortgagor shall have the right to contest in good faith any such claim or demand, so long as it does so diligently, by appropriate proceedings and without prejudice to Mortgagee and provided that neither the Property nor any interest therein would be in any danger of sale, loss or forfeiture as a result of such proceeding or contest.

1.8 Rents. As additional and collateral security for the payment of the indebtedness secured hereby and cumulative of any and all rights and remedies herein provided for, Mortgagor hereby absolutely and presently assigns to Mortgagee all existing and future Rents. Mortgagor hereby grants to Mortgagee the sole, exclusive and immediate right, without taking possession of the Property, to demand, collect (by suit or otherwise), receive and give valid and sufficient receipts for any and all of said Rents, for which purpose Mortgagor does hereby irrevocably make, constitute and appoint Mortgagee its attorney-in-fact with full power to appoint substitutes or a trustee to accomplish such purpose (which power of attorney shall be irrevocable so long as any indebtedness secured hereby is outstanding, shall be deemed to be coupled with an interest shall survive the voluntary or involuntary dissolution of Mortgagor and shall not be affected by any disability or incapacity suffered by Mortgagor subsequent to the date hereof); provided, however, that Mortgagee shall not exercise its rights under such power of attorney unless or until an Event of Default shall occur. Mortgagee shall be without liability for any loss which may arise from a failure or inability to collect Rents, proceeds or other payments. However, until the occurrence of an Event of Default under this Mortgage, Mortgagor shall have a license to collect and receive the Rents when due and prepayments thereof for not more than one month prior to due date thereof. Upon the occurrence of an Event of Default hereunder, Mortgagor's license shall automatically terminate without notice to Mortgagor and Mortgagee may thereafter, without taking possession of the Property, collect the Rents itself or by an agent or receiver. From and after the termination of such license, Mortgagor shall be the agent of

Mortgagee in collection of the Rents and all of the Rents so collected by Mortgagor shall be held in trust by Mortgagor for the sole and exclusive benefit of Mortgagee and Mortgagor shall, within three (3) business days after receipt of any Rents, pay the same to Mortgagee to be applied by Mortgagee as hereinafter set forth. Neither the demand for or collection of Rents by Mortgagee shall constitute any assumption by Mortgagee of any obligations under any agreement relating thereto. Mortgagee is obligated to account only for such Rents as are actually collected or received by Mortgagee. Mortgagor irrevocably agrees and consents that the respective payors of the Rents shall, upon demand and notice from Mortgagee of an Event of Default hereunder, pay said Rents to Mortgagee without liability to determine the actual existence of any Event of Default claim by Mortgagee. Mortgagor hereby waives any right, claim or demand which Mortgagor may now or hereafter have against any such payor by reason of such payment of Rents to Mortgagee, and any such payment shall discharge such payor's obligation to make such payment to Mortgagor. All Rents collected or received by Mortgagee may be applied against all expenses of collection, including, without limitation, reasonable attorneys' fees, against costs of operation and management of the Property and against the indebtedness secured hereby, in whatever order or priority as to any of the items so mentioned as Mortgagee directs in its sole subjective discretion and without regard to the adequacy of its security. Neither the exercise by mortgagee of any rights under this Section nor the application of any Rents to the secured indebtedness shall cure or be deemed a waiver of any Event of Default hereunder. The assignment of Rents hereinabove granted shall continue in full force and effect during any period of foreclosure or redemption with respect to the Property.

1.9 Alienation. Except as specifically allowed hereinbelow in this Section and notwithstanding anything to the contrary contained in Section 4.3 hereof, in the event that, other than with respect to a condemnation, the Property or any part thereof or interest therein shall be sold, conveyed, disposed of, alienated, hypothecated, assigned, pledged, mortgaged, further encumbered or otherwise transferred or Mortgagor shall be divested of its title to the Property or any interest therein, in any manner or way, whether voluntarily or involuntarily, without the prior written consent of Mortgagee being first obtained, which consent may be withheld in Mortgagee's sole discretion, then, the same shall constitute an Event of Default hereunder and Mortgagee shall have the right, at its option, to declare any or all of the indebtedness secured hereby, irrespective of the maturity date specified in the Note, immediately due and payable and to otherwise exercise any of its other rights and remedies contained in Article III hereof.

1.10 Payment of Utilities, Assessments, Charges, Etc. Mortgagor shall pay when due all utility charges which are incurred by Mortgagor or which may become a charge or lien against any portion of the Property for gas, electricity, water and sewer services furnished to the Real Estate and/or the Improvements and all other assessments or charges of a similar nature.

1.11 Access Privileges and Inspections. Mortgagee and the agents, representatives and employees of Mortgagee shall, subject to the rights of tenants, have full and free access to the Real Estate and the Improvements at all reasonable times and upon reasonable prior notice (except in the case of an emergency in which event no prior notice shall be required) for the purposes of inspecting the Property and may examine, copy and make extracts from the books and records of Mortgagor relating to the Property. Mortgagor shall lend assistance to all such agents, representatives and employees of Mortgagee.

1.12 Waste; Alteration of Improvements. Mortgagor shall not commit, suffer or permit any waste on the Property nor take any actions that might invalidate any insurance carried on the Property; Mortgagor shall maintain the Property in good condition and repair. No part of the Improvements may be removed, demolished or materially altered, without the prior written consent of Mortgagee; provided, however, that Mortgagor may make improvements and alterations to the Improvements without Mortgagee's consent so long as (i) the work shall not impair the value of the Property as existed on the date prior to commencement of the work, (ii) the work shall be constructed free from liens or encumbrances in a good and workmanlike manner and shall be completed with reasonable diligence, (iii) the construction shall be completed with reasonable diligence in compliance with applicable building, zoning, environmental and other laws, regulations and codes.

1.13 Security Agreement and Fixture Filing. This Mortgage constitutes a security agreement between Mortgagor and Mortgagee with respect to the Collateral in which Mortgagee is granted a security interest hereunder, and cumulative of all other rights and remedies of Mortgagee hereunder, Mortgagee shall have all of the rights and remedies of a secured party under any applicable Uniform Commercial Code. This Mortgage, upon recording or registration in the real estate records of the proper office, shall also constitute a "fixture filing" within the meaning of any applicable Uniform Commercial Code with respect to any and all fixtures included within the term "Property" and any personal property that may now or hereafter become "fixtures" within the meaning of any applicable Uniform Commercial Code. Mortgagor hereby agrees to execute and deliver within ten (10) days after written demand and hereby irrevocably constitutes and appoints Mortgagee the attorney-in-fact of Mortgagor to execute and deliver and, if appropriate, to file with the appropriate filing officer or office such security agreements, financing statements, continuation statements or other instruments as Mortgagee may request or require in order to impose, perfect or continue the perfection of the lien or security interest created hereby; provided, however, that Mortgagee shall not exercise its rights under such power of attorney unless or until an Event of Default have occur.

1.14 Secured indebtedness. It is understood and agreed that this Mortgage shall secure payment of not only the indebtedness evidenced by the Note but also any and all substitutions, replacements, renewals and extensions of the Note, any and all indebtedness and obligations arising pursuant to the terms hereof and any and all indebtedness and obligations arising pursuant to the terms of any of the other Loan Documents, all of which indebtedness is equally secured with and has the same priority as any amounts advanced as of the date hereof. It is agreed that any future advances made by Mortgagee to or for the benefit of Mortgagor from time to time under this Mortgage or the other Loan Documents and whether or not such advances are obligatory or are made at the option of Mortgagee, or otherwise, and all interest accruing thereon, shall be equally secured by this Mortgage and shall have the same priority as all amounts, if any, advanced as of the date hereof and shall be subject to all of the terms and provisions of this Mortgage.

#### EVENTS OF DEFAULT

2.1 Events of Default. The occurrence of any of the following events, after the expiration of any applicable period of notice or cure and during the continuance of such event or events, shall be an "Event of Default" hereunder:

(a) Mortgagor fails to punctually perform any covenant, agreement, obligation, term or condition hereof which requires payment of any money to Mortgagee (except those regarding payments to be made under the Note, which failure is subject to any grace periods set forth in the Note) within five (5) days after written notice thereof from Mortgagee to Mortgagor.

(b) Mortgagor fails to provide insurance as required by Section 1.7 hereof or fails to perform any covenant, agreement obligation, term or condition set forth in Section 1.1 hereof within sixty (60) days after written notice thereof from Mortgagee to Mortgagor.

(c) Mortgagor fails to perform any other covenant, agreement, obligation, term or condition set forth herein other than those otherwise described in this Section 2.1 and, to the extent such failure or default is susceptible of being cured, the continuance of such failure or default for thirty (30) days after written notice thereof from Mortgagee to Mortgagor; provided, however, that if such default is susceptible of cure but such cure cannot be accomplished with reasonable diligence within said period of time, and if Mortgagor commences to cure such default within said thirty (30) day period, and thereafter prosecutes the curing of such default with reasonable diligence, such period of time shall be extended for such period of time as may be necessary to cure such default with reasonable diligence but not to exceed an additional one hundred eighty (180) days.

(d) There shall be a sale, conveyance, disposition, alienation, hypothecation, assignment,



pledge, mortgage granting of a security interest in or other transfer or further encumbering of the property, or any portion thereof or any interest therein, without the consent of Mortgagee.

(e) An Event of Default occurs under any of the other Loan Documents which has not been cured within any applicable grace or cure period therein provided.

(f) Mortgagor becomes insolvent, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors, shall file a petition in bankruptcy, shall voluntarily be adjudicated insolvent or bankrupt or shall admit in writing the inability to pay debts as they mature, shall petition or apply to any tribunal for or shall consent to or shall contest the appointment of a receiver, trustee, custodian or similar officer for Mortgagor, or for a substantial part of the assets of Mortgagor, or shall commence any case, proceeding or other action under any bankruptcy, reorganization, arrangement, readjustment or debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect.

### ARTICLE 3

#### REMEDIES

3.1 Remedies Available. If there shall occur an Event of Default under this Mortgage, and so long as such Event of Default shall be continuing, then this Mortgage is subject to foreclosure as provided by law and Mortgagee may, at its option and by or through a nominee, a trustee, an assignee, otherwise, to the fullest extent permitted by law, exercise any or all of the following rights, remedies and recourses, either successively or concurrently:

(a) Acceleration. Accelerate the maturity date of the Note and declare any or all of the indebtedness secured hereby to be immediately due and payable without any presentment, demand, protest, notice or action of any kind whatever (each of which is hereby expressly waived by Mortgagor except to the extent that such notice is required herein or under applicable law), whereupon the same shall become immediately due and payable. Upon any such acceleration, payment of such accelerated amount shall constitute a prepayment of the principal balance of the Note and any applicable prepayment fee provided for in the Note shall then be immediately due and payable.

(b) Entry on the Property. Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Property, or any part thereof, without force or with such force as is permitted by law and without notice or process or with such notice or process as is required by law unless such notice and process is waivable, in which case Mortgagor hereby waives such notice and process, and do any and all actions and perform any and all work which may be desirable or necessary in Mortgagee's judgment to complete any unfinished construction on the Real Estate, to preserve the value, marketability or rentability of the Property, to increase the income therefrom, to manage and operate the Property or to protect the security hereof and all sums expended by Mortgagee therefor, together with interest thereon at the Default Rate, shall be immediately due and payable to Mortgagee by Mortgagor on demand and shall be secured hereby and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note.

(c) Collect Rents. With or without taking possession of the Property, sue or otherwise collect the Rents, including those past due and unpaid.

(d) Appointment of Receiver. Upon, or at any time prior or after, initiating the exercise of any power of sale, instituting any judicial foreclosure or instituting any other foreclosure of the liens and security interests provided for herein or any other legal proceedings hereunder, make applicable to

a court of competent jurisdiction for appointment of a receiver for all or any part of the Property, as a matter of strict right and without notice to Mortgagor and without regard to the adequacy of the Property for the repayment of the indebtedness secured hereby or the solvency of Mortgagor or any person or persons liable for the payment of the indebtedness secured hereby, and Mortgagor does hereby irrevocably consent to such appointment, waives any and all notices of and defenses to such appointment and agrees not to oppose any application therefor by Mortgagee (all to the extent permitted by applicable law), but nothing herein is to be construed to deprive Mortgagee of any other right, remedy or privilege Mortgagee may now have under the law to have a receiver appointed provided, however, that the appointment of such receiver, trustee or other appointee by virtue of any court order, statute or regulation shall not impair or in any manner prejudice the rights of Mortgagee to receive payment of the Rents pursuant to other terms and provisions hereof. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including, without limitation, the full power to hold, develop, rent, lease, manage, maintain, operate and otherwise use or permit the use of the Property upon such terms and conditions as said receiver may deem to be prudent and reasonable under the circumstances. Such receivership shall, at the option of Mortgagee continue until full payment of all of the indebtedness secured hereby or until title to the Property shall have passed by foreclosure sale under this Mortgage or deed in lieu of foreclosure.

(e) Foreclosure. Upon the occurrence of an Event of Default, Mortgagee or Trustee may immediately commence an action to foreclose this Mortgage or to specifically enforce its provisions or any of the indebtedness secured hereby pursuant to the statutes in such case made and provided and sell the Property or cause the Property to be sold in accordance with the requirements and procedures provided by said statutes in a single parcel or in several parcels at the option of Mortgagee. In the event a foreclosure hereunder shall be commenced by Mortgagee, Mortgagee may at any time before the sale of the Property abandon the sale and may then institute suit for the collection of the Note and the other secured indebtedness or for the foreclosure of this Mortgage. It is agreed that if Mortgagee should institute a suit for the collection of the Note or any other secured indebtedness and for the foreclosure of this Mortgage, Mortgagee may at any time before the entry of a final judgment in said suit dismiss the same and sell the Property in accordance with the provisions of this Mortgage.

(1) In the event foreclosure proceedings are filed by Mortgagee, all expenses incident to such proceeding, including, but not limited to, reasonable attorneys' fees and costs, shall be paid by Mortgagor and secured by this Mortgage and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note. The secured indebtedness and all other obligation secured by this Mortgage, including, without limitation, interest at the Default Rate (as defined in the Note), any prepayment charge, fee or premium required to be paid under the Note in order to prepay principal (to the extent permitted by applicable law), attorneys' fees and any other amounts due and unpaid to Mortgagee under the Loan Documents, may be bid by Mortgagee in the event of a foreclosure sale hereunder. In the event of a sale pursuant to a foreclosure decree, it is understood and agreed that Mortgagee or its assigns may become the purchaser of the Property or any part thereof.

(2) Mortgagee may, by following the procedures and satisfying the requirements prescribed by applicable law, foreclose on only a portion of the Property and, in such event, said foreclosure shall not affect the lien on this Mortgage on the remaining portion of the Property foreclosed.

(f) Mortgagee as Purchaser. Mortgagee shall have the right to become the purchaser at any sale held by Mortgagee or by any receiver or public officer, and any secured party (including Mortgagee) purchasing at any such sale shall have the right to credit upon the amount of the bid made

therefor, to the extent necessary to satisfy such bid, the obligations owing to such secured party, or if such secured party holds less than all of such obligations the pro rata part thereof owing to such secured party, accounting to all other secured parties not joining in such bid in cash for the portion of such bid or bids apportionable to such non-bidding secured party or secured parties.

(g) Other. Exercise any other right or remedy available hereunder, under any of the other Loan Documents or at law or in equity.

3.2 Application of Proceeds. To the fullest extent permitted by law, the proceeds of any sale under this Mortgage shall be applied to the extent funds are so available to the following items in such order as Mortgagee in its discretion may determine:

(a) To payment of the actual costs, expenses and fees of taking possession of the Property, and of holding, operating, maintaining, using, leasing, repairing, improving, marketing and selling the same and of otherwise enforcing Mortgagee's right and remedies hereunder and under the other Loan Documents, including, but not limited to, the fees and expenses of Mortgagee, receivers' fees, court costs, reasonable attorneys', accountants', appraisers', managers' and other professional fees, title charges and transfer taxes.

(b) To payment of all sums expended by Mortgagee under the terms of any of the Loan Documents and not yet repaid, together with interest on such sums at the Default Rate.

(c) To payment of the secured indebtedness and all other obligations secured by this Mortgage, including, without limitation, interest at the Default Rate and, to the extent permitted by applicable law, any prepayment fee, charge or premium required to be paid under the Note in order to prepay principal, in any order that Mortgagee chooses in its sole discretion.

The remainder, if any, of such funds shall be disbursed to Mortgagor or to the person or persons legally entitled thereto.

3.3 Right and Authority of Receiver or Mortgagee in the Event of Default: Power of Attorney.

Upon the occurrence of an Event of Default hereunder, which default is not cured within any applicable grace or cure period, and entry upon the Property pursuant to Section 3.1(b) hereof or appointment of a receiver pursuant to Section 3.1(d) hereof, and under such terms and conditions as may be prudent and reasonable under the circumstances in Mortgagee's or the receiver's sole discretion all at Mortgagor's expense, Mortgagee or said receiver, or such other persons or entities as they shall hire, direct or engage, as the case may be, may do or permit one or more of the following, successively or concurrently: (a) enter upon and take possession and control of any and all of the Property; (b) take and maintain possession of all documents, books, records, papers and accounts relating to the Property; (c) exclude Mortgagor and its agents, servants and employees wholly from the Property; (d) manage and operate the Property; (e) preserve and maintain the Property; (f) make repairs and alterations to the Property; (g) collect and receive the Rents from the Property; (h) sue for unpaid Rents, payments, income or proceeds in the name of Mortgagor or Mortgagee; (i) maintain actions in forcible entry and detainer, ejectment for possession and actions in distress for rent; (j) do any acts which Mortgagee in its sole discretion deems appropriate or desirable to protect the security hereof and use such measures, legal or equitable, as Mortgagee may in its sole discretion deem appropriate or desirable to implement and effectuate the provisions of this Mortgage. This Mortgage shall constitute a direction to and full authority to any lessee, or other third party who has heretofore dealt or contracted or may hereafter deal or contract with Mortgagor or Mortgagee, at the request of Mortgagee, to pay all amounts owing under any lease, contract, concession, license or other agreement to Mortgagee without proof of the Event of Default relied upon. Any such lessee or third party is hereby irrevocably authorized to rely upon and comply with (and shall be fully protected by Mortgagor in so doing) any request, notice or demand by Mortgagee for the payment to Mortgagee of any Rents or other sums which may be or thereafter become due under its lease, contract, concession, license or other agreement; or for

the performance of any undertakings under any such lease, contract, concession, license or other agreement, and shall have no right or duty to inquire whether any Event of Default under this Mortgage or under any of the other Loan Documents has actually occurred or is then existing. Mortgagor hereby constitutes and appoints Mortgagee, its assignees, successors, transferees and nominees, as Mortgagor's true and lawful attorney-in-fact and agent, with full power of substitution in the Property, in Mortgagor's name, place and stead, to do or permit any one or more of the foregoing described rights, remedies, powers and authorities, successively or concurrently, and said power of attorney shall be deemed a power coupled with an interest and irrevocable so long as any indebtedness secured hereby is outstanding. Any money advanced by Mortgagee in connection with any action taken under this Section 3.3, together with interest thereon at the Default Rate from the date of making such advancement by Mortgagee until actually paid by Mortgagor, shall be a demand obligation owing by Mortgagor to Mortgagee and shall be secured by this Mortgage and by every other instrument securing the secured indebtedness.

3.4 Cumulative Remedies. All remedies contained in this Mortgage are cumulative and Mortgagee shall also have all other remedies provided at law and in equity or in any other Loan Documents. Such remedies may be pursued separately, successively or concurrently at the sole subjective direction of Mortgagee and may be exercised in any order and as often as occasion therefor shall arise. No act of Mortgagee shall be construed as an election to proceed under any particular provisions of this Mortgage to the exclusion of any other remedy which may then or thereafter be available to Mortgagee. No delay or failure by Mortgagee to exercise any right or remedy under this Mortgage shall be construed to be a waiver of that right or remedy or of any default hereunder. Mortgagee may exercise any one or more of its rights and remedies at its option without regard to the adequacy of its security.

3.5 Payment of Expenses. Mortgagor shall pay within ten (10) days after written demand, all of Mortgagee's expenses incurred in any efforts to enforce any terms of this Mortgage, whether or not any lawsuit is filed and whether or not foreclosure is commenced but not completed, including, but not limited to, reasonable legal fees and disbursements, foreclosure costs and title charges, together with interest thereon from and after the date incurred by Mortgagee until actually paid by Mortgagor at the Default Rate, and the same shall be secured by this Mortgage and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note.

#### MISCELLANEOUS TERMS AND CONDITIONS

4.1 Time of Essence. Time is of the essence with respect to all provisions of this Mortgage.

4.2 Release of Mortgage. Upon the payment of all indebtedness secured hereby in full, all rights under this Mortgage shall terminate and Mortgagee shall promptly execute and deliver to Mortgagor, upon Mortgagor's request, a release and reconveyance of Mortgagee's and trustee's interests hereunder (at Mortgagor's cost) and thereupon, the Property shall become wholly clear of the liens, security interests, conveyances and assignments evidenced hereby. No release of this Mortgage or the lien hereof shall be valid unless executed by Mortgagee.

4.3 Successors and Assigns. The terms, provisions, indemnities, covenants and conditions hereof shall be binding upon Mortgagor and the successors and assigns of Mortgagor, including all successors in interest of Mortgagor in and to all or any part of the Property, and shall inure to the benefit of Mortgagee, its directors, officers, shareholders, employees and agents and their respective successors and assigns and shall constitute covenants running with the land. All references in this Mortgage to Mortgagor or Mortgagee shall be deemed to include all such parties' successors and assigns, and the term "Mortgagee" as used herein shall also mean and refer to any lawful holder or owner, including pledgees and participants, of any of the indebtedness secured hereby. If Mortgagor consists of more than one person or entity, each will be jointly and severally liable to perform the obligations of Mortgagor.

4.4 Severability. A determination that any provision of this Mortgage is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Mortgage to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

4.5 Choice of Law. This Mortgage was negotiated in North Carolina, and made by Mortgagor and accepted by Mortgagee in the State of North Carolina, which State the parties agree has a substantial relationship to the parties and to the underlying transaction embodied hereby, and in all respects, including, without limiting the generality of the foregoing, matters of construction, validity and performance, this Mortgage and the Obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of North Carolina applicable to contracts made and performed in such State, without regard to the principles thereof regarding conflicts of laws, and any applicable laws of the United State of America, except with respect to the provisions hereof which relate to realizing upon the security covered by this Mortgage which shall be governed by the State on which the Property is located, it being understood that, to the fullest extent permitted by the law of such State, the law of the State of North Carolina shall govern the validity and enforceability of all Loan Documents, and the indebtedness secured thereby. Whenever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Mortgage.

4.6 Inconsistency with Other Loan Documents. In the event of any inconsistency between the provisions hereof and the provisions in any of the other Loan Documents, it is intended that the provisions selected by Mortgagee in its sole subjective discretion shall be controlling.

4.7 Construction of this Document. This document may be construed as a mortgage, security deed, deed of trust, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of the foregoing, in order to fully effectual the liens and security interests created hereby and the purposes and agreements herein set forth.

4.8 Fixture Filing. This Mortgage shall be effective from the date of its recording as a financing statement filed as a fixture filing with respect to all goods constituting part of the Property which are or are to become fixtures.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage under seal as of the day and year first above written and acknowledges receipt of a copy hereof.

DUDLEY PRODUCTS, INC.

Attest Ernie M. Dudley  
Secretary

By: Joe L. Dudley Sr.  
President



STATE OF NORTH CAROLINA )  
 ) SS.  
COUNTY OF FORSYTH )

I, Deborah Nelson Gentry a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY that Joe L. Dudley, Sr., the President of Dudley Products, Inc., a North Carolina corporation, personally known to me to be President of said Corporation, is the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he, being thereunto duly authorized, signed and delivered said instrument as the free and voluntary act of said corporation and as his own free and voluntary act, for the uses and purposes set forth therein.

GIVEN under my hand and notarial seal this 3rd day of April, 1998.

Deborah Nelson Gentry  
Notary Public

My Commission Expires:

11-19-2001

Property of Cook County Clerk's Office

EXHIBIT A

Parcel 1: Lot 22 (Except the East 105 feet thereof, and except that part of Lot 22 lying South of a Line 54 feet North of and Parallel to the South Line of Section 6) in the Subdivision by E. S. Pike entitled Longwood, in the Southeast 1/4 of said Section 6, Township 37 North, Range 14, East of the third Principal Meridian, in Cook County, Illinois.

Parcel 2: The South 45 feet of Lot 21 (Except the East 166 feet thereof) in the Subdivision by E. S. Pike entitled Longwood, in the Southeast 1/4 of Section 6, Township 37 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Removal Tax Index Numbers 25 06 424 019 0000  
25 06 424 021 0000  
25 06 424 023 0000

Property Address: 1794 West 95th Street

Property of Cook County Clerk's Office