

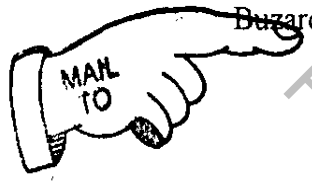
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Cook County Recorder 127.50



Rudnick & Wolfe
203 N. LaSalle Street
Chicago, Illinois
60601-1293
Attention: George
Buzard, III



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MORTGAGE
(WITH SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS)
of
AOF/SOUTH SHORE AFFORDABLE HOUSING CORP.
to
ILLINOIS DEVELOPMENT FINANCE AUTHORITY
For the Benefit of
BANK ONE TRUST COMPANY, NA
as Trustee

Dated as of May 1, 1999

Pertaining to

ILLINOIS DEVELOPMENT FINANCE AUTHORITY
MULTIFAMILY MORTGAGE REVENUE BONDS
(SOUTH SHORE VIEW APARTMENTS PROJECT)
\$3,975,000.00 Senior Series 1999A
\$375,000.00 Taxable Senior Series 1999B
\$500,000.00 Subordinated Series 1999C

(INCLUDES FIXTURE FILING)

Tax I.D. Nos.: 21-30-103-010, 21-30-103-013

Common Address of Property:
7100 South Shore Drive
Chicago, Illinois

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MORTGAGE

(WITH SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS)

By this Mortgage (With Security Agreement and Assignment of Leases and Rents) (this "Mortgage") dated as of May 1, 1999, the undersigned, AOF/South Shore Affordable Housing Corp., a not-for-profit corporation organized under the laws of the State of Illinois ("Mortgagor"), whose address is c/o The American Opportunity Foundation, Inc., 5755 Dupree Drive NW, Suite 110, Atlanta, Georgia 30327, to secure the indebtedness and obligations hereinafter described, does hereby MORTGAGE, WARRANT, GRANT, BARGAIN, SELL, ASSIGN and CONVEY unto the Illinois Development Finance Authority (hereinafter referred to as the "Issuer") the tract or tracts of land lying in Cook County, Illinois, being more particularly described in EXHIBIT A attached hereto (the "Land"), with such exceptions and encumbrances as are described in EXHIBIT B attached hereto (the "Permitted Encumbrances");

TOGETHER WITH the following, whether now owned or hereafter acquired by Mortgagor: (a) all apartment buildings, covered parking structures, utility sheds, workrooms, open parking areas, structures and other improvements now or hereafter placed or erected on the Land (the "Improvements"); (b) all water and water rights, timber, crops, and mineral interests pertaining to the Land; (c) all of Mortgagor's right, title and interest in and to (i) any land lying within the right-of-way of any streets or parks (open or proposed) joining the Land, any easements, rights-of-way and other rights (appurtenant or in gross) used in connection with, as a means of access to, or in enjoyment of, the Land, and any alleys, strips and gores of land adjacent to the Land, (ii) all fixtures, building or construction materials, equipment, apparatus, furniture, furnishings and other property, real and personal, now or hereafter installed, used, stored or placed on the Land or the Improvements, including, but not limited to, all heating, lighting, refrigeration, plumbing, ventilating, incinerating, water-heating, cooking and air-conditioning equipment, fixtures and appurtenances, window screens, window shades, Venetian blinds, awnings, drapes, rugs, carpet and other floor coverings and shrubbery and other chattels and personal property used or furnished in connection with the operation, use and enjoyment or improvement of the Land and the Improvements, and all renewals, replacements and substitutions thereof and additions and accessions thereto (the "Fixtures and Equipment"), (iii) all building and construction materials, equipment and parts intended to be installed in or on the Land or the Improvements, (iv) all plans, specifications, shop drawings and other technical descriptions prepared for construction of the Improvements, any and all surveys of the Land or Improvements and certifications made as a part of such surveys, (v) all site plan approvals, subdivision plat approvals, grading permits, building permits, occupancy permits and other permits, licenses, franchises, certificates, approvals and other rights and privileges (governmental or otherwise) relating to the Land, the Improvements and the Fixtures and Equipment, (vi) all money, bank accounts, deposits, instruments, accounts and general intangibles (including, without limitation, trademarks, trade names and symbols used by Mortgagor) arising from or related to the Land, the Improvements or the Fixtures and Equipment, but not including proceeds of any syndication of the Land or the Improvements, (vii) all rights and claims, but not obligations, now or hereafter held by Mortgagor under any and all leases, subleases, licenses, concessions or other agreements (written or oral, now or hereafter in effect) which

grant a possessory interest in and to, or the right to use, all or any part of the Land, Improvements or Fixtures and Equipment, together with all security and other deposits made in connection therewith, (viii) all rights and claims, but not obligations, now or hereafter held by Mortgagor under any and all other agreements to which Mortgagor is a party, such as property management agreements, purchase contracts, engineers' contracts, utility contracts, maintenance agreements and service contracts, which in any way relate to the use, occupancy, operation, maintenance, enjoyment or ownership of the Land, Improvements or Fixtures and Equipment, (ix) all rights, claims and warranties (expressed or implied), but not obligations, now or hereafter held by Mortgagor under any and all contracts and agreements, written or oral, between Mortgagor and any other party, and between parties other than Mortgagor, in any way relating to the use, occupancy, operation, maintenance, enjoyment, ownership, preparation, construction, manufacture, maintenance or operation of the Land, Improvements or Fixtures and Equipment or the supplying of material (specially fabricated or otherwise), labor, supplies, or other services therefor, (x) all rents, receipts, revenues, bonuses, income and profits arising from any part of the above described property and the use thereof, including all rents, revenues, bonus money, royalties, rights and benefits accruing to Mortgagor under all present and future oil, gas and mineral leases on any part of the Land, (xi) all monies, instruments, chattel paper or documents of Mortgagor deposited with, or otherwise delivered to, Beneficiary (hereinafter defined) or any bailee thereof, pursuant to the terms of this Mortgage or otherwise; (xii) all funds and accounts (other than the Rebate Fund) established under that certain Trust Indenture, dated as of May 1, 1999 (the "Indenture") by and between the Issuer and Bank One Trust Company, NA, as Trustee, whose address is 100 East Broad Street, 8th Floor, Columbus, Ohio 43277-0181 Attention: Corporate Trust Department Trustee, as Trustee (the "Trustee") and (xiii) all rights, but not obligations, of Mortgagor under the Bond Documents (as defined in the Indenture; all capitalized terms used herein, if not otherwise defined, shall have the meaning set forth in the Indenture or, if not defined therein, in the Loan Agreement (as that term is defined hereinbelow)); (d) all products and proceeds from any of the above described property or from any policy of insurance (including premium refunds) or any claim or award for damage, conversion or condemnation now or hereafter held by Mortgagor in regard to any of the above described property; (e) all the estate, right, title and interest of every nature whatsoever of Mortgagor in and to all of the above described property and every part and parcel thereof; and (f) all rights, hereditaments and appurtenances pertaining to the foregoing. The above-described property is collectively referred to herein as the "Mortgaged Property."

TO HAVE AND TO HOLD the Mortgaged Property, together with the rights, privileges and appurtenances thereto belonging, unto the Issuer and its successors and assigns, in trust forever, and Mortgagor hereby binds itself and its heirs, devisees, executors, administrators, legal representatives, successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto the Issuer and its successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, subject to the Permitted Encumbrances; provided, however, that if Mortgagor shall pay (or cause to be paid) in full the Indebtedness as and when the same shall become due and payable and shall perform and discharge (or cause to be performed and discharged) Mortgagor's obligations hereunder on or before the date same are to be performed and discharged, then the liens, security interests, estates and rights hereinabove granted by this Mortgage shall terminate, but otherwise same shall remain in full force and effect.

The Issuer, together with any subsequent owner or holder of any or all of the Indebtedness, including, without limitation, Bank One Trust Company, NA is herein referred to as "Beneficiary," whether one or more at the same time, but Bank One Trust Company, NA upon assignment of Issuer's rights hereunder to such parties, shall have all the rights and obligations of Issuer hereunder. This Mortgage, the Mortgage Note, the Loan Agreement, the Regulatory Agreement and any other instrument given to evidence or further secure the Indebtedness are hereinafter collectively called the "Loan Instruments." The Issuer has simultaneously herewith assigned all of its right, title and interest in this Mortgage and the other Loan Instruments to Trustee, under and pursuant to the Indenture. All payments on the Indebtedness shall be payable at the address of the Trustee as set forth above unless otherwise provided in any instrument evidencing the Indebtedness, and unless otherwise provided in any instrument evidencing the Indebtedness, shall bear interest at the rate set forth in the Loan Agreement or the Mortgage Note as applicable, but not in excess of the highest rate permitted by applicable law, from the date of accrual of the Indebtedness until paid.

ARTICLE I.

INDEBTEDNESS

This Mortgage is given to secure the following (all of which are hereinafter referred to as the "Indebtedness"):

1.1. Mortgage Note: Payment of indebtedness evidenced by that certain Mortgage Note dated as of May 1, 1999 (the "Mortgage Note") having a principal amount of FOUR MILLION EIGHT HUNDRED FIFTY and no/100 Dollars (\$4,850,000.00), executed by Mortgagor, payable to the order of ILLINOIS DEVELOPMENT FINANCE AUTHORITY, a political subdivision, body politic and corporate of the State of Illinois, whose address is 233 South Wacker, Suite 5310, Chicago, Illinois 60606, and bearing interest and being payable as set forth therein and with a final maturity date of July 1, 2029; and all modifications, increases, and renewals thereof.

1.2. Loan Agreement: Performance of all obligations of Mortgagor under the Loan Agreement (the "Loan Agreement") between Mortgagor and the Issuer of even date herewith.

1.3. Mortgage: Payment of all sums advanced by Beneficiary to or for the benefit of Mortgagor contemplated hereby and performance of all obligations and covenants herein contained.

1.4. Other Indebtedness: Payment of all other indebtedness relating to the Mortgaged Property, of whatever kind or character, now owing or which hereafter may become owing by Mortgagor to Beneficiary, whether such indebtedness is evidenced by note, open account, overdraft, endorsement, surety agreement, guaranty or otherwise.

1.5. Future Advances: In addition to any other obligation secured by this Mortgage, this Mortgage shall also secure (i) future obligations and advances up to Fifteen Million Dollars (\$15,000,000) (whether made as an obligation, made at the option of the Beneficiary, made after a

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reduction to a zero (0) or other balance, or made otherwise) to the same extent as if the future obligations and advances were made on the date of execution of this Mortgage and (ii) future modifications, extensions and renewals of any indebtedness or obligations secured by this Mortgage. The lien of this Mortgage with respect to such future obligations, advances, modifications, extensions and renewals shall have the same priority to which this Mortgage otherwise would be entitled under 735 ILCS 5/15-1302 without regard to the fact that such future obligations, advances, modifications, extensions, or renewals may occur after this Mortgage is executed.

[END OF ARTICLE I]

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ARTICLE II.

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ASSIGNMENT OF LEASES AND RENTS

2.1. Assignment of Leases, Rents, Profits, etc.: For ten dollars (\$10.00) and other good and valuable consideration, including the Indebtedness evidenced by the Mortgage Note, the receipt and sufficiency of which are hereby acknowledged, Mortgagor has MORTGAGED, WARRANTED, GRANTED, BARGAINED, SOLD, CONVEYED, TRANSFERRED, SET OVER and DELIVERED, and by these presents does MORTGAGE, WARRANT, GRANT, BARGAIN, SELL, CONVEY, TRANSFER, SET OVER and DELIVER absolutely unto Beneficiary and its heirs, devisees, administrators, executors, legal representatives, successors and assigns all Leases (as that term is hereinafter defined), rents, receipts, revenues, bonuses, income and profits, including, without limiting the generality of the foregoing, minimum rents, additional rents, percentage rents, parking maintenance charges or fees, tax and insurance contributions, net proceeds of sale of electricity, gas, chilled and heated water and other utilities and services, deficiency rents, late charges, security deposits (to the extent permitted by law) and other liquidated damages following default, cancellation payments, and insurance and damage claims and bonus rents, delay rentals, production payments, royalties and other payments (the "Rents"), arising from any and all leases, subleases, licenses, concessions or other agreements (written or oral, now or hereafter in effect) that grant a possessory interest in and to, or the right to use, develop, explore or enter upon, all or any part of the Mortgaged Property (the "Leases"), subject only to the Permitted Encumbrances applicable thereto; provided, however, that such assignment shall be on the following terms: (a) until receipt from Beneficiary of notice of the occurrence of a default, each person holding such leasehold interest (the "Lessee") may pay Rents directly to Mortgagor, but after default Mortgagor covenants to hold all Rents so paid in trust for the use and benefit of Beneficiary; (b) upon receipt from Beneficiary of notice that a default exists, each Lessee is hereby authorized and directed to pay directly to Beneficiary all Rents thereafter accruing; and the receipt of Rents by Beneficiary shall be a release of such Lessee to the extent of all amounts so paid; (c) Rents so received by Beneficiary shall be applied by Beneficiary, first to the expenses, if any, of collection; (d) without impairing its rights hereunder, Beneficiary may, at its option, at any time and from time to time, release to Mortgagor Rents so received by Beneficiary, or any part thereof; (e) Beneficiary shall not be liable for its failure to collect, or its failure to exercise diligence in the collection of Rents, but shall be accountable only for Rents that it shall actually receive; and (f) the assignment contained in this Section 2.1 shall terminate upon the release of this Mortgage, but no Lessee shall be required to take notice of termination until a copy of such release shall have been delivered to such Lessee. As between Beneficiary and Mortgagor, and any person claiming through or under Mortgagor, other than any Lessee who has not received notice of default pursuant to Section 2.1(b), the assignment contained in this Section 2.1 is intended to be absolute, unconditional and presently effective and the provisions of Sections 2.1(a) and 2.1(b) are intended solely for the benefit of each Lessee and shall never inure to the benefit of the Mortgagor or any person claiming through or under Mortgagor, other than a Lessee who has received such notice. It shall never be necessary for Beneficiary to institute legal proceedings of any kind whatsoever to enforce the provisions of this Section 2.1. TO HAVE AND TO HOLD the Rents unto Beneficiary and its heirs,

devisees, administrators, executors, legal representatives, successors and assigns, forever, subject only to the Permitted Encumbrances applicable thereto, and Mortgagor does hereby bind itself and its heirs, devisees, administrators, executors, legal representatives, successors and assigns to WARRANT and FOREVER DEFEND the title to the Rents unto Beneficiary and its heirs, devisees, administrators, executors, legal representatives, successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, subject only to the Permitted Encumbrances applicable thereto; provided, however, if Mortgagor shall pay (or cause to be paid) in full the Indebtedness as and when same shall become due and payable and shall perform and discharge (or cause to be performed and discharged) Mortgagor's obligations hereunder on or before the date same are to be performed and discharged, then Beneficiary at the request and cost of Mortgagor, shall reconvey the Rents unto Mortgagor or the owner of the respective Mortgaged Property giving rise to such Rents. This absolute conveyance of the Rents is in addition to, but subject to, any liens that Beneficiary may otherwise hold in such Rents under other provisions of this Mortgage, and no merger of such interests shall occur so long as any part of the Indebtedness shall remain unpaid.

2.2. Grant of License: Beneficiary hereby grants to Mortgagor a limited license (the "License") to exercise and enjoy all incidences of ownership of the Rents, including specifically, but without limitation, the right to collect, demand, sue for, attach, levy, recover and receive (but not prior to accrual) the Rents, and to give proper receipts, releases and acquittances therefor, subject to Beneficiary's rights hereunder to such Rents. Mortgagor hereby agrees to receive all Rents and hold the same as a trust fund to be applied, and to apply the Rents so collected, to the payment of the Indebtedness and the satisfaction and discharge of Mortgagor's obligations under this Mortgage in the order of priority that Beneficiary, in its sole discretion, may elect. Upon the occurrence of any Event of Default (hereinafter defined) and for as long as any Event of Default continues, Beneficiary shall have the right, but not the obligation, to revoke the License and to demand, collect, receive, sue for and recover in its own name all presently owing or future Rents and to apply the same to the payment of the Indebtedness, after first deducting therefrom all expenses of collection. On such Event of Default, Beneficiary shall also have the right to take possession of the Mortgaged Property, remove all persons therefrom and rent the same for the account of Mortgagor, and employ such agents and attorneys as may be necessary with respect thereto. Likewise, on such Event of Default, Beneficiary shall be entitled to have a receiver appointed to take possession of the Mortgaged Property and to collect all Rents without notice to Mortgagor and without regard to the valuation of said Mortgaged Property or the solvency or insolvency of Mortgagor or any other person liable for any part of the Indebtedness secured hereby, and without prejudice to any other rights or remedies. Neither the collection of the Rents and application as provided for in this Section 2.2 nor the entry upon and taking possession of the Mortgaged Property by Beneficiary shall be deemed to cure or waive any Event of Default or waive, modify or affect any notice of default under any of the other Loan Instruments or invalidate any act done pursuant to any such notice. If Beneficiary shall thereafter elect to discontinue the exercise of any such right or remedy, the same or any other right or remedy hereunder may be reasserted at any time and from time to time following any subsequent Event of Default.

2.3. Warranties Concerning Leases and Rents: Mortgagor represents and warrants that:

(a) Mortgagor has good title to the Leases and Rents hereby assigned and authority to assign them, and no other person or entity has any right, title or interest therein;

(b) to the best of the Mortgagor's knowledge, all existing Leases are valid, unmodified and in full force and effect, except as indicated herein, and no default of the Mortgagor or, to the best of Mortgagor's knowledge, of the Lessees exists thereunder, except as noted on the rent roll delivered by the Seller on the date hereof and on each monthly rent roll thereafter;

(c) unless otherwise provided herein, no Rents have been or will be assigned, mortgaged or pledged;

(d) no Rents have been or will be anticipated, waived, released, discounted, set off or compromised except in the ordinary course of business; and

(e) except as indicated in the Leases, Mortgagor has not received any funds or deposits from any Lessee for which credit has not already been made on account of accrued Rents.

2.4. Mortgagor's Covenants of Performance: Mortgagor covenants to:

(a) perform all of its material obligations under the Leases (subject to any applicable notice and grace periods therein contained) and give prompt notice to Beneficiary of any failure to do so;

(b) enforce the Lessees' obligations under the Leases;

(c) defend, at Mortgagor's expense, any proceeding pertaining to the Leases, including, if Beneficiary so requests, any such proceeding to which Beneficiary is a party;

(d) neither create nor permit any encumbrance upon its interest as lessor of the Leases, except this Mortgage, the Permitted Encumbrances and any other encumbrances permitted by this Mortgage; and

(e) ensure that all Leases comply with the requirements of the Loan Agreement and the Land Use Restriction Agreement dated as of May 1, 1999, by and among the Issuer, the Trustee and the Mortgagor (the "Regulatory Agreement").

2.5. Prior Approval for Actions Affecting Leases: Mortgagor shall not, without the prior written consent of Beneficiary:

(a) receive or collect Rents more than one month in advance;

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- (b) encumber or assign future Rents; or
- (c) waive or release any obligation of any Lessee under the Leases except in the ordinary course of business.

2.6. Settlement for Termination: Mortgagor agrees that no settlement for damages for termination of any of the Leases under the Federal Bankruptcy Code, or under any other federal, state, or local creditor's or debtor's relief statute, shall be made except in the ordinary course of business without the prior written consent of Beneficiary, and any check in payment of such damages will be made payable to both Mortgagor and Beneficiary. Mortgagor hereby assigns any such payment to Beneficiary to be applied to the Indebtedness in accordance with the Indenture and agrees to endorse any check for such payment to the order of Beneficiary.

2.7. Beneficiary in Possession: Beneficiary's acceptance of this assignment shall not, prior to entry upon and taking possession of the Mortgaged Property by Beneficiary, be deemed to constitute Beneficiary a "mortgagee in possession," nor obligate Beneficiary to appear in or defend any proceeding relating to any of the Leases or to the Mortgaged Property, take any action hereunder, expend any money, incur any expenses, or perform any obligation or liability under the Leases, or assume any obligation for any deposits delivered to Mortgagor by any lessee and not delivered to Beneficiary. Beneficiary shall not be liable for any injury or damage to person or property in or about the Mortgaged Property except in the event of any liability arising from the gross negligence or willful misconduct of Beneficiary following Beneficiary's entry upon and taking possession of the Mortgaged Property.

2.8. Indemnification: Mortgagor hereby agrees to indemnify and hold harmless Beneficiary from all liability, damage or expense (including, without limitation, reasonable attorneys' fees and expenses) incurred by Beneficiary from any claims under the Leases including, without limitation, any claims by Mortgagor with respect to Rents paid directly to Beneficiary after an Event of Default and any claims by Lessees for security deposits or for rental payments made more than one (1) month in advance and not delivered to Beneficiary, except to the extent Beneficiary is actually holding security deposits or except as caused by the negligence or willful misconduct of Beneficiary.

2.9. Records: Upon request by Beneficiary, Mortgagor shall make available for inspection by and upon request shall deliver to Beneficiary executed originals of all Leases and copies of all records relating thereto.

2.10. Intentionally Omitted:

2.11. Right to Rely: Mortgagor hereby authorizes and directs the Lessees under the Leases to pay Rents to Beneficiary upon written demand by Beneficiary without further consent of Mortgagor, and the Lessees may rely upon any written statement delivered by Beneficiary to the Lessees. Any such payment to Beneficiary shall constitute payment to Mortgagor under the Leases. Mortgagor hereby agrees to indemnify and hold harmless each and every Lessee under the Leases who

pays any Rents directly to Beneficiary from all liability, damage or expense incurred by such Lessee under its Lease or otherwise due to its paying any of the Rents directly to Beneficiary.

2.12. Power of Attorney to Collect Rents: Mortgagor hereby constitutes and appoints Beneficiary the true and lawful attorney, coupled with an interest, of the Mortgagor and in the name, place and stead of Mortgagor to demand, sue for, attach, levy, recover and receive any premium or penalty payable upon the exercise by any lessee under any Lease of a privilege of cancellation originally provided in such Lease and to give proper receipts, releases and acquittances therefor and, after deducting expenses of collection, to apply the net proceeds as a credit upon a portion of the Indebtedness in accordance with the Indenture, notwithstanding the fact that such portion of the Indebtedness is otherwise adequately secured; and Mortgagor does hereby authorize and direct any such lessee to deliver such payment to Beneficiary in accordance with this Section 2.12, and Mortgagor hereby ratifies and confirms all that its said attorney, the Beneficiary, shall do or cause to be done by virtue of the powers granted hereby. The foregoing appointment is irrevocable and continuing, and such rights, powers and privileges shall be exclusive in Beneficiary, its successors and assigns, so long as any part of the Indebtedness secured hereby remains unpaid and undischarged.

2.13. Power of Attorney to Enforce Leases: Mortgagor hereby constitutes and appoints Beneficiary the true and lawful attorney, coupled with an interest, of the Mortgagor and in the name, place and stead of said Mortgagor to subject and subordinate at any time and from time to time any Lease or any part thereof to the lien and security interest of the Mortgage or any other mortgage, deed of trust or security agreement on or to any ground lease of the Mortgaged Property, or to request or require such subordination, where such reservation, option or authority was reserved to the Mortgagor under any such Lease, or in any case where the Mortgagor otherwise would have the right, power or privilege so to do. The foregoing appointment is irrevocable and continuing, and such rights, powers and privileges shall be exclusive in Beneficiary, its heirs, devisees, administrators, executors, legal representatives, successors and assigns, so long as any part of the Indebtedness secured hereby remains unpaid and undischarged, and Mortgagor hereby warrants that Mortgagor has not at any time prior to the date hereof exercised any such right, and Mortgagor hereby covenants not to exercise any such right, to subordinate any such Lease to the lien of the Mortgage or to any other mortgage, deed of trust or security agreement or to any ground lease.

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2.14. No Waiver: The failure of the Beneficiary to assert any of the terms, covenants and conditions of Article II for any period of time or at any time or times shall not be construed or deemed to be a waiver of any such right, and nothing herein contained nor anything done or omitted to be done by Beneficiary pursuant to Article II shall be deemed to be an election of remedies or a waiver by Beneficiary of any of its rights and remedies under any other Article or Section of this Mortgage, under any other Loan Instrument or under the law. Subject to Article VIII of the Indenture, the right of the Beneficiary to collect and enforce the payment of the Indebtedness and to enforce any security therefor may be exercised by the Beneficiary either prior to or simultaneously with or subsequent to any action taken hereunder.

[END OF ARTICLE II]

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ARTICLE III.

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SECURITY AGREEMENT

3.1. Security Interest: To further secure the Indebtedness, Mortgagor hereby grants to Beneficiary a first security interest in and to the Mortgaged Property insofar as such Mortgaged Property consists of equipment, inventory, fixtures, chattel paper, documents, instruments, accounts, contract rights, consumer goods, farm products, money, general intangibles, goods and any and all other personal property of any kind or character defined in and subject to the provisions of the Illinois Uniform Commercial Code, as amended (the "Code") including the proceeds and products of, and accessions to, any and all of such personal property. In addition to Beneficiary's other rights under this Mortgage, Beneficiary is and shall be entitled to all of the rights, powers and remedies afforded a secured party by the Code with reference to the personal property and fixtures in which Beneficiary has been granted a security interest herein, or Issuer or Beneficiary may proceed as to both the real and personal property covered hereby in accordance with the rights, powers and remedies granted under this instrument in respect of the real property covered hereby. Mortgagor shall execute and deliver to Beneficiary all financing statements that may be required by Beneficiary to establish and maintain the validity and priority of Beneficiary's security interest and Mortgagor shall bear all costs thereof, including all Uniform Commercial Code searches reasonably required by Beneficiary. If Beneficiary should dispose of any of the Mortgaged Property pursuant to the Code, ten (10) business days' prior written notice by Beneficiary to Mortgagor shall be deemed to be reasonable notice.

3.2. Notice of Changes: Mortgagor shall give advance notice in writing to Beneficiary of any proposed change in Mortgagor's name, identity, or structure and will execute and deliver to Beneficiary, prior to or concurrently with the occurrence of any such change, all additional financing statements that Beneficiary may require to establish and maintain the validity and priority of Beneficiary's security interest with respect to any of the Mortgaged Property described or referred to herein.

3.3. Fixtures: Some of the items of the Mortgaged Property described herein are goods that are or are to become fixtures related to the Land or Improvements, and it is intended that, as to those goods, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Mortgaged Property is situated. Thus, this Mortgage shall be deemed to constitute a continuously perfected fixture filing to be filed of record in the office of the Recorder of Cook County, Illinois pursuant to 810 ILCS 5/9-402 and 5/9-403. Information concerning the security interest created by this instrument may be obtained from Grantor, as debtor, at the following address: c/o The American Opportunity Foundation, Inc., 5755 Dupree Drive NW, Suite 110, Atlanta, Georgia 30327, Attention: President, and from Beneficiary, as secured party, at the following address: Bank One Trust Company, NA, 100 East Broad Street, 8th Floor, Columbus, Ohio 43271-0181 Attention: Corporate Trust Department.

3.4. No Waiver: The failure of the Beneficiary to assert any of the terms, covenants and conditions of Article III for any period of time or at any time or times shall not be construed or deemed to be a waiver of any such right, and nothing herein contained nor anything done or omitted to be done by Beneficiary pursuant to Article III shall be deemed to be an election of remedies or a waiver by Beneficiary of any of its rights and remedies under any other Article or Section of this Mortgage, under any other Loan Instrument or under the law. Subject to Article XII of the Indenture, the right of the Beneficiary to collect and enforce the payment of the Indebtedness and to enforce any security therefor may be exercised by the Beneficiary either prior to or simultaneously with or subsequent to any action taken hereunder.

[END OF ARTICLE III]

Property of Cook County Clerk's Office

ARTICLE IV.

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF MORTGAGOR

Mortgagor does hereby covenant, warrant and represent to and agree with Beneficiary as follows:

4.1. Payment and Performance: Mortgagor shall make all payments on the Indebtedness when due and shall punctually and properly perform all of Mortgagor's covenants, obligations and liabilities under the Loan Instruments.

4.2. Title to Mortgaged Property and Lien of this Mortgage: Mortgagor has good and indefeasible fee simple title to the Land and the Improvements, and good and marketable title to the Fixtures and Equipment, the Rents (hereinabove defined in Section 2.1 hereof), and the Leases (hereinabove defined in Section 2.1 hereof), free and clear of any liens, charges, encumbrances, security interests, and adverse claims whatsoever, except the Permitted Encumbrances set forth on Exhibit B attached hereto. This Mortgage constitutes a valid, subsisting, first priority mortgage lien on the real property portion of the Mortgaged Property and a valid, subsisting first priority lien and security interest on and in the personal property portion of the Mortgaged Property. Mortgagor shall neither purchase any Fixtures and Equipment nor incorporate any Fixtures and Equipment into the other Mortgaged Property that is subject to a security interest in favor of the seller of such or in favor of any third party except as otherwise permitted in this Mortgage. If the interest of Beneficiary in the Mortgaged Property or any part thereof shall be endangered or shall be attacked, directly or indirectly, Mortgagor hereby authorizes Beneficiary, upon Mortgagor's failure to act after written request from Beneficiary, at Mortgagor's expense, to take all necessary and proper steps for the defense of such interest, including the employment of counsel, the prosecution or defense of litigation, and the compromise or discharge of claims made against such interest.

4.3. Organization and Power: Mortgagor (a) is a not-for-profit corporation duly organized, validly existing under the laws of the State of Illinois, (b) has complied with all conditions prerequisite to its lawfully doing business in the state where the Land is situated, and (c) has all requisite corporate power and all governmental certificates of authority, licenses, permits, qualifications, and documentation to own, lease and operate its properties and to carry on its business as now being, and as proposed to be, conducted. Mortgagor and the person signing this Mortgage on behalf of Mortgagor have all requisite right, power and authority to execute this Mortgage, and upon such execution, this Mortgage and all of its liens, conveyances, terms and conditions shall be binding upon, and enforceable against, Mortgagor.

4.4. Existence of Mortgagor: Mortgagor will preserve and keep in full force and effect its existence, rights, franchises, and trade names, except as otherwise provided herein.

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4.5. Insurance:

(a) The Mortgagor shall keep and maintain the Mortgaged Property adequately insured, including, without limitation, maintaining such insurance against such risks, and in such amounts, as may be required by law and as is customary for facilities of like size and type, operated for the same purpose as the Mortgaged Property are being operated, paying, or causing to be paid, as the same become due and payable, all premiums with respect thereto, such insurance to include, but not necessarily to be limited to, the following unless modified in accordance with the provisions of Section 4.08(a) of the Loan Agreement:

(1) commercial general liability insurance covering claims for bodily injury, death and property damage, with underlying and umbrella coverage totaling not less than \$5,000,000 and in any event not less than those amounts customarily maintained by owners of property substantially similar to the Mortgaged Property; and

(2) hazard insurance insuring against loss by fire and all other hazards covered by extended coverage and special extended coverage endorsements (including but not limited to loss by windstorm, hail, flood, earthquake, tornado, explosion, riot, aircraft, smoke, vandalism, malicious mischief, boiler and similar machinery and vehicle damage) all such insurance to be issued in such form, with such deductible provision, and for such amount (which, in any event, is to be at least equal to the lesser of full replacement value (including increased replacement cost resulting from the application of law or civil ordinance) of the Mortgaged Property and the personal property located on or used in connection with the Mortgaged Property or the aggregate principal amount of the Bonds) and to be in form and amount sufficient to avoid any co-insurance penalty, as is satisfactory to any Insurance Consultant (as defined in the Loan Agreement); and

(3) if the Mortgaged Property is within an area known as a "special flood hazard area" as defined in the Flood Disaster Protection Act of 1973, a Standard Flood Insurance Policy on such Mortgaged Property as required by such act or in an amount equal to the full replacement value of the Mortgaged Property, whichever is greater; and

(4) statutory workmen's compensation insurance and employer's liability insurance for all persons working in or about the Mortgaged Property; and

(5) business interruption or loss of rents insurance in an amount not less than one year's gross rentals (assuming 100% occupancy) or, in the alternative, blanket coverage for rental interruption which covers the Mortgaged Property in an amount not less than that approved on or before the date hereof or subsequently recommended in writing by the Mortgagor's Insurance Consultant.

Upon the written consent of the Mortgagor, and with the consent of the Beneficiary, but without the consent of any of the Bondholders, the Insurance Consultant may permit, which permission may not be unreasonably withheld, modifications to the insurance otherwise required by the provisions of this Agreement, in whole or in part, for such risks, taking into account the cost and availability of insurance for such risk and the effect of the terms and rates of such insurance upon the costs and charges of the Mortgagor for its services, provided such modifications do not adversely affect the rating on the Bonds. Neither the Issuer nor the Beneficiary shall have any liability to any Person by reason of approval or failure to approve any modifications in the insurance requirements or any other action taken or omitted in reliance upon recommendations of the Insurance Consultant.

(b) Each insurance policy required shall: (1) be issued by a financially responsible insurer (or insurers), of recognized standing, legally authorized to provide the respective insurance in the State, and as are acceptable to the Insurance Consultant and having a rating of "A-" or better assigned by A.M. Best Company; (2) be in such form and contain such provisions (including, without limitation, the loss payable clause, the waiver of subrogation clause, an agreed amount endorsement and waiver of co-insurance and the designation of the named insured parties) as are generally considered standard provisions for the type of insurance involved; and (3) prohibit cancellation or modification by the insurer without at least thirty (30) calendar days prior written notice to the Beneficiary and the Mortgagor to the extent reasonably available from the insurer. Before the expiration of any such policy, the Mortgagor shall furnish or cause to be furnished to the Beneficiary evidence satisfactory to the Beneficiary that such policy has been renewed or replaced, or is no longer required by this Agreement. Without limiting the generality of the foregoing, all insurance policies carried pursuant to paragraphs (1), (2), (3) and (5) of Section 4.5(a) hereof, shall name the Beneficiary and the Mortgagor as parties insured thereunder as the respective interest of each of such parties may appear, and each policy shall provide that losses thereunder shall be adjusted by the Mortgagor with the insurer on behalf of the insured parties. The policies of insurance required by paragraphs (1), (2) and (5) shall include standard mortgage clauses requiring that all Net Proceeds of insurance in excess of One Hundred Thousand Dollars (\$100,000) resulting from any claim for loss or damage covered thereby shall be paid to the Beneficiary or its order.

All such policies of insurance, or certificates of the insurers, or of an agent or agents of the insurers, that such insurance, except such insurance as is not required by the provisions hereof to be then in force and effect, is in force and effect on such date, shall be deposited with the Beneficiary on or before the Closing Date.

The Mortgagor shall furnish or cause to be furnished to the Beneficiary on or before the Closing Date, and annually thereafter, a certificate of an Insurance Consultant stating that all policies required by this Agreement to be in force and effect at that time are in full force and effect, and that such policies and the insurance evidenced thereby comply with the requirements hereof.

The Mortgagor may adjust all claims under any policy of insurance required hereby upon notice to and the approval of: (1) the Beneficiary upon advice of counsel as to the settlement of any claim under any insurance policy required by the provisions of paragraphs (1), (2), (3) and (5) hereof; and (2) the Beneficiary, as to the settlement of any claim whereby the Beneficiary may be directly or indirectly liable.

4.6. Taxes and Assessments: Mortgagor will pay, prior to the date any interest or penalties shall accrue thereon, all taxes and assessments against or affecting the Mortgaged Property as the same become due and payable, and, upon request by Beneficiary, Mortgagor will deliver to Beneficiary such evidence of the payment thereof as Beneficiary may require, and, if Mortgagor fails to do so, Beneficiary may, but shall not be obligated to, pay them, together with all costs and penalties thereon, at Mortgagor's expense, provided however, that Mortgagor may in good faith, in lieu of paying such taxes and assessments as they become due and payable, by appropriate proceedings, contest the validity thereof. Pending such contest, Mortgagor shall not be deemed in default hereunder because of such nonpayment if prior to delinquency of the asserted tax or assessment, Mortgagor furnishes Beneficiary an indemnity bond secured by a deposit in cash or other security acceptable to Beneficiary, or with a surety acceptable to Beneficiary, in an amount equal to at least 125% of the tax or assessment being contested by Mortgagor plus a reasonable additional sum to pay all costs, interest and penalties which may be imposed or incurred in connection therewith, conditioned that such tax or assessment, with interest, cost and penalties, be paid as herein stipulated, and if Mortgagor promptly pays any amount adjudged by a court of competent jurisdiction to be due, with all costs, penalties and interest thereon, on or before the date such judgment becomes final; and provided, further, that in any event, the tax, assessment, penalties, interest and costs shall be paid prior to the date on which any writ or order is issued under which the Mortgaged Property may be sold in satisfaction thereof.

4.7. Damage or Condemnation:

(a) Damage, Destruction and Condemnation. Unless the Mortgagor shall have exercised its option to terminate the Loan Agreement pursuant to the provisions of Section 6.02 of the Loan Agreement, if prior to full payment of the Bonds (or prior to provision for payment thereof having been made in accordance with the provisions of the Indenture) (a) a Project or any portion thereof is destroyed or is damaged by fire or other casualty or (b) title to or any interest in, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or conveyed to a governmental authority by deed in lieu of condemnation or other taking, the Mortgagor shall be obligated to continue to pay the Indebtedness. Additionally, within ten (10) days of its occurrence, the Mortgagor shall notify the Issuer, the Trustee of any damage, destruction or condemnation of a Project.

(b) Application of Net Proceeds. The Issuer, the Trustee and the Mortgagor will cause the Net Proceeds of any insurance proceeds or condemnation award resulting from any

event described in the Loan Agreement to be applied to repair or replace the related Project or to redeem Bonds as required by Section 4.08 and Articles VI and IX of the Loan Agreement.

(c) Insufficiency of Net Proceeds. If the Mortgagor elects to repair, restore or replace such Project and the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement permitted under the Loan Agreement, the Mortgagor will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds held by the Trustee. The Mortgagor agrees that if by reason of any such insufficiency of the Net Proceeds, the Mortgagor shall make any payments pursuant to the provisions of this Section or the Loan Agreement, the Mortgagor shall not be entitled to any reimbursement therefor from the Beneficiary, nor shall the Mortgagor be entitled to any diminution of the amounts payable under the Loan Agreement.

(d) Notice of Insurance. On or before January 31st of each calendar year period, the Mortgagor shall furnish to the Trustee written evidence that the insurance requirements set forth in this Section and in Section 4.08 of the Loan Agreement are being satisfied.

4.8. Taxes on Mortgage Note or Mortgage: At any time any law shall be enacted imposing or authorizing the imposition of any tax upon this Mortgage, or upon any rights, titles, liens, or security interests created hereby, or upon the Mortgage Note, or any part thereof, Mortgagor shall immediately pay all such taxes to the extent permitted by applicable law; provided, however, that Mortgagor may be in good faith, in lieu of paying such taxes, by appropriate proceedings and the delivery of a bond in an amount equal to at least 125% of such taxes, contest the validity thereof.

4.9. Statements by Mortgagor: At the request of Beneficiary, Mortgagor shall furnish promptly a written statement or affidavit, in such form as may be required by Beneficiary, stating the unpaid balance of the Mortgage Note, the date to which interest has been paid and that there are no offsets or defenses against full payment of the Mortgage Note and performance of the terms of the Loan Instruments, or if there are any such offsets or defenses, specifying them.

4.10. Repair, Waste, Alterations, etc.: Mortgagor will keep every part of the Mortgaged Property in good operating order, repair and condition, ordinary wear and tear excepted, and shall not commit or permit any waste, impairment or deterioration of the same and shall repair or replace any of the same that is destroyed, damaged or worn out. Mortgagor will guard every part of the Mortgaged Property from removal, destruction and damage, and will not do or suffer to be done any act whereby the value of any part of the Mortgaged Property may be lessened. Mortgagor will make promptly all repairs, renewals and replacements necessary to such end. Mortgagor shall remove all trash and other waste materials from the Mortgaged Property, and shall not store or otherwise dispose or allow the storage or disposal of any trash or waste materials or of any environmentally hazardous materials on the tangible Mortgaged Property. Mortgagor shall not use, or allow the use of, the tangible Mortgaged Property as a storage area for any junk or salvage. Neither shall any Improvements or Fixtures and Equipment be altered, destroyed or removed from the Land except in

the ordinary course of business without the written consent of Beneficiary, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is replaced by an article of equal suitability and value, owned by Mortgagor, free and clear of any lien or security interest other than the Permitted Encumbrances. Mortgagor will discharge all claims for labor performed and material furnished therefor, and will not suffer any lien of mechanics or materialmen to attach to any part of the Mortgaged Property. Mortgagor shall have the right to contest in good faith the validity of any such mechanics' or materialmen's lien, provided that at Beneficiary's written request Mortgagor shall first arrange a title indemnity satisfactory to Beneficiary or deposit with Beneficiary a bond or other security satisfactory to Beneficiary in an amount equal to at least 125% of such lien, and provided further that Mortgagor shall thereafter diligently proceed to cause such lien to be removed and discharged. If Mortgagor shall fail to discharge any such lien, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond for the amount claimed, or otherwise giving security for such claim, or by taking such action as may be prescribed by law. Mortgagor will not materially alter the Mortgaged Property without the prior written consent of Beneficiary.

4.11. No Drilling or Exploration: Without the prior written consent of Beneficiary, there shall be no drilling or exploring for, or extraction, removal, or production of minerals from the surface or subsurface of the Land, except whatever is necessary for construction of the Project (as defined in the Loan Agreement). The term "minerals" as used herein shall include, without limiting the generality of such term, oil, gas, casinghead gas, coal, lignite hydrocarbons, methane, carbon dioxide, helium, uranium and all other natural elements, compounds and substances, including sand and gravel.

4.12. Compliance with Laws and Agreements: Mortgagor will promptly and faithfully comply with, conform to and obey all present and future laws, ordinances, regulations, orders and other legal requirements, including, without limitation, all environmental requirements (hereinafter referred to as "Legal Requirements"), whether or not same shall necessitate structural changes in, improvements to, or interfere with the use or enjoyment of, the Mortgaged Property, and Mortgagor shall pay all fees or charges of any kind in connection therewith. Mortgagor will not use, maintain, operate or occupy, or allow the use, maintenance, operation or occupancy of, the Mortgaged Property in any manner which (a) violates any Legal Requirement, (b) may be dangerous unless safeguarded as required by any Legal Requirement, (c) constitutes a public or private nuisance or (d) makes void, voidable or cancelable, or materially increases the premium of, any insurance then in force with respect to the Mortgaged Property.

4.13. Financial Statements: Mortgagor reaffirms its obligation to deliver to Beneficiary the budget and financial reports described in the Loan Agreement including, without limitation, the following:

- (a) The Mortgagor shall cause an annual audit of the operation of the Project to be prepared by an independent certified public accountant within ninety (90) days after the

conclusion of each Fiscal Year until the Bonds are fully paid and shall cause a copy of the same to be mailed to the Trustee and the Issuer upon receipt from such accountant.

(b) The Mortgagor shall, within 30 days after the end of each quarter, provide the Issuer with a copy of its unaudited quarterly financial statements (including a current rent roll), including a profit and loss statement and current rent roll.

(c) On or before June 1 of each year for the annual period commencing on the following July 1, the Mortgagor shall prepare, or cause the Manager to prepare, a Budget of anticipated Gross Revenues and Operating Expenses for the succeeding Fiscal Year, and shall submit a copy of such Budget to the Issuer. Such Budget shall show there to be sufficient income to achieve a Debt Service Coverage Ratio of at least 135% with respect to the Senior Bonds and 120% with respect to all Outstanding Bonds, inclusive of earnings on the Revenue Fund and the Bond Funds and the applicable earnings on the Debt Service Reserve Funds. The Budget may be amended from time to time during the course of the Fiscal Year and such amendments shall be submitted in the same manner as the Budget.

(d) Each Budget shall include provision for payment by the Mortgagor of the costs, fees and expenses payable or incurred under the Loan Agreement and the Indenture including the costs of maintaining the insurance coverage required pursuant to Section 4.08(a) of the Loan Agreement and all applicable ad valorem taxes, if any, assessed against the Project payable by the Mortgagor, all compensation for and expenses of the Trustee and the Issuer fees and expenses.

4.14. Trade Names: At the request of Beneficiary, Mortgagor shall execute a certificate in form reasonably satisfactory to Beneficiary listing the trade names under which Mortgagor intends to operate the Mortgaged Property, and representing and warranting that Mortgagor does business under no other trade names with respect to the Mortgaged Property. Mortgagor shall immediately notify Beneficiary in writing of any change in said trade names, and will, at its expense, upon request of Beneficiary, execute any additional financing statements and other certificates required to reflect the change in trade names and will, at its own expense, execute and file any assumed name certificate required by applicable laws.

4.15. Further Assurances: Mortgagor, at its own expense, upon the request of Beneficiary, will execute, acknowledge, deliver, and record such further instruments and do such further acts as may be necessary, desirable or proper to carry out the purposes of the Loan Instruments and to subject to the liens and security interests created thereby any property intended by the terms thereof to be covered thereby, including specifically but without limitation, any renewals, additions, substitutions, replacements, improvements, or appurtenances to the Mortgaged Property.

4.16. Recording and Filing: Mortgagor will cause the Loan Instruments and all amendments, supplements and extensions thereto and substitutions therefor to be recorded, filed, re-recorded and

refiled in such manner and in such places as Beneficiary shall reasonably request, and will pay all such recording, filing, re-recording and re-filing fees, title insurance premiums, and other charges.

4.17. Record Keeping and Inspection Rights: Mortgagor will maintain full and accurate books of account and other records reflecting the results of its operations of the Mortgaged Property and shall maintain said books and records at its principal place of business which is also Mortgagor's address for notice as first set forth above. Mortgagor shall not change its principal place of business without giving Beneficiary at least fifteen (15) days prior written notice of the new address. Mortgagor shall permit such persons as Beneficiary may designate to visit and inspect the Mortgaged Property, to examine the books, records and documents relating to the Mortgaged Property and take copies and extracts therefrom and to discuss the affairs of Mortgagor relating thereto with the officers, employees and independent accountants of Mortgagor during normal business hours after twenty-four hours' notice; provided, however, that Beneficiary may enter the Mortgaged Property at any time without notice in any case that Beneficiary deems it an emergency. Mortgagor hereby authorizes such officers, employees and independent accountants to discuss with Beneficiary such affairs of Mortgagor. If Mortgagor's principal place of business is not any one of the improvements making up part of the Mortgaged Property Mortgagor, at its sole expense, shall make all its books and records regarding the Mortgaged Property available to Beneficiary or its agents at the Mortgaged Property or at any other convenient location requested by Beneficiary on any date or dates requested by Beneficiary after at least fifteen (15) days prior written notice to Mortgagor.

4.18. Operation of Mortgaged Property: The Mortgaged Property shall be used in a careful and proper manner and only as residential apartment units and only as permitted by the Regulatory Agreement. No other use will be permitted without the prior written consent of the Beneficiary that such action will not result in a downgrade, qualification or withdrawal of the rating on the Bonds. The Mortgagor represents and warrants to the Beneficiary that all licenses and permits necessary for the conduct of business on the Mortgaged Property have been obtained.

4.19. Title Insurance: Mortgagor shall provide or deliver to the Trustee at closing a mortgagee's policy of title insurance issued by Mercury Title Company, L.L.C., as issuing agent for Chicago Title Insurance Company concerning the Mortgaged Property (the "Title Policy"), in form and substance satisfactory to the Issuer and the Trustee, naming the Trustee as insured, in an amount not less than the original principal amount of the Bonds, insuring:

(a) that fee title to the Mortgaged Property is in the Mortgagor;

(b) that the Mortgage is a valid first lien upon the Mortgaged Property, subject only to Permitted Encumbrances set forth in Exhibit B attached hereto, which Permitted Encumbrances do not and will not materially and adversely affect (i) the Mortgagor's ability to pay in full the principal and interest due under the Mortgage Note in a timely manner or (ii) the use of the Mortgaged Property for the use currently being made thereof or (iii) the value of the Mortgaged Property;

(c) that the Mortgaged Property and its use as multifamily dwellings does not violate any zoning or other use restrictions covering the Mortgaged Property and that coverage provided includes the standard endorsement, if available, or, if not available, a comparable endorsement;

(d) that the following standard exceptions be waived and insured: (i) facts which would be disclosed by a comprehensive survey of the Mortgaged Property, (ii) mechanic's, contractors' or materialmen's liens and lien claims, and (iii) rights of parties in possession other than residential Lessees under leases with a term of one year or less; and

(e) such other matters as the Issuer or the Trustee may reasonably request.

4.20. Representations of Mortgagor as Single Purpose Entity:

(a) Mortgagor covenants and agrees that it shall not:

(1) incur, create or assume any indebtedness for borrowed money, except indebtedness represented by an invoice, statement of account, check, work request, purchase order or other similar document representing expenses relating to activities of the Mortgagor undertaken in accordance with its Articles of Incorporation;

(2) engage, directly or indirectly, in any business, other than that arising out of, or entering into this Mortgage, the Loan Agreement and the Regulatory Agreement, to which Mortgagor is a party and the ownership, management, leasing, construction, development, operation and maintenance of the Mortgaged Property;

(3) commingle its assets with the assets of any other entity; or

(4) voluntarily file or consent to the filing of a petition for bankruptcy, reorganization, assignment for the benefit of creditors or similar proceeding under any federal or state bankruptcy, insolvency, reorganization or other similar law, without the unanimous consent of its board of directors.

Mortgagor represents and warrants that, as of the date hereof, it does not have any indebtedness or obligations which would cause it to be in violation of the foregoing covenants.

Further, Mortgagor covenants that it will do, or cause to be done, all things necessary to preserve and keep in full force and effect its existence, will not engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger or asset sale, and will maintain adequate capitalization (taking into account, among other things, the market value of its assets) for its charitable purposes; will not modify its Articles of Incorporation (or other organizational document in any way inconsistent with its representations and obligations under the Loan Documents); will pay all expenses of the Mortgaged Property from assets of Mortgagor; will maintain separate books and records and

bank accounts and will maintain a separate business office (which may be a management office at the Mortgaged Property); will, at times, hold itself out to the public as a separate and distinct legal entity (including in its leasing activities, in entering into any contract and in preparing its financial statements) and will observe corporate formalities in conducting its business; will file its own tax returns or, if part of a consolidated group, will join in the consolidated tax return of such group as a separate member thereof; and will cause its management to meet regularly to carry on its business.

(b) Mortgagor shall do all things necessary to preserve and keep in full force and effect its existence, rights and privileges under the laws of the State of Illinois and its right to own property or transact business in the State of Illinois.

(c) Mortgagor hereby represents and warrants that Mortgagor (i) is a duly organized and validly existing not-for-profit corporation under the laws of the State of Illinois, (ii) has the power and authority to own its properties and to carry on its business as now being conducted, and as proposed to be conducted, and (iii) has the power to execute, deliver and perform its obligations under this Mortgage, the Loan Agreement, the Mortgage Note and the Regulatory Agreement. Mortgagor further represents and warrants that it is, and, so long as any portion of the Mortgage Note shall remain unpaid, shall do all things necessary to continue to be, an entity which is formed or organized solely for the purpose of holding directly, an ownership interest in the Mortgaged Property, does not engage in any business unrelated to such properties and the financing thereof, does not have any assets, other than as permitted by this Mortgage, has its own separate books and records, and its own accounts, in each case which are separate and apart from the books and records and accounts of any other entity, and will maintain the same as official records, holds itself out as being an entity, separate and apart from any other entity, and will conduct its business in its own name.

(d) The Mortgagor will not fail to correct any known misunderstanding regarding the separate identity of the Mortgagor.

(e) The Mortgagor will not assume or guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of any other entity; will allocate fairly and reasonably any overhead for shared office space; will not pledge its assets for the benefit of any other person or entity and will not make loans to any person or entity.

[END OF ARTICLE IV]

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ARTICLE V.

MISCELLANEOUS

5.1. Attorneys' Fees: If the Indebtedness shall be collected by legal proceedings, whether through a probate or bankruptcy court or otherwise, or if an attorney is hired by Beneficiary for collection or enforcement of the Indebtedness or any part thereof after default or maturity, Mortgagor agrees to pay the reasonable attorneys' and collection fees incurred by Beneficiary regardless of whether or not a judgment is obtained by Beneficiary, and such fees shall be a part of the Indebtedness. In addition to the foregoing, the prevailing party or parties in any judicial proceeding filed by Mortgagor, the Issuer or Beneficiary in regard to this Mortgage or the collection or enforcement of the Indebtedness shall be entitled to collect its reasonable attorneys' fees from the nonprevailing party or parties.

5.2. Change in Ownership: The Mortgagor covenants and agrees not to sell, transfer or otherwise dispose of the Mortgaged Property, prior to the expiration of the Qualified Project Period or the date on which the Bonds have been paid in full, whichever is later, without (i) complying with any applicable provisions of the Loan Agreement, particularly Section 4.04, and this Mortgage, and (ii) obtaining the prior written consent of the Issuer. Such consent of the Issuer shall be given if all conditions to the sale set forth in this Mortgage, the Loan Agreement and the Regulatory Agreement are met and, unless such conditions are waived in writing by the Issuer, if (1) there is delivered to the Trustee and the Issuer a written opinion of independent legal counsel satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding (A) if required by Bond Counsel, that the transferee is an organization described in section 501(c)(3) of the Code and that the Project will not be used in an "unrelated trade or business" of the transferee within the meaning of Section 513 of the Code, and (B) that the transferee has duly assumed all of the rights and obligations of the Mortgagor under the Loan Instruments and that each of the documents executed by the transferee in connection therewith has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications; (2) the Issuer receives an opinion of Bond Counsel, which opinion shall be furnished at the expense of the Mortgagor, to the effect that such sale, transfer or disposition will not adversely affect the exclusion from gross income pursuant to Section 103(a) of the Code of interest on the Tax-Exempt Bonds, (3) the proposed purchaser or assignee executes any document reasonably requested by the Issuer with respect to assuming the obligations of grantor under the Loan Instruments, and (4) the Issuer shall not have any reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Project, including but not limited to the Mortgage Note (if then outstanding), the Regulatory Agreement, this Mortgage and the Loan Agreement. The Mortgagor hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Project in violation of this subsection shall be ineffective to relieve the

Mortgagor of its obligations under the Loan Agreement or this Mortgage. Upon any sale, transfer or other disposition of the Project in compliance with the Loan Agreement and this Mortgage, the Mortgagor so selling, transferring or otherwise disposing of the Project shall have no further liability for obligations under the Loan Agreement or this Mortgage arising after the date of such disposition. The foregoing notwithstanding, the duties of the Mortgagor as set forth in Sections 4.14 and 8.07 of the Loan Agreement with respect to matters arising prior to the date of such sale, transfer or other disposition shall not terminate upon the sale, transfer or other disposition.

5.3. Release of Lien: If Mortgagor shall perform each of the covenants and agreements herein contained, then this conveyance shall become null and void and shall be released at Mortgagor's expense; otherwise, it shall remain in full force and effect. No release of this conveyance, or of the lien, security interest or assignment created and evidenced hereby, shall be valid unless executed by Beneficiary.

5.4. Partial Release of Lien, Extension, etc.: The execution of this Mortgage shall not impair or affect any other security which may be given to secure the payment of the Indebtedness secured hereby, and all such additional security shall be considered as cumulative. Any part of the Mortgaged Property may be released by Beneficiary without affecting the lien, security interest and assignment hereof against the remainder. The taking of additional security, or the extension or renewal of the Indebtedness or any part thereof, shall not release or impair the lien, security interest and other rights granted hereby, or affect the liability of any endorser or guarantor or improve the right of any permitted junior lienholder; and this Mortgage, as well as any instrument given to secure any renewal or extension of the Indebtedness, or any part thereof, shall be and remain a first and prior lien, except as otherwise provided herein, on all of the Mortgaged Property not expressly released until the Indebtedness is paid.

5.5. Waiver of Marshalling and Certain Rights: To the extent that Mortgagor may lawfully do so, Mortgagor hereby expressly waives any right pertaining to the marshalling of assets, the exemption of homestead, the administration of estates of decedents, or other matter to defeat, reduce or affect the right of Beneficiary or the Issuer to sell the Mortgaged Property for the collection of the Indebtedness (without any prior or different resort for collection), or the right of Beneficiary to the payment of the Indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other person and claimant.

5.6. Subrogation: To the extent that proceeds of the Indebtedness are used to pay any outstanding lien, charge or encumbrance affecting the Mortgaged Property, such proceeds have been advanced by Beneficiary at Mortgagor's request, and Beneficiary shall be subrogated to all rights, interests and liens owned or held by any owner or holder of such outstanding liens, charges and encumbrances, irrespective of whether such liens, charges or encumbrances have previously been or are hereafter released of record; provided, however, that all such rights, interests and liens are merged with the lien and security interest created herein as cumulative security for the Indebtedness, and the terms and provisions hereof shall govern the rights and remedies of Beneficiary and shall supersede

the terms, provisions, rights, and remedies under the lien or liens to which Beneficiary is subrogated hereunder.

5.7. No Waiver: No waiver of any default on the part of Mortgagor or breach of any of the provisions of this Mortgage or of any other instrument executed in connection with the Indebtedness shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time. Acceptance by Beneficiary of partial payments shall not constitute a waiver of the default by failure to make full payments.

5.8. Limitation on Interest: It is expressly stipulated and agreed to be the intent of Mortgagor and Beneficiary at all times to comply with applicable Illinois law governing any maximum rate or amount of interest payable on or in connection with the Indebtedness (or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, reserve or receive a greater amount of interest than under Illinois law). If the applicable law is ever judicially interpreted so as to render usurious any amount called for under the Mortgage Note or this Mortgage or under any of the other documents evidencing or securing the Indebtedness, or contracted for, charged, taken, reserved or received with respect to the Indebtedness, or if Beneficiary's exercise of the option to accelerate the maturity of the Mortgage Note or any of the other Indebtedness or if any prepayment by Mortgagor results in Mortgagor having paid any interest in excess of that permitted by applicable law, then it is Mortgagor's and Beneficiary's express intent that all excess amounts theretofore collected by Beneficiary or the respective holder or owner of the Indebtedness be credited on the principal balance of the Mortgage Note and any other Indebtedness (or, if the Indebtedness has been or would thereby be paid in full, refunded to Mortgagor), and the provisions of the Mortgage Note and this Mortgage and the other documents evidencing or securing the Indebtedness immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Beneficiary for the use, forbearance or detention of the Indebtedness shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the Indebtedness until payment in full so that the rate or amount of interest on account of the Indebtedness does not exceed any usury ceiling from time to time in effect and applicable to the Indebtedness for so long as the Indebtedness is outstanding. Notwithstanding anything to the contrary contained herein or in any of the other documents evidencing or securing the Indebtedness, it is not the intention of Beneficiary to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration. This Section shall control all agreements between Mortgagor and Beneficiary.

5.9. Successors and Assigns; Use of Terms: The covenants and agreements herein contained shall inure to the benefit of and be binding upon the respective heirs, devisees, administrators, executors, legal representatives, successors and assigns of the parties to this Mortgage.

As and when used herein, the terms "Mortgagor" and "Beneficiary" and the neutral gender pronoun shall include the neuter, the masculine and the feminine and the singular term and accompanying verb phrase shall include the singular and the plural as required by the actual nature and number of the respective party hereto. Each party who executes this Mortgage and each subsequent owner of the Mortgaged Property, or any part thereof (other than Beneficiary), covenants and agrees that it will perform, or cause to be performed, during its ownership of the property (but not thereafter), each term and covenant of this Mortgage subject to applicable notice and grace periods.

5.10. Severability: If any provision of this Mortgage is held to be illegal, invalid, or unenforceable under present or future laws effective while this Mortgage is in effect, the legality, validity and enforceability of the remaining provisions of this Mortgage shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable provision there shall be added automatically as a part of this Mortgage a provision which is legal, valid and enforceable and as similar in terms to such illegal, invalid or unenforceable provision as may be possible. If any of the Indebtedness should be unsecured by this Mortgage, the unsecured portion of the Indebtedness shall be completely paid prior to the payment of the secured portion of such Indebtedness, and all payments made on account of the Indebtedness shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of the Indebtedness.

5.11. Modification or Termination: The Loan Instruments may only be modified or terminated by a written instrument or instruments executed by the party against which enforcement of the modification or termination is asserted. Any alleged modification or termination which is not so documented shall not be effective as to any party.

5.12. No Partnership: Nothing contained in the Loan Instruments is intended to create any partnership, joint venture or association between Mortgagor and Beneficiary, or in any way make Beneficiary a co-principal with Mortgagor with reference to the Mortgaged Property, and any inferences to the contrary are hereby expressly negated.

5.13. Exhibits: Exhibits "A" and "B" attached hereto are incorporated herein by such reference for all purposes as if fully set forth herein.

5.14. Headings: The Article, Section and Subsection headings hereof are inserted for convenience of reference only and shall not alter, define, or be used in construing the text of such Articles, Sections or Subsections.

5.15. Intentionally Omitted:

5.16. Intentionally Omitted:

5.17. Applicable to Prior Liens: If this Mortgage is or becomes subordinate to any other liens, security interests, or assignments of leases or rents or any other encumbrances (collectively, the "Prior Liens") affecting any of the Mortgaged Property, including, without limitation, all Permitted

Encumbrances (all documents creating the Prior Liens and evidencing and governing the indebtedness secured thereby being collectively called the "Prior Lien Documents") the provisions of this Section shall apply. Mortgagor shall not enter into any renewal, extension, modification, increase or refinancing of any of the Prior Lien Documents or the indebtedness secured thereby without the prior written consent of Beneficiary. Mortgagor shall pay when due all indebtedness evidenced and secured by the Prior Lien Documents and shall timely perform all other obligations of the Mortgagor under the Prior Lien Documents. Beneficiary may, but shall not be obligated to, pay any such indebtedness or perform any such obligations for the account of Mortgagor and any sum so expended shall be secured hereby. Mortgagor shall pay to Beneficiary all amounts so expended by Beneficiary with interest on such amounts from the date paid at the rate set forth in the Mortgage Note, but not in excess of the highest rate permitted by applicable law. Any default not cured within any applicable notice and grace periods under any of the Prior Lien Documents shall constitute an event of default hereunder. If Beneficiary should cure any such default under any of the Prior Lien Documents, the curing thereof by Beneficiary shall not constitute a cure of the default under this Mortgage. Mortgagor shall send to Beneficiary a copy of each notice of default or notice of acceleration or other notice received by Mortgagor from the holder of any of the Prior Lien Documents within two (2) less days after receipt thereof by Mortgagor. Notwithstanding the foregoing, Beneficiary does not consent to any Prior Lien unless otherwise expressly permitted in this Mortgage and Mortgagor hereby represents and warrants that there are no Prior Liens.

5.18. Entire Agreement: The Loan Instruments constitute the entire understanding and agreement between Mortgagor and Beneficiary with respect to the transactions arising in connection with the Indebtedness and supersede all prior written or oral understandings and agreements between Mortgagor and Beneficiary in connection therewith. There are no oral agreements between the parties.

5.19. INDEMNIFICATION: MORTGAGOR WILL INDEMNIFY AND DEFEND BENEFICIARY, AT MORTGAGOR'S OWN COST AND EXPENSE, AGAINST, AND HOLD BENEFICIARY HARMLESS FROM, ANY ACTION, PROCEEDING OR CLAIM AFFECTING ALL OR ANY PART OF THE MORTGAGED PROPERTY OR THIS MORTGAGE, AND ALL COSTS AND EXPENSES INCURRED BY BENEFICIARY IN PROTECTING BENEFICIARY'S INTERESTS HEREUNDER IN SUCH AN EVENT (INCLUDING ALL COURT COSTS AND ATTORNEYS' FEES) (EXCLUDING ANY COSTS AND EXPENSES RESULTING FROM THE WILLFUL MISCONDUCT OR NEGLIGENCE OF THE TRUSTEE OR FROM THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF THE ISSUER) SHALL BE BORNE BY MORTGAGOR OR REIMBURSED BY MORTGAGOR TO BENEFICIARY ON DEMAND THEREFOR BY BENEFICIARY. IF MORTGAGOR IS A PARTNERSHIP OR JOINT VENTURE, EACH PARTNER OR VENTURER OF MORTGAGOR JOINTLY AND SEVERALLY AGREES THAT IN THE EVENT ANY DISPUTE WHATSOEVER ARISES AMONG ANY OR ALL OF THE PARTNERS OR VENTURERS, EACH PARTNER OR VENTURER WILL INDEMNIFY BENEFICIARY AND ANY CORPORATION CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH BENEFICIARY, AND ANY OFFICER, DIRECTOR OR EMPLOYEE OF BENEFICIARY OR ANY SUCH CORPORATION,

AND WILL HOLD BENEFICIARY AND ANY SUCH CORPORATION AND ANY SUCH OFFICER, DIRECTOR OR EMPLOYEE OF SUCH CORPORATION OR BENEFICIARY, HARMLESS FROM AND AGAINST ALL EXPENSES, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL LEGAL FEES, DAMAGES AND OTHER LIABILITIES OF ANY TYPE WHATSOEVER (INCLUDING, BUT NOT LIMITED TO, ANY LIABILITIES ARISING OUT OF DEMANDS BY ANY OF THE PARTNERS FOR UNDISBURSED LOAN FUNDS) SUFFERED OR INCURRED AS A RESULT OF OR IN CONNECTION WITH ANY SUCH DISPUTE (EXCLUDING ANY COSTS AND EXPENSES RESULTING FROM THE WILLFUL MISCONDUCT OR NEGLIGENCE OF THE TRUSTEE OR FROM THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF THE ISSUER). THESE INDEMNITY PROVISIONS SHALL SURVIVE REPAYMENT OF THE INDEBTEDNESS, SHALL BE BINDING UPON THE RESPECTIVE HEIRS, DEVISEES, ADMINISTRATORS, EXECUTORS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS OF MORTGAGOR, AND IF MORTGAGOR IS A PARTNERSHIP OR JOINT VENTURE, EACH PARTNER OR VENTURER OF MORTGAGOR, AND SHALL INURE TO THE BENEFIT OF BENEFICIARY AND ITS HEIRS, DEVISEES, ADMINISTRATORS, EXECUTORS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, ANY CORPORATION CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH BENEFICIARY AND THE OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND EMPLOYEES OF ANY SUCH CORPORATION OR BENEFICIARY.

5.20. Address for Notice: Except as otherwise provided herein, any notice to be delivered to any party mentioned herein shall be deemed to have been given when delivered in the manner provided in the Loan Agreement.

5.21. Reimbursement of Expenditure: If Beneficiary shall expend any money chargeable to Mortgagor or subject to reimbursement by Mortgagor under the terms of the Loan Instruments, Mortgagor will repay the same to Beneficiary immediately at the place where the Mortgage Note is payable, together with interest thereon at the highest rate permitted by applicable law from and after the date of each such expenditure by Beneficiary.

5.22. Assignment of Beneficiary's Interest: It is expressly agreed that any and all terms of this Mortgage, the other Loan Instruments, and all other agreements made or executed by Mortgagor or others in favor of Beneficiary, and all rights, powers, privileges, options and remedies conferred upon Beneficiary herein and therein, shall inure to and be for the benefit of Beneficiary and may be exercised by Beneficiary, its successors and assigns, including, but not limited to, the Trustee, and the word "Beneficiary" shall also mean and include the successors and assigns of Beneficiary, including, but not limited, to the Trustee and its successors and assigns. Mortgagor hereby specifically grants unto Beneficiary the right and privilege, at Beneficiary's option, to transfer and assign to any third person all or any part of Beneficiary's rights to receive funds or payments hereunder.

5.23. Delivery of Consent and Notice: To the extent any notice, consent or other direction is required to be delivered under this Mortgage to (or from, as applicable) Beneficiary, unless

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otherwise specified such notice, consent or other directions shall be deemed delivered if delivery is made to the Trustee on behalf of Beneficiary or from the Trustee on behalf of Beneficiary, as applicable.

[END OF ARTICLE V]

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ARTICLE VI.

EVENTS OF DEFAULT

6.1. Events of Default: The occurrence of any one of the following shall be a default hereunder ("Event of Default"):

(a) If the Mortgagor fails to pay or cause to be paid when due any amounts required to be paid under the Loan Agreement or the Regulatory Agreement (including any applicable grace period expressly provided herein);

(b) If the Mortgagor fails to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Loan Agreement (other than the payment of Indebtedness) or the Regulatory Agreement after the Mortgagor shall have been given thirty (30) days' notice in writing specifying such default and requesting it be remedied, unless the Issuer and the Trustee shall have consented to the extension of such thirty (30) day period;

(c) If any representation by or on behalf of the Mortgagor contained in the Loan Agreement or in any instrument furnished in compliance with or in reference to the Loan Agreement or the Indenture proves false or misleading in any material respect as of the date of the making or furnishing thereof;

(d) If an "Event of Default" occurs under the Indenture, the Loan Agreement, or the Regulatory Agreement;

(e) If the Mortgagor fails to meet the rate covenant in Section 2.02(dd) of the Loan Agreement if (i) the Mortgagor fails to engage a consultant or to implement its recommendations as required in the Loan Agreement, or (ii) the Debt Service Coverage Ratio is less than 1.05 to 1 for any fiscal year (commencing with the applicable portion of the fiscal year ending June 30, 2000);

(f) If the Mortgagor fails to provide the unaudited quarterly financial statements and audited financial statements required to be furnished to the Issuer and the Trustee to Section 4.12(b) of the Loan Agreement after the Mortgagor shall have been given thirty (30) days' notice in writing specifying such default and requesting it be remedied, unless the Issuer and the Trustee shall have consented to the extension of such thirty (30) day period;

(g) If the Mortgagor shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Mortgagor or of all or a substantial part of its property, (ii) admit its inability, or be generally unable, to pay its

debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the Mortgagor in an involuntary case under said Federal Bankruptcy Code, or (vii) take any corporate action for the purpose of effecting any of the foregoing;

(h) If a proceeding or case shall be commenced, without the application or consent of the Mortgagor, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts, of the Mortgagor, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Mortgagor or of all or any substantial part of its assets, or (iii) similar relief in respect of the Mortgagor under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days from commencement of such proceeding or case or the date of such order, judgment or decree, or an order for relief against the Mortgagor shall be entered in an involuntary case under said Federal Bankruptcy Code;

(i) If Mortgagor abandons any material part of the Mortgaged Property;

(j) If the holder of any lien or security interest on the Mortgaged Property institutes foreclosure (judicial or nonjudicial) or other proceedings for the enforcement of its remedies thereunder and any such judicial proceedings shall not be insured over, stayed or discharged within thirty (30) days thereafter;

(k) If any default should occur under any Loan Instrument and the applicable grace or cure period relating to such default, if any, as provided in the Loan Instrument under which the default is described shall have expired without such default being completely cured;

(l) If Mortgagor or, if Mortgagor is a partnership, joint venture, trust or other type of unincorporated business association, if any of the parties comprising Mortgagor shall dissolve, terminate or liquidate, or, without the prior written consent of the Beneficiary, merge with or be consolidated into any other entity;

(m) If Mortgagor, without the prior written consent of Beneficiary, sells, exchanges, assigns, conveys, transfers or otherwise disposes of all or any portion of, or interest in, the Mortgaged Property (except dispositions of equipment or fixtures in the ordinary course of business) or, if Mortgagor is a corporation, partnership, joint venture, trust or other type of business association or legal entity, all or any portion of, or interest in, the beneficial ownership interest in Mortgagor in contravention of the Loan Agreement. Beneficiary hereby consents

to Mortgagor's execution of Leases of the Mortgaged Property for residential purposes in accordance with the restrictions imposed upon the Mortgaged Property by any Loan Instrument or by any Permitted Encumbrance;

(n) If Mortgagor, without the prior written consent of Beneficiary, (i) grants any easement or right-of-way dedication, applies for or amends the zoning classification or use, files any preliminary plan, subdivision plat, condominium declaration, or restriction or obligation, or otherwise encumbers any of the Mortgaged Property, or (ii) creates places or permits to be created or placed, or through any act or failure to act, acquiesces in the placing of, or allows to remain, any mortgage, pledge, lien (statutory, constitutional or contractual), security interest, encumbrance or charge, or conditional sale or title retention agreement, regardless of whether same is expressly subordinate to the liens of this Mortgage, with respect to the Mortgaged Property (or any portion thereof or interest therein); provided, however, that the Permitted Encumbrances shall be allowed to remain as they currently exist without any further amendment or modification and Beneficiary's prior written consent to any of the foregoing is not required to the extent that this Mortgage otherwise expressly allows such action without the prior written consent of Beneficiary. Beneficiary hereby consents to Mortgagor's execution and granting of any utility easement over, across or under the Mortgaged Property upon terms customarily required by the local utility company requesting the easement, provided that (x) the easement is granted only for the purpose of serving the Mortgaged Property and no other property and (y) none of the area covered by such easement lies over or under any apartment building that is part of the Improvements; or

(o) If the ownership of Mortgaged Property is forfeited or otherwise transferred to any governmental agency under a federal or state law for which forfeiture of property is a potential penalty or remedy.

[END OF ARTICLE VI]

ARTICLE VII.

REMEDIES

If an Event of Default shall occur, Beneficiary may exercise any one or more of the following remedies, without notice, subject to and in accordance with Article VIII of the Trust Indenture:

7.1. Acceleration: Beneficiary may declare the Indebtedness immediately due and payable, without notice or any of the following rights waived by Mortgagor, whereupon the same shall become immediately due and payable. Except for any notice required as a condition of such Event of Default, Mortgagor waives presentment and demand for payment, notice of nonpayment, protest and notice of protest, notice of intent to accelerate maturity, notice of acceleration of maturity and notice and demand of any other kind.

7.2. Enforcement of Assignment of Rents and Leases: Beneficiary may do any or all of the following:

(a) terminate the license granted to Mortgagor to collect the Rents, collect and sue for the Rents in Beneficiary's own name, give receipts and releases therefor, and after deducting all expenses of collection, including reasonable attorneys' fees, apply the net proceeds thereof to any Indebtedness as Beneficiary may elect;

(b) make, modify, enforce, cancel or accept surrender of any Leases, evict Lessees, adjust the Rents, maintain, decorate, refurbish, repair, clean, and make space ready for renting, and otherwise do anything Beneficiary deems advisable in connection with the Mortgaged Property;

(c) apply the Rents so collected to the operation and management of the Mortgaged Property, including the payment of reasonable management, brokerage and attorneys' fees, or to the Indebtedness; and

(d) require Mortgagor to transfer all security deposits and records thereof to Beneficiary; and

(e) enter upon the Mortgaged Property and exclude Mortgagor or any agent thereof from the premises.

7.3. Foreclosure:

(a) Commence an action to foreclose this Mortgage, appoint a receiver, or specifically enforce any of the covenants of this Mortgage, the Mortgage Note, and any or all of the Loan Instruments.

(b) In any suit to foreclose the lien hereof or enforce any other remedy of Beneficiary under this Mortgage or the Mortgage Note, there shall be allowed and included as additional indebtedness in the decree for sale or other judgment or decree all expenditures and expenses which may be paid or incurred by or on behalf of Beneficiary for reasonable attorneys' and paralegals' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, environmental assessments and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, survey, and similar data and assurances with respect to title as Beneficiary may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Mortgaged Property. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of the Mortgaged Property and the maintenance of the lien of this Mortgage, including the fees of any attorneys and paralegals employed by Beneficiary in any litigation or proceeding affecting this Mortgage, the Mortgage Note or the Mortgaged Property, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the default rate.

(c) Exercise any or all of the remedies available to a secured party under the Illinois Uniform Commercial Code including, but not limited to:

- (i) Either personally or by means of a court appointed receiver, take possession of all or any of the personal property and exclude therefrom Mortgagor and all others claiming under Mortgagor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Mortgagor in respect to the personal property or any part thereof. In the event Beneficiary demands or attempts to take possession of the personal property in the exercise of any rights under any of the Loan Instruments, Mortgagor promises and agrees to promptly turn over and deliver complete possession thereof to Beneficiary;
- (ii) Without notice to or demand upon Mortgagor, make such payments and do such acts as Beneficiary may deem necessary to protect its security interest in the personal property, including without limitation, paying, purchasing, contesting, or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith;

- (iii) Require Mortgagor to assemble the personal property or any portion thereof, at a place designated by Beneficiary and reasonably convenient to both parties, and promptly to deliver such personal property to Beneficiary, or an agent or representative designated by it. Beneficiary, and its agents and representatives shall have the right to enter upon any or all of the Premises and/or Mortgagor's other premises and property to exercise Beneficiary's rights hereunder;
- (iv) Sell, lease or otherwise dispose of the personal property at public sale, with or without having the personal property at the place of sale, and upon such terms and in such manner as Beneficiary may determine. Beneficiary may be a purchaser at any such sale; and/or
- (v) Unless the personal property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary shall give Mortgagor at least ten (10) business days prior written notice of the time and place of any public sale of the personal property or other intended disposition thereof. Such notice may be mailed to Mortgagor at the address set forth at the beginning of this Mortgage.

7.4. Waivers: Mortgagor expressly waives and renounces the benefit of all present and future laws providing for any appraisal before sale of any of the property covered by this Mortgage, commonly known as "appraisal laws," and all present and future laws extending in any manner the time for enforcement of collection of the Indebtedness secured hereby, commonly known as "stay laws" and "redemption laws." Likewise, on foreclosure of this Mortgage, whether by power of sale herein contained or otherwise, Mortgagor or any person claiming any part of the Mortgaged Property by, through or under Mortgagor shall not be entitled to a marshalling of assets or a sale in inverse order of alienation.

7.5. Application of Proceeds: The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, operation or other use of, the Mortgaged Property shall be applied by Beneficiary or the Issuer (or the receiver, if one is appointed) to the extent that funds are so available therefrom in accordance with Article IV of the Trust Indenture which Article is hereby incorporated by reference and made a part hereof.

7.6. Unilateral Subordination: At any time prior to a foreclosure under this Mortgage, Beneficiary may unilaterally subordinate the liens created by this Mortgage to any existing easement, restriction, site plan or subdivision plat granted or filed against, or with respect to, the Mortgaged Property, or any rental, lease, license or other contract that is then in effect and which affects the Mortgaged Property. Such unilateral subordination will be effective only if and when filed in the real property records of the county where the Mortgaged Property is located. In the event of a foreclosure under the powers granted by this Mortgage, the purchaser at such foreclosure sale shall become the

legal owner of the Mortgaged Property sold, and Mortgagor, and all other persons in possession of any part of such Mortgaged Property by a conveyance or right from Mortgagor or otherwise that was cut off by the foreclosure under this Mortgage, shall be deemed tenants at will of the purchaser at such foreclosure sale and shall be liable for a reasonable rental for the use of said Mortgaged Property; and if any such tenants refuse to surrender possession of said Mortgaged Property upon demand, the purchaser shall be entitled to institute and maintain the statutory action of forcible entry and detainer and procure a writ of possession thereunder, and Mortgagor expressly waives all damages sustained by reason thereof.

7.7. Tenancy at Will: In the event of a sale hereunder, if at the time of such sale Mortgagor occupies the portion of the Mortgaged Property so sold or any part thereof, Mortgagor shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the portion of the Mortgaged Property so occupied, such rental to be due and payable daily to the purchaser. An action of forcible detainer shall lie if the tenant holds over after a demand in writing for possession of such Mortgaged Property.

7.8. Illinois Mortgage Foreclosure Law: Without limiting the other provisions hereof:

(a) Benefits to Act. Mortgagor, Issuer and Beneficiary shall have the benefit of all of the provisions of the Illinois Mortgage Foreclosure Law (735 ILCS 5/15-1101) (the "Act"), including all amendments thereto which may become effective from time to time after the date hereof. If any provision of the Act which is specifically referred to herein may be repealed, Issuer and Beneficiary shall have the benefit of such provision as most recently existing prior to such repeal, as though the same were incorporated herein by express reference.

(b) Insurance. Wherever provision is made in this Mortgage or any of the Loan Instruments for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of Issuer or Beneficiary, or to confer authority upon Issuer or Beneficiary to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and powers of the Issuer or Beneficiary shall continue in the Issuer or Beneficiary as judgment creditor or Mortgagee until confirmation of sale.

(c) Protective Advances. All advances, disbursements and expenditures made by Issuer or Beneficiary before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage, by any of the Loan Instruments or by the Act (collectively "Protective Advances"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Act hereinbelow referred to:

- (i) all advances by Beneficiary in accordance with the terms of this Mortgage to: (1) preserve or maintain, repair, restore or rebuild the improvements upon the mortgaged real estate; (2) preserve the lien of this Mortgage or the priority thereof; or (3) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 5/15-1302 of the Act;
- (ii) payments by Beneficiary of: (1) when due installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (2) when due installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Mortgaged Property or any part thereof; (3) other obligations authorized by this Mortgage; or (4) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Act;
- (iii) advances by Beneficiary in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;
- (iv) attorneys' fees and other costs incurred: (1) in connection with the foreclosure of this Mortgage as referred to in Sections 5/15-1504 (d)(2) and 5/15-1510 of the Act; (2) in connection with any action, suit or proceeding brought by or against Issuer or Beneficiary for the enforcement of this Mortgage or arising from the interest of the Issuer or Beneficiary hereunder; or (3) in the preparation for the commencement or defence of any such foreclosure or other action related to this Mortgage or the mortgaged real estate;
- (v) Issuer's or Beneficiary's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1508 of the Act;
- (vi) expenses deductible from proceeds of sale as referred to in subsections (a) and (b) of Section 5/15-1512 of the Act;
- (vii) expenses incurred and expenditures made by Issuer or Beneficiary for any one or more of the following: (1) if the Mortgaged Property or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof which are required to be paid; (2) if Mortgagor's interest in the Mortgaged

Property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (3) premiums for casualty and liability insurance paid by Issuer or Beneficiary whether or not Issuer or Beneficiary or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or Issuer or Beneficiary takes possession of the Mortgaged Property imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (4) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (5) payments required or deemed by Issuer or Beneficiary to be for the benefit of the Mortgaged Property or required to be made by the owner of the mortgaged real estate under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (6) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Property is a member in any way affecting the Mortgaged Property; (7) if the loan secured hereby is a construction loan, costs incurred by Issuer or Beneficiary for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment, loan agreement or other agreement; (8) pursuant to any lease or other agreement for occupancy of the Mortgaged Property for amounts required to be paid by mortgagor; and (9) if this Mortgage is insured, payments of FHA or private mortgage insurance required to keep insurance in force.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid as provided in Section 3.07(c) of the Loan Agreement.

The Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(1) of Section 5/15-1302 of the Act.

All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, apply to and be included in:

- (i) determination of the amount of indebtedness secured by this Mortgage at any time;

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

(iii) if right of redemption has not been waived by the Mortgagor in this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 5/15-1603 of the Act;

(iv) determination of amount deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;

(v) application of income in the hands of any receiver or Issuer or Beneficiary in possession; and

(vi) computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Sections 5/15-1508 and Section 5/15-1511 of the Act.

(d) Mortgagee in Possession. In addition to any provision of this Mortgage or any other Loan Instrument authorizing the Issuer or Beneficiary to take or be placed in possession of the Mortgaged Property, or for the appointment of a receiver, Issuer or Beneficiary shall have the right, in accordance with Sections 5/15-1701 and 5/15-1702 of the Act, to be placed in possession of the Mortgaged Property or at its request to have a receiver appointed, and such receiver, or Issuer or Beneficiary, if and when placed in possession, shall have, in addition to any other powers provided in this Mortgage and the other Loan Instruments, all powers, immunities, and duties as provided for in Sections 5/15-1701 and 5/15-1703 of the Act.

(e) Waiver of Redemption. Mortgagor acknowledges that the Mortgaged Property does not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Act or residential real estate as defined in Section 5/15-1219 of the Act. Pursuant to Section 5/15-1601 (b) of the Act, Mortgagor hereby waives any and all right of redemption regarding the Mortgaged Property.

7.9. Indemnification of Beneficiary: Except for gross negligence or willful misconduct, Beneficiary shall not be liable for any act or omission or error of judgment. Beneficiary may rely on any document believed by him in good faith to be genuine. All money received by Beneficiary shall, until used or applied as herein provided, be held in trust, but need not be segregated (except to the extent required by law), and Issuer shall not be liable for interest thereon. Mortgagor shall indemnify Beneficiary against all liability and expenses which they may incur in the performance of their duties hereunder, other than those incurred as a result of the negligence or willful

misconduct of the Beneficiary. Beneficiary shall not be required to take any action toward the execution and performance of the trust hereby created or to institute, appear in or defend any action, suit or other proceeding in connection therewith where in Beneficiary's opinion such action will be likely to involve Beneficiary in expense or liability, unless requested to do so by written instrument signed by Beneficiary and, if Issuer so requests, unless Issuer is tendered security and indemnity satisfactory to Beneficiary against any and all costs, expense and liability arising therefrom.

7.10. Lawsuits: Beneficiary may proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction.

7.11. Entry on Mortgaged Property: Beneficiary may, but only with judicial process, enter into and upon and take possession of all or any part of the Mortgaged Property, and may exclude Mortgagor, and all persons claiming under Mortgagor, and its or their agents or servants, wholly or partly therefrom; and, holding the same, Beneficiary may use, administer, manage, operate, and control the Mortgaged Property and may exercise all rights and powers of Mortgagor in the name, place and stead of Mortgagor, or otherwise as the Beneficiary shall deem best; and in the exercise of any of the foregoing rights and powers Beneficiary shall not be liable to Mortgagor for any loss or damage thereby sustained unless due solely to the willful misconduct or gross negligence of Beneficiary.

7.12. Trustee or Receiver: Beneficiary may make application to a court of competent jurisdiction as a matter of strict right and without notice to Mortgagor or regard to the adequacy of the Mortgaged Property for the repayment of the Indebtedness, for appointment of a receiver of the Mortgaged Property and Mortgagor does hereby irrevocably consent to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply the Rents in accordance with the provisions of Section 7.5 hereof.

7.13. Beneficiary's Right to Perform: Beneficiary may (but shall not be obligated to) make any payment or perform any act required by the Loan Instruments, for the account of and at the expense of Mortgagor, and shall have the right to enter the Mortgaged Property for such purpose and to take all such action thereon as it reasonably may deem necessary or appropriate.

7.14. Other: Beneficiary may exercise any and all other rights, remedies and recourses granted under the Loan Instruments now or hereafter existing in equity or at law for the protection and preservation of the Mortgaged Property.

7.15. Remedies Cumulative, Concurrent and Nonexclusive: Beneficiary shall have all rights, remedies and recourses granted in the Loan Instruments and available at law or equity (including, without limitation, those granted by Illinois law and applicable to the Mortgaged Property, or any portion thereof) and same (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Mortgagor or others obligated for the Indebtedness, or any part thereof or against any one or more of them, or against the Mortgaged Property, at the sole discretion of Beneficiary, (c) may be exercised as often as occasion therefor shall arise, it being agreed by

Mortgagor that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive.

7.16. Rights and Remedies of Sureties: Mortgagor and any endorsers or guarantors of, or other parties liable for, the Indebtedness waive any right or remedy which Mortgagor or any such person may have or be able to assert against Beneficiary to bring of suit against another or to diligence in taking any action to collect any of the Indebtedness or to proceed against any of the rights and properties securing payment of the Indebtedness, including, without limitation and to the fullest extent allowed by law, any and all rights available to any of them under Illinois law. The execution of this Mortgage shall not impair or affect any other security which may be given to secure the payment of the Indebtedness secured hereby, and all such additional security shall be considered as cumulative. The taking of additional security, execution of partial releases of the security or any extension of time of payment of the Indebtedness secured hereby shall not diminish the force, effect or lien of this Mortgage and shall not affect or impair the liability of any maker, surety or endorser or other party liable for the payment of said Indebtedness. Neither Mortgagor nor any other person hereafter obligated for payment of all or any part of the Indebtedness shall be relieved of such obligation by reason of (a) the failure of Beneficiary or the Issuer to comply with any request of Mortgagor or of any other person so obligated to foreclose the lien of this Mortgage or to enforce any provisions of this Mortgage, (b) the release, regardless of consideration, of the Mortgaged Property or the addition of any other property to the Mortgaged Property, (c) any agreement or stipulation between any subsequent owner of the Mortgaged Property and Beneficiary extending, renewing, rearranging or in any other way modifying the terms of this Mortgage without first having obtained the consent of, given notice to or paid any consideration to Mortgagor or such other person, and in such event Mortgagor and all such other persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement unless expressly released and discharged in writing by Beneficiary or (d) by any other act or occurrence save and except the complete payment of the Indebtedness and the complete fulfillment of all of the obligations of Mortgagor under this Mortgage. Mortgagor and any endorsers or guarantors of, and other parties liable for, the Indebtedness agree that the time for any payments of the Indebtedness may be extended from time to time without notice, and consent to the acceptance of further security or the release of any existing security for the Indebtedness, all without in any manner affecting their liability under or with respect to the Indebtedness. No extension of time for the payment of the Indebtedness or any installment thereof shall affect the liability of Mortgagor under this Mortgage, even if Mortgagor is not a party to such agreement.

7.17. Nonrecourse Liability of the Mortgagor: Notwithstanding any provision or obligation to the contrary set forth in any other Section of this Mortgage, (i) the liability of the Mortgagor, and any trustee, director, officer, employee, agent or shareholder thereof (collectively, "Mortgagor Parties") under this Mortgage, the Mortgage Note or the Loan Agreement shall be limited to the property subject to this Mortgage or to such other security as may from time to time be given or have been given for payment of the obligations hereunder, and any judgment rendered against the Mortgagor Parties under this Mortgage, the Mortgage Note or the Loan Agreement shall be limited to the property subject to this Mortgage and any other security so given for satisfaction thereof; and (ii) no deficiency or other personal judgment nor any order or decree of specific performance shall be sought or rendered against the Mortgagor Parties, their successors, transferees or assigns, in any action or proceeding arising out of this Mortgage, the Mortgage Note, the Loan Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that nothing in this Mortgage, the Loan Agreement or the Mortgage Note shall limit the Issuer's ability to exercise any right or remedy that it may have with respect to any property pledged or granted to the Issuer or the Trustee, or both of them, or to enforce the Regulatory Agreement, or to exercise any right against the Mortgagor Parties or any other person or entity on account of any damage caused by fraud or misrepresentation by the Mortgagor or any intentional damage of the property subject to this Mortgage. Furthermore, the Mortgagor shall be fully liable for the misapplication of (i) proceeds paid prior to any foreclosure under any and all insurance policies, under which the Issuer is named as insured, by reason of damage, loss or destruction to any portion of the property subject to this Mortgage, to the full extent of such misapplied proceeds and awards, (ii) proceeds or awards resulting from the condemnation, or other taking in lieu of condemnation, prior to any foreclosure of the property subject to this Mortgage, to the full extent of such misapplied proceeds and awards, (iii) rents, issues, profits and revenues received or applicable to a period subsequent to the occurrence of an Event of Default under this Mortgage, the Loan Agreement and the Mortgage Note but prior to foreclosure, and (iv) proceeds from the sale of all or any part of the property subject to this Mortgage and any other proceeds that, under the terms hereof, should have been paid to the Issuer. Furthermore, the Mortgagor shall be fully liable for the breach of the Mortgagor's covenants contained in Sections 3.02(b)(ii) (1), (2) and (3), 4.14, 5.04 and 8.01 through 8.05 and 8.07 of the Loan Agreement and Sections 2.8, 5.1, 5.19, 7.9 and 8.4 hereof; provided, however, in no event shall the Mortgagor or any Mortgagor Party be personally liable for payment of the principal of, premium, if any or interest on the Bonds. The limit on the Mortgagor's liability set forth in this Section shall not, however, be construed, and is not intended in any way, to constitute a release, in whole or in part, of the Mortgagor's obligations hereunder or a release, in whole or in part, or an impairment of the lien and security interest of this Mortgage, the Loan Agreement and the Mortgage Note upon the properties described therein, or to preclude the Issuer from foreclosing in case of any default or enforcing any other right of the Issuer or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Mortgagor under this Mortgage, the Loan Agreement and the Mortgage Note.

7.18. Notice to Beneficiary: Upon the occurrence of any Event of Default or any breach, violation or default in the payment or performance of any Indebtedness of Mortgagor to the Issuer, the Issuer shall give the Trustee written notice thereof prior to exercising any right to accelerate all or any of the Indebtedness, and will accept performance by the Trustee in lieu of performance by any other party either prior to or following any Event of Default or any breach, violation or default in the payment or performance of the Indebtedness of Mortgagor to the Issuer.

7.19. Certain Rights of the Beneficiary: The Beneficiary shall be under no obligation to exercise any option, make any request, or give any consent allowed or required to be so exercised made or given pursuant to this Mortgage or to take any action in respect of any Event of Default or otherwise, or toward the execution or enforcement of any of the trusts created hereby, or to institute, appear in or defend any suit or other proceedings in connection therewith, unless requested to do in writing by the owners of at least twenty-five (25%) in aggregate amount of Bonds then outstanding, and if in its opinion such action may tend to involve the Beneficiary in expense or liability (except liability which may result from its own negligence or willful misconduct, by reason of such action), unless furnished from time to time as often as it may require, with security and indemnity satisfactory to it with respect to any expense or liability which could reasonably accrue from exercising such option, giving such consent, making such request, or taking such action.

[END OF ARTICLE VII]

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ARTICLE VIII.

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ENVIRONMENTAL PROVISIONS

8.1. Representations and Warranties: Mortgagor warrants and represents to Beneficiary that as of the date of Mortgagor's acquisition of the Property, to Mortgagor's knowledge, and except as disclosed in reports delivered to Beneficiary (a) the location, construction, occupancy, operation, and use of the Mortgaged Property do not violate any material requirement of any applicable law, statute, ordinance, rule, regulation, order, or determination of any governmental authority or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenant or deed restriction (of record or otherwise) affecting the Mortgaged Property, including, without limitation, all applicable zoning ordinances and building codes, flood disaster laws and health and environmental laws and regulations (hereinafter sometimes collectively called the "Applicable Regulations"); (b) without limitation of (a) above, the Mortgaged Property and the Mortgagor are not in material violation of or subject to any existing, pending, or, threatened investigation or inquiry by any governmental authority and, to Mortgagor's knowledge, are not subject to any remedial obligations under any Applicable Regulations pertaining to health or the environment (hereinafter sometimes collectively called "Applicable Environmental Laws"), including, without limitations, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), and the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), and this representation and warranty would continue to be true and correct following disclosure to the applicable governmental authorities of all relevant facts, conditions, and circumstances, within Mortgagor's knowledge, pertaining to the Mortgaged Property; (c) Mortgagor has obtained all required permits, licenses, or similar authorizations to construct, occupy, operate, or use any buildings, improvements, fixtures, and equipment forming a part of the Mortgaged Property as presently used and operated by reason of any Applicable Environmental Laws; (d) no hazardous substances or solid wastes have been disposed of or otherwise released on or to the Mortgaged Property within Mortgagor's knowledge in violation of Applicable Environmental Laws; (e) the use which Mortgagor makes, intends to make, or intends to allow, of the Mortgaged Property will not result in the disposal of or release of any hazardous substance or solid waste onto the Mortgaged Property in an amount or concentration that would violate an Applicable Environmental Law or give rise to any remedial obligations under Applicable Environmental Law; (f) no underground storage tanks, whether or not containing any substance, are located on or under the Land; and (g) the Mortgaged Property does not constitute "real property" as that term is defined in 765 ILCS 90/3. The terms (as used in this Article VIII) "hazardous substance" and "release" shall have the meanings specified in CERCLA, and the terms "solid waste" and "disposal" (or "disposed") shall have the meanings specified in RCRA.

8.2. Covenants and Agreements: Mortgagor covenants and agrees that (a) Mortgagor shall not construct or install, or permit to be constructed or installed, on or under the Land, any underground storage tank, without the prior written consent of Beneficiary, (b) Mortgagor shall give notice to Beneficiary immediately upon Mortgagor's acquiring knowledge of the presence or release of any hazardous substance on, to or from the Mortgaged Property in an amount or concentration that

would violate an Applicable Environmental Law or give rise to any remedial obligations under Applicable Environmental Law, with a full description thereof; (c) Mortgagor shall promptly comply with any requirement or order of any governmental authority requiring the removal, treatment, or disposal of any hazardous substance from the Mortgaged Property and provide Beneficiary with satisfactory evidence of such compliance, and (d) Mortgagor shall provide Beneficiary, within thirty (30) days after demand by Beneficiary, with a bond, letter of credit, or similar financial assurance evidencing to Beneficiary's satisfaction that the necessary funds are available to pay the costs and expenses of promptly complying with any requirement or order of any governmental authority requiring the removal, treatment or disposal of any hazardous substance from the Mortgaged Property and of discharging any assessments or liens which may be established against the Mortgaged Property as a result thereof.

8.3. Environmental Audit: At any time and from time to time that Beneficiary shall reasonably believe that any hazardous substance shall have been disposed of on or released onto the Mortgaged Property, Mortgagor agrees to deliver to Beneficiary, within thirty (30) days of a written request by Beneficiary, an environmental audit prepared by an environmental consulting firm acceptable to Beneficiary in Beneficiary's reasonable judgment, at Mortgagor's cost and expense, detailing the results of an environmental investigation of the suspected release or disposal at the Mortgaged Property prepared in accordance with prudent engineering standards, including, without limitation, where appropriate, the interpretation of and results of a chemical analysis of soil and ground water samples. Mortgagor covenants and agrees to take such action as required by any Applicable Environmental Law in connection with any hazardous substances investigated by the environmental audit which may be located on the Mortgaged Property as a result of such release or disposal, including, without limitation, asbestos.

8.4. INDEMNIFICATION: EXCEPT TO THE EXTENT THAT MATTERS RESULT FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE ISSUER OR THE WILLFUL MISCONDUCT OR NEGLIGENCE OF TRUSTEE, (A) MORTGAGOR AGREES TO INDEMNIFY AND TO HOLD EACH OF THE ISSUER AND THE TRUSTEE AND ITS SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONTRACTORS AND REPRESENTATIVES HARMLESS FROM AND AGAINST, AND TO REIMBURSE EACH OF THEM WITH RESPECT TO, ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSS, DAMAGE, LIABILITIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES AND COURT COSTS) OF ANY AND EVERY KIND OF CHARACTER, KNOWN OR UNKNOWN, FIXED OR CONTINGENT, ASSERTED AGAINST OR INCURRED BY BENEFICIARY AT ANY TIME AND FROM TIME TO TIME BY REASON OF OR ARISING OUT OF ANY ACTION, PROCEEDING OR CLAIM AFFECTING ALL OR ANY PART OF THE MORTGAGED PROPERTY OR THIS MORTGAGE, AND ANY VIOLATION OF ANY APPLICABLE ENVIRONMENTAL LAW BY MORTGAGOR IN CONNECTION WITH MORTGAGOR'S USE OF THE MORTGAGED PROPERTY AND ANY AND ALL MATTERS ARISING OUT OF THE PRESENCE ON THE MORTGAGED PROPERTY OR RELEASE FROM OR TO THE MORTGAGED PROPERTY OF HAZARDOUS SUBSTANCES OR SOLID WASTE DISPOSED OF OR OTHERWISE RELEASED, REGARDLESS OF WHETHER THE ACT,

OMISSION, EVENT OR CIRCUMSTANCE THAT GAVE RISE TO SUCH PRESENCE, DISPOSAL OR RELEASE CONSTITUTED A VIOLATION OF ANY APPLICABLE ENVIRONMENTAL LAW AT THE TIME OF THE EXISTENCE OR OCCURRENCE, AND (B) MORTGAGOR SHALL DEFEND THE ISSUER AND THE TRUSTEE AND SHALL PAY ALL COSTS AND EXPENSES INCURRED IN PROTECTING THEIR INTERESTS HEREUNDER IN ANY SUCH EVENT (INCLUDING ALL COURT COSTS AND ATTORNEY'S FEES). THIS INDEMNIFICATION INCLUDES INDEMNIFICATION AGAINST ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSS, DAMAGE, LIABILITIES, COSTS AND EXPENSES CAUSED, IN WHOLE OR IN PART, BY THE ISSUER'S OWN NEGLIGENCE, BUT NOT THE ISSUER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

[EXECUTION PAGES FOLLOW]

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99469589

EXECUTED as of the date first set forth above.

AOF/SOUTH SHORE AFFORDABLE HOUSING
CORP.

By:


Philip J. Kennedy, President

Property of Cook County Clerk's Office


UNOFFICIAL COPY

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

99469589

Before me, a Notary in and for said County and State, personally appeared Philip J. Kennedy, the President of AOF/South Shore Affordable Housing Corp., an Illinois not-for-profit corporation, who acknowledged the execution of the foregoing Mortgage for and on behalf of such corporation.

Witness my hand and Notarial Seal this 12th day of May, 1999.



(signature)

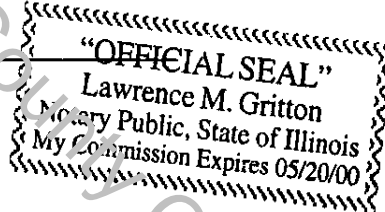
LAWRENCE M. GRITTON

(printed name)

Notary Public

My Commission Expires:

County of Residence:



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EXHIBIT A

LEGAL DESCRIPTION OF LAND

99469589

LOTS 1, 2, 3, 4 AND 5 IN THE RESUBDIVISION OF LOTS 114 AND 115 IN THE THIRD DIVISION OF SOUTH SHORE SUBDIVISION IN FRACTIONAL SECTION 30, TOWNSHIP 38 NORTH, RANGE 15, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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EXHIBIT B

PERMITTED ENCUMBRANCES

99469589

- (1) Real Estate Taxes for the second installment of 1998 and subsequent years, not yet due and payable.
- (2) Existing unrecorded short term residential Leases and all rights thereunder of the lessees and of any person or party claiming by, through, or under the lessees, with no rights or options to purchase.

Property of Cook County Clerk's Office