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MORTGAGE AND SECURITY AGREEMENT

BETWEEN

**RUSSELL H. MCNALLY AND KATHY M. MCNALLY,
TRUSTEES OF RUSSELL HUGH MCNALLY AND
KATHY MARIE MCNALLY REVOCABLE TRUST,
AS MORTGAGOR**

AND

**DIVERSIFIED BUSINESS CREDIT, INC.,
AS MORTGAGEE**

DATED: May 31, 1999

THIS DOCUMENT WAS DRAFTED BY
AND WHEN RECORDED SHOULD BE
RETURNED TO:

FAEGRE & BENSON LLP (LGW)
2200 Norwest Center
90 South Seventh Street
Minneapolis, Minnesota 55402-3901

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Property of Cook County Clerk's Office

MORTGAGE AND SECURITY AGREEMENT

This Mortgage (hereinafter referred to as "Mortgage"), made and given this 31st day of May, 1999, by RUSSELL H. MCNALLY AND KATHY M. MCNALLY, AS TRUSTEES FOR RUSSELL HUGH MCNALLY AND KATHY MARIE MCNALLY REVOCABLE TRUST, with an address of 1310 Oleander Blvd., La Habra, California 90635 ("Mortgagor"), to DIVERSIFIED BUSINESS CREDIT, INC., a Minnesota corporation ("Mortgagee"), whose address is 3630 Dain Rauscher Plaza, 60 South Sixth Street, Minneapolis, Minnesota 55402.

PRELIMINARY STATEMENT OF FACTS:

A. CDS/NEDCO, Inc., a Minnesota corporation ("Borrower") and the Mortgagee have entered into a Credit and Security Agreement of even date herewith (together with any and all amendments, supplements or modifications thereto or restatements thereof, the "Credit Agreement") setting forth the terms on which the Mortgagee may now or hereafter make advances to the Borrower on a demand/discretionary basis of up to a principal amount of Five Million Three Hundred Twenty-Five Thousand Dollars (\$5,325,000) (the "Loan").

B. The Loan is evidenced by the Credit Agreement.

C. The Loan (except for the part of the Loan which is described as the "Amortizing Loan" in the Credit Agreement) shall bear interest at an annual rate (computed on the basis of actual days elapsed in a 360-day year) which shall at all times be equal to two percent (2.0%) above the rate of interest publicly announced by National City Bank of Minneapolis from time to time as its base rate or any similar successor rate (the "Base Rate"), and the part of the Loan which is described as the "Amortizing Loan" in the Credit Agreement shall bear interest at an annual rate (computed on the basis of actual days elapsed in a 360-day year) which shall at all times be equal to four percent (4.0%) above the Base Rate, all as more particularly described in the Credit Agreement. The Loan matures on May 31, 2004.

D. Russell H. McNally and Kathy M. McNally own one hundred percent (100%) of the issued and outstanding stock of the Borrower.

E. As a condition to making the Loan, the Mortgagee has required, among other things, that Russell H. McNally and Kathy M. McNally each enter into a Guaranty of even date herewith, as the same may be amended or restated from time to time (together, the "Guaranties"), pursuant to which Russell H. McNally and Kathy M. McNally have, among other things, jointly and severally guaranteed payment in full of all of the obligations of the Borrower to the Mortgagee under the Credit Agreement.

F. As a further condition to making the Loan, the Mortgagee has required that the Mortgagor execute and deliver this Mortgage to secure the obligations of the Borrower to the Mortgagee under the Credit Agreement and the obligations of Russell H. McNally and Kathy M. McNally to the Mortgagee under the Guaranties.

NOW, THEREFORE, in consideration of the Loan and of the sum of One Dollar (\$1.00) paid by the Mortgagee to the Mortgagor, the receipt whereof is hereby acknowledged, and for the purposes aforesaid the Mortgagor hereby MORTGAGES AND WARRANTS unto the Mortgagee, its successors and assigns, forever, AND GRANTS TO THE MORTGAGEE A SECURITY INTEREST IN, all of the following properties hereinafter set forth (all of the following being hereinafter collectively referred to as the "Premises"):

**GRANTING CLAUSE A
REAL PROPERTY**

All the tracts or parcels of real property lying and being in the County of Cook, State of Illinois, all as more fully described in Exhibit "A" attached hereto and made a part hereof, together with all the estates and rights in and to the real property and in and to lands lying in streets, alleys and roads adjoining the real property and all buildings, structures, improvements, fixtures and annexations, access rights, easements, rights of way or use, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging or pertaining to the real property; together with all water rights (whether riparian, appropriative or otherwise whether or not appurtenant) now or hereafter relating to or used in connection with the real property, and all shares of stock, if any, evidencing such rights.

**GRANTING CLAUSE B
IMPROVEMENTS AND PERSONAL PROPERTY**

All buildings, improvements, personal property, fixtures, fittings and furnishings, owned by Mortgagor, and now or hereafter attached to, located at, or placed in the improvements on the Premises including, without limitation i) all machinery, fittings, fixtures, apparatus, equipment or articles used to supply heating, gas, electricity, air conditioning, water, light, waste disposal, power, refrigeration, ventilation, and fire and sprinkler protection, ii) all maintenance supplies and repair equipment, iii) all draperies, carpeting, floor coverings, screens, storm windows and window coverings, blinds, awnings, shrubbery and plants, iv) all elevators, escalators and shafts, motors, machinery, fittings and supplies necessary for their use (it being understood that the enumeration of any specific articles of property shall in no way be held to exclude any items of property not specifically enumerated), as well as renewals, replacements, proceeds, additions, accessories, increases, parts, fittings, insurance payments, awards and substitutes thereof, together with all interest of Mortgagor, in any such items hereafter acquired, as well as the Mortgagor's interest in any lease, or conditional sales

agreement under which the same is acquired, all of which personal property mentioned herein shall be deemed fixtures and accessory to the freehold and a part of the realty and not severable in whole or in part without material injury to the Premises.

**GRANTING CLAUSE C
RENTS, LEASES AND PROFITS**

All rents, income, contract rights, leases and profits now due or which may hereafter become due under or by virtue of any lease, license or agreement, whether written or verbal, for the use or occupancy of the Premises or any part thereof together with all tenant security deposits.

**GRANTING CLAUSE D
JUDGMENTS AND AWARDS**

All awards, compensation and settlements in lieu thereof made as a result of the taking by power of eminent domain of the whole or any part of the Premises, including any awards for damages sustained to the Premises, for a temporary taking, change of grade of streets or taking of access.

As used herein the term "Collateral" shall mean all of the property, interests and rights described in Granting Clauses A through D above.

It is specifically understood that the enumeration of any specific articles of property shall in no way exclude or be held to exclude any items of property not specifically mentioned. All of the Premises hereinabove described, real, personal and mixed, whether affixed or annexed or not, and all rights hereby conveyed and granted are intended to be as a unit and are hereby understood and agreed and declared to be appropriated to the use of the Premises, and shall for the purposes of this Mortgage be deemed to be real estate and conveyed and granted hereby.

TO HAVE AND TO HOLD THE SAME, together with the possession and right of possession of the Premises unto the Mortgagee and its successors and assigns, forever, to secure

- i) payment by Russell H. McNally and Kathy M. McNally and their respective heirs, personal representatives, successors and assigns, of all obligations of Russell H. McNally and Kathy M. McNally under the Guaranties;
- ii) payment by the Borrower, its successors and assigns, to the Mortgagee, and its successors and assigns, of the Loan in accordance with the terms and

conditions of the Credit Agreement, together with any substitutions, modifications, amendments, extensions or renewals thereof;

- iii) payment to the Mortgagee, its successors and assigns, at the times demanded and with interest thereon as provided herein of all sums advanced (a) in protecting the lien of this Mortgage (b) in payment of taxes on the Premises (c) in payment of insurance premiums covering improvements thereon (d) in payment of principal and interest on prior liens (e) in payment of expenses and attorneys' fees herein provided for and (f) any and all sums advanced under this Mortgage;
- iv) all sums advanced for any other purpose authorized herein;
- v) the keeping of and performance of the covenants and agreements herein contained,
- vi) the keeping and performance of all of the terms and conditions of any and all other instruments evidencing and/or securing the Notes.

The Guaranties, the Loan and all such sums and obligations, together with interest thereon, being collectively referred to as the "Indebtedness Secured Hereby," the principal amount of which shall never exceed \$5,325,000.

AND IT IS FURTHER COVENANTED AND AGREED AS FOLLOWS:

ARTICLE I

GENERAL COVENANTS, AGREEMENTS, WARRANTIES

1.1 PAYMENT OF INDEBTEDNESS: OBSERVANCE OF COVENANTS.

Mortgagor shall duly and punctually pay, or cause to be paid, the Indebtedness Secured Hereby, as and when the same shall become due, and shall duly and punctually perform and observe all of the covenants, agreements and provisions contained herein.

1.2 MAINTENANCE: REPAIRS.

Mortgagor shall not abandon the Premises and shall keep and maintain the Premises in good condition, repair and operating condition free from any waste or misuse, and shall promptly repair or restore any buildings, improvements or structures now or hereafter on the Premises which may become damaged or destroyed to their condition prior to any such damage or destruction. Mortgagor further agrees that without the prior consent of the Mortgagee, which shall not be unreasonably withheld, it will not materially expand any improvements on the Premises, erect any material new improvements

or make any material alterations in any improvements which shall alter the basic structure, affect the market value or change the existing architectural character of the Premises, nor remove or demolish any improvements, and shall complete within a reasonable time any buildings now or at any time in the process of erection on the Premises. Mortgagor shall not convert the Premises to other than the present use or subject the Premises to any condominium law or statute.

1.3 COMPLIANCE WITH LAWS. Mortgagor shall comply with all requirements of law, municipal ordinances and regulations affecting the Premises, shall comply with all private restrictions and covenants affecting the Premises and shall not acquiesce in or seek any rezoning classification affecting the Premises.

1.4 PAYMENT OF OPERATING COSTS AND LIENS. Subject to Mortgagor's rights under Section 1.6, Mortgagor shall pay all operating costs and expenses of the Premises, shall keep the Premises free from levy, attachment, mechanics', materialmen's and other liens ("Liens") and shall pay when due all indebtedness which may be secured by mortgage, lien or charge on the Premises.

1.5 PAYMENT OF IMPOSITIONS. Subject to Mortgagor's rights under Section 1.6, Mortgagor shall pay when due and in any event before any penalty attaches all taxes, assessments, governmental charges, water charges, sewer charges, and other fees, taxes, charges and assessments of every kind and nature whatsoever assessed or charged against or constituting a lien on the Premises or any interest therein ("Impositions") and will upon demand furnish to the Mortgagee proof of the payment of any such Impositions. In the event of a court decree or an enactment after the date hereof by any legislative authority of any law imposing upon a mortgagee or beneficiary of a deed of trust the payment of the whole or any part of the Impositions herein required to be paid by the Mortgagor or changing in any way the laws relating to the taxation of mortgages or deeds of trust or debts secured by mortgages or deeds of trust or a beneficiary's interest in mortgaged premises, so as to impose such Imposition on the Mortgagee or on the interest of the Mortgagee in the Premises, then, in any such event, Mortgagor shall bear and pay the full amount of such Imposition, provided that if for any reason payment by Mortgagor of any such Imposition would be unlawful, or if the payment thereof would constitute usury or render the Indebtedness Secured Hereby wholly or partially usurious, Mortgagee, at its option, may declare the whole sum secured by this Mortgage with interest thereon to be immediately due and payable, without prepayment premium, or Mortgagee, at its option, may pay that amount or portion of such Imposition as renders the Indebtedness Secured Hereby unlawful or usurious, in which event Mortgagor shall concurrently therewith pay the remaining lawful and non-usurious portion or balance of said Imposition.

1.6 CONTEST OF IMPOSITIONS, LIENS AND LEVIES. Mortgagor shall not be required to pay, discharge or remove any Imposition or any Lien so long as the Mortgagor

shall in good faith contest the same or the validity thereof by appropriate legal proceedings which shall operate to prevent the collection of the Lien or Imposition so contested and the sale of the Premises, or any part thereof, to satisfy the same, provided that the Mortgagor shall, prior to the date such Lien or Imposition is due and payable, have given such reasonable security as may be demanded by the Mortgagee to insure such payments plus interest or penalties thereon, and prevent any sale or forfeiture of the Premises by reason of such nonpayment. Any such contest shall be prosecuted with due diligence and the Mortgagor shall promptly after final determination thereof pay the amount of any such Lien or Imposition so determined, together with all interest and penalties which may be payable in connection therewith. Notwithstanding these provisions, Mortgagor shall (and if Mortgagor shall fail so to do, Mortgagee, may but shall not be required to) pay any such Lien or Imposition notwithstanding such contest if in the reasonable opinion of the Mortgagee, the Premises shall be in jeopardy or in danger of being forfeited or foreclosed.

1.7 PROTECTION OF SECURITY. Mortgagor shall promptly notify Mortgagee of and appear in and defend any suit, action or proceeding that could adversely affect the Premises or the rights or interests of Mortgagee hereunder and the Mortgagee may elect to appear in or defend any such action or proceeding. Mortgagor agrees to indemnify and reimburse Mortgagee from any and all loss, damage, expense or cost arising out of or incurred in connection with any such suit, action or proceeding, including costs of evidence of title and reasonable attorneys' fees, and such amounts together with interest thereon at the lesser of twelve percent (12%) or the highest rate allowed by law (the "Rate") shall become additional "Indebtedness Secured Hereby" and shall become immediately due and payable.

1.8 BOOKS AND RECORDS. Mortgagee shall have the right to examine at their place of safekeeping at reasonable times, and upon reasonable notice, all books, accounts and records relating to the operation of the Premises. Mortgagor shall promptly provide Mortgagee with copies of any and all reports or audits of the Premises or its operations received from any governmental authority, and copies of Mortgagor's response thereto.

1.9 ADDITIONAL ASSURANCES. Mortgagor agrees upon reasonable request by the Mortgagee to execute and deliver such further instruments, deeds and assurances including financing statements under the Uniform Commercial Code and to do such further acts as may be necessary or proper to carry out more effectively the purposes of this Mortgage and without limiting the foregoing, to make subject to the lien hereof any property agreed to be subjected hereto or covered by the granting clause hereof, or intended so to be. Mortgagor agrees to pay any recording fees, filing fees, note taxes, mortgage registry taxes or other charges arising out of or incident to the filing or recording of this Mortgage and such further assurances and instruments.

1.10 HAZARDOUS MATERIALS. Mortgagor covenants, represents and warrants to Mortgagee, its successors and assigns, that the Premises and its existing and prior uses

comply and have at all times complied with, and Mortgagor is not in violation of, has not violated and will not violate, in connection with the ownership, use, maintenance or operation of the Premises and the conduct of the business related thereto, any federal, state, county or local statutes, laws regulations, rules, ordinances, codes, standards, orders, licenses and permits of any governmental authorities relating to environmental matters (being hereinafter collectively referred to as the "Environmental Laws"), including by way of illustration and not by way of limitation (a) the Clean Air Act, the Federal Water Pollution Control Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, and the Toxic Substances Control Act (including any amendments or extensions thereof and any rules, regulations, standards or guidelines issued pursuant to any of said Environmental Laws), and (b) all other applicable environmental standards or requirements. Without limiting the generality of the foregoing: (i) Mortgagor, its agents, employees and independent contractors, have and will operate the Premises and have and at all times will receive, handle, use, store, treat, transport and dispose of all petroleum products and all other toxic, dangerous or hazardous chemicals, materials, substances, pollutants and wastes, and any chemical, material or substance exposure to which is prohibited, limited or regulated by any federal, state, county, regional or local authority or which even if not so prohibited, limited or regulated, may or could pose a hazard to the health and safety of the occupants of the Premises or the occupants and/or owners of property near the Premises (all the foregoing being hereinafter collectively referred to as "Hazardous Materials") in strict compliance with all Environmental Laws; (ii) there are no existing or pending statutes, orders, standards, rules or regulations relating to environmental matters requiring any remedial actions or other work, repairs, construction or capital expenditures with respect to the Premises, nor has Mortgagor received any notice of any of the same; (iii) no Hazardous Materials have been or will be released into the environment, or have been or will be deposited, spilled, discharged, placed or disposed of at, on or near the Premises except for de minimis quantities customarily found in similar properties and used in strict accordance with all applicable Environmental Laws, nor has or will the Premises be used at any time by any person as landfill or a disposal site for Hazardous Materials or for garbage, waste or refuse of any kind; (iv) there are no electrical transformers or other equipment containing polychlorinated biphenyls ("PCB's") located in, on or under the Premises; (v) there are no locations off the Premises where Hazardous Materials generated by or on the Premises have been treated, stored, deposited or disposed of; (vi) there is no fact pertaining to the physical condition of either the Premises or the area surrounding the Premises (a) which Mortgagor has not disclosed to Mortgagee in writing prior to the date of this Mortgage, and (b) which materially adversely affects or will materially adversely affect the Premises or the use or enjoyment or the value thereof, or Mortgagor's ability to perform the transactions contemplated by this Mortgage; (vii) the mortgaging of the Premises by Mortgagor to Mortgagee does not require notice to or the prior approval, consent or permission of any federal, state or local governmental agency, body, board or official; (viii) no notices of any violation of any of the matters referred to in the foregoing sections relating to the Premises or its use have been received by Mortgagor and there are no writs, injunctions, decrees, orders or

judgments outstanding, no lawsuits, claims, proceedings or investigations pending or threatened, relating to the ownership, use, maintenance or operation of the Premises, nor is there any basis for any such lawsuit, claim, proceeding or investigation being instituted or filed; and (ix) the Premises is not listed in the United States Environmental Protection Agency's National priorities List of Hazardous Waste Sites nor any other log, list, schedule, inventory or record of Hazardous Materials or Hazardous Waste sites whether maintained by the United States, any state or local governmental unit. The Mortgagor agrees to indemnify and reimburse the Mortgagee, its successors and assigns, for any breach of these representations and warranties and from any loss, damage, expense or cost arising out of or incurred by Mortgagee which is the result of a breach of, misstatement of or misrepresentation of the above covenants, representations and warranties, or for any loss, damage, expense or cost sustained as a result of there being located on the Premises any Hazardous Materials or dangerous, toxic or hazardous pollutants, chemicals, wastes or substances, together with all attorneys' fees incurred in connection with the defense of any action against the Mortgagee arising out of the above. These covenants, representations, warranties and indemnities shall be deemed continuing covenants, representations, warranties and indemnities running with the Land for the benefit of the Mortgagee, and any successors and assigns of the Mortgagee, including any purchaser at a sale under this Mortgage, any transferee of the title of the Mortgagee or any subsequent purchaser at a foreclosure sale, and any subsequent owner of the Premises claiming through or under the title of Mortgagee and, notwithstanding anything herein to the contrary, shall survive repayment of the Indebtedness Secured Hereby, any termination, satisfaction or foreclosure of this Mortgage, and any transfer of the Premises. The amount of all such indemnified loss, damage, expense or cost, shall bear interest thereon at the Rate and shall become so much additional Indebtedness Secured Hereby and shall become immediately due and payable in full on demand of the Mortgagee, its successors and assigns. Upon the occurrence of an Event of Default hereunder or if the Mortgagee receives information which leads the Mortgagee, in its reasonable discretion, to believe that any Hazardous Material is present on or is being handled, stored, transported, manufactured, released or disposed of in, on or under the Premises in violation of any Environmental Laws, the Mortgagee may obtain, and expenses therefor shall become additional Indebtedness Secured Hereby, further environmental reports from a reputable environmental consultant of the Mortgagee's choice. If any such environmental report indicates any presence, handling, storage, transportation, manufacture, release or disposal of Hazardous Materials in, on or under the Premises, the Mortgagee may require the Mortgagor, at the Mortgagor's expense, to remedy any such presence, handling, storage, transportation, manufacture, release, or disposal to the satisfaction of the Mortgagee. The Mortgagor shall immediately notify the Mortgagee in writing of any claim, investigation, administrative proceeding, litigation, regulatory hearing or request or demand for remedial or response action or for compensation which may be proposed, threatened or pending, alleging the presence, handling, storage, transportation, manufacture, release or disposal of Hazardous Materials in, about or under the Premises. The Mortgagee shall have the right, but not the obligation, to join and participate in any such investigation, administrative proceeding, litigation, regulatory hearing or other action and any

attorneys' fees and expenses in connection therewith shall constitute additional Indebtedness Secured Hereby. The Mortgagor shall provide notice to Mortgagee of any remedial or response action or any settlement or other compromise with respect to any claim, investigation, administrative proceeding, litigation, regulatory hearing or request or demand for remedial or response action or for compensation with respect to Environmental Laws, which may impair the value of the Mortgagee's security under this Mortgage. Mortgagor hereby represents, warrants and certifies that: (i) the execution and delivery of the documents evidencing and/or securing the Loan is not a transfer of "real property", as "real property" is defined in the Illinois Responsible Property Transfer Act (765 ILCS 90/1 et. seq.), as amended from time to time ("RPTA"); (ii) there are no underground storage tanks located on, under or about the Premises which are subject to the notification requirements under Section 9002 of the Solid Waste Disposal Act, as now or hereafter amended (42 U.S.C. § 6991); and (iii) there is no facility located on or at the Premises which is subject to the reporting requirements of Section 312 of the federal Emergency Planning and Community Right to Know Act of 1986 and the federal regulations promulgated thereunder (42 U.S.C. § 11022), as "facility" is defined in RPTA.

1.11 CURRENT COMPLIANCE WITH LAWS. The Premises as improved on the date hereof, comply with all laws, including requirements of any Federal, State, County, City or other governmental authority having jurisdiction over the Mortgagor or the Premises and including, but not limited to, any applicable zoning, occupational safety and health, energy and environmental laws, ordinances and regulations; and the Mortgagor has obtained all necessary consents, permits and licenses to construct, occupy and operate the Premises for its intended purposes.

1.12 TITLE. Mortgagor is the lawful owner of and has good and marketable fee simple absolute title to the Premises and will warrant and defend its title to the same free of all liens and encumbrances, other than the encumbrances identified on Exhibit B to this Mortgage ("Permitted Encumbrances") and Mortgagor has good right and lawful authority to grant, bargain, sell, convey, mortgage and grant a security interest in the Collateral as provided herein.

1.13 ESTOPPEL CERTIFICATE. The Mortgagor agrees at any time and from time to time, upon not less than 15 days' prior notice by the Mortgagee, to execute, acknowledge and deliver, without charge, to the Mortgagee or to any person designated by the Mortgagee, a statement in writing certifying that this Mortgage is unmodified (or if there have been modifications, identifying the same by the date thereof and specifying the nature thereof), that the Mortgagor has not received any notice of default or notice of acceleration or foreclosure of this Mortgage (or if the Mortgagor has received such a notice, that it has been revoked, if such be the case), that to the knowledge of the Mortgagor no Event of Default exists hereunder (or if any such Event of Default does exist, specifying the same and stating that the same has been cured, if such be the case), that the Mortgagor to its knowledge has no claims

or offsets against the Mortgagee (or if the Mortgagor has any such claims, specifying the same).

ARTICLE II

INSURANCE AND ESCROWS

2.1 INSURANCE. Mortgagor shall obtain, pay for and keep in full force and effect during the term of this Mortgage at its sole cost and expense the following policies of insurance:

- a) Insurance against loss by fire, lightning and risk customarily covered by standard extended coverage endorsement or all risks coverage, including the cost of debris removal, together with a full replacement cost endorsement and a vandalism and malicious mischief endorsement, all in the amounts of not less than (i) the full replacement cost of the improvements on the Premises or (ii) the original amount of the Loan, whichever is greater;
- b) Broad Form Boiler and Machinery Insurance on all pressure fired vehicles or apparatus situated on the Premises with full repair and replacement cost coverage;
- c) flood insurance in the maximum obtainable amount but not to exceed the replacement cost of the improvements on the Premises unless satisfactory evidence is provided that the Premises are not within a flood plain as defined by the Federal Emergency Management Agency;
- d) comprehensive general public liability insurance covering the legal liability of the Mortgagor against claims for bodily injury death or property damage occurring on, in or about the Premises in such amounts and with such limits as the Mortgagee may require; and
- e) such other forms of insurance as Mortgagee may require.

Such insurance policies shall be written on forms and with insurance companies satisfactory to Mortgagee, shall be in amounts sufficient to prevent the Mortgagor from becoming a co-insurer of any loss thereunder, shall insure the Mortgagee as its interests may appear, and shall bear a satisfactory standard mortgagee clause in favor of the Mortgagee with loss proceeds under any such policies to be made payable to the Mortgagee. All required policies of insurance or acceptable certificates thereof together with evidence of the payment of current premiums therefor shall be delivered to and be held by the Mortgagee and shall

provide that such policies may not be cancelled or modified without 30 days prior written notice to Mortgagee. The Mortgagor shall, within thirty (30) days prior to the expiration of any such policy, deliver other original policies or certificates of the insurer evidencing the renewal of such insurance together with evidence of the payment of current premiums therefor. In the event of a trustee's sale or foreclosure of this Mortgage, or any acquisition of the Premises by the Mortgagee, all such policies and any proceeds payable therefrom, whether payable before or after a trustee's sale or foreclosure, or during the period of redemption, if any, shall become the absolute property of the Mortgagee to be utilized at its discretion. In the event of a trustee's sale or foreclosure or the failure to obtain and keep any required insurance, the Mortgagor empowers the Mortgagee to effect the above insurance upon the Premises at Mortgagor's expense and for the benefit of the Mortgagee in the amounts and types aforesaid for a period of time covering the time of redemption from foreclosure sale, and if necessary therefore, to cancel any or all existing insurance policies. Annually Mortgagor agrees to cause its insurance coverage to be reappraised and furnish Mortgagee copies of the reappraisal reports and insurance recommendations.

ARTICLE III

UNIFORM COMMERCIAL CODE SECURITY AGREEMENT

3.1 SECURITY AGREEMENT AND FINANCING STATEMENT UNDER UNIFORM COMMERCIAL CODE. This Mortgage shall constitute a security agreement as defined in the Uniform Commercial Code, as adopted in Illinois (the "Code") in the Collateral. Any Collateral installed in or used in the Premises are to be used by the Mortgagor solely for Mortgagor's business purposes or as the equipment and fixtures leased or furnished by the Mortgagor, as landlord, to tenants of the Premises and such Collateral will be kept at the buildings on the Premises and will not be removed therefrom without the consent of the Mortgagee and may be affixed to such buildings but will not be affixed to any other real estate. The remedies of the Mortgagee hereunder are cumulative and separate, and the exercise of any one or more of the remedies provided for herein or under the Uniform Commercial Code shall not be construed as a waiver of any of the other rights of the Mortgagee including having any Collateral deemed part of the realty upon any foreclosure thereof. If notice to any party of the intended disposition of the Collateral is required by law in a particular instance, such notice shall be deemed commercially reasonable if given at least ten (10) days prior to such intended disposition and may be given by advertisement in a newspaper accepted for legal publications either separately or as part of a notice given to foreclose the real property or may be given by private notice if such parties are known to Mortgagee. Neither the grant of a security interest pursuant to this Mortgage nor the filing of a financing statement pursuant to the Code shall ever impair the stated intention of this Mortgage that all Collateral comprising the Premises and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as part of the real property

hereunder irrespective of whether such item is physically attached to the real property or any such item is referred to or reflected in a financing statement. Mortgagor will on demand deliver all financing statements that may from time to time be required by Mortgagee to establish and perfect the priority of Mortgagee's security interest in the Premises and shall pay all expenses incurred by Mortgagee in connection with the renewal or extensions of any financing statements executed in connection with the Premises; and shall give advance written notice of any proposed change in Mortgagor's name, identity or structure and will execute and deliver to Mortgagee prior to or concurrently with such change all additional financing statements that Mortgagee may require to establish and perfect the priority of Mortgagee's security interest.

3.2 MAINTENANCE OF PROPERTY. Mortgagor will keep the Premises fully equipped and will replace all worn out or obsolete Collateral with fixtures or personal property comparable thereto when new, and will not, without Mortgagee's prior written consent, remove from the Premises any fixtures or personalty covered by this Mortgage unless the same is replaced by Mortgagor with an article of equal suitability and value when new, owned by Mortgagor free and clear of any lien or security interest (other than the Permitted Encumbrances) and the lien and security interest created by this Mortgage. All substituted items shall become a part of the Premises and subject to the lien of this Mortgage. Any amounts received or allowed Mortgagor upon the sale or other disposition of the removed items of Collateral shall be applied first against the cost of acquisition and installation of the substituted items. Nothing herein contained shall be construed to prevent any tenant from removing from the Premises trade fixtures, furniture and equipment installed by the tenant and removable by the tenant under its terms of the lease, on the condition, however, that the tenant shall at its own cost and expense, repair any and all damages to the Premises resulting from or caused by the removal thereof.

3.3 MORTGAGOR TO COMPLY WITH PRIOR SECURITY INSTRUMENTS. Mortgagor shall at its sole cost and expense perform, comply with and discharge, or cause to be performed, complied with or discharged, all obligations of Mortgagor under any prior secured financing arrangements (whether lease purchase, conditional sales or pure lease arrangements) for any property subject to this security interest. Mortgagor shall not permit a surrender, assignment or transfer of its interest in any such property without the prior written consent of Mortgagee nor permit or suffer a default to exist under such prior financing arrangements.

ARTICLE IV

APPLICATION OF INSURANCE AND AWARDS

4.1 DAMAGE OR DESTRUCTION OF THE PREMISES. Mortgagor shall give the Mortgagee prompt notice of any damage to or destruction of the Premises and Mortgagee

shall consult with Mortgagor as to how to proceed, but may in its reasonable discretion either (i) settle and adjust any claim under any insurance policy or policies required hereunder, or (ii) allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss; provided, however, that Mortgagee shall elect this subparagraph (ii) if the claim is less than \$100,000, and Mortgagor, at the time of such loss, has not committed an Event of Default. In either case, the insurance proceeds shall be paid to Mortgagee and Mortgagee is authorized to collect and to give receipts therefor. All such insurance proceeds may, at the option of Mortgagee, either (i) be applied in reduction of the Indebtedness Secured Hereby, in such order as Mortgagee shall determine and without application of prepayment fee, or (ii) be held by Mortgagee and used to reimburse Mortgagor for the cost of rebuilding or restoration of the Premises, in which event, the proceeds so used shall not be deemed a payment on the Indebtedness Secured Hereby and the Mortgagee shall make such proceeds available from time to time for such reconstruction costs. If Mortgagee elects to make insurance proceeds available for rebuilding or restoration, and if the amount of such proceeds are insufficient to cover the cost of rebuilding or restoration, Mortgagor shall pay such cost in excess of the proceeds, before being entitled to reimbursement out of the proceeds. Any surplus which may remain out of said proceeds after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the Indebtedness Secured Hereby without application of prepayment fee or be paid to any other party entitled thereto. Notwithstanding the foregoing, Mortgagee will allow the proceeds of insurance to be used to reimburse Mortgagor for the cost of rebuilding or restoring the Premises, provided all of the following conditions are met: (i) no Event of Default has occurred or is continuing, (ii) the rebuilding and restoration of the Premises must be accomplished within a reasonable period of time, as reasonably determined by Mortgagee, (iii) Mortgagor must obtain, and keep in full force and effect, all risk builder's risk insurance from an insurer and in such amounts as required by Mortgagee, (iv) detailed plans and specifications for such rebuilding and repair must be delivered to Mortgagee prior to commencement of any construction, (v) Mortgagor must, at all times, perform all of its obligations under the Notes and this Mortgage during the progress of such repair and restoration, (vi) the Premises shall be restored or rebuilt to be of at least equal value as immediately prior to such damage or destruction and (vii) if insurance proceeds are insufficient to cover the cost of rebuilding or restoration, Mortgagor pays such costs in excess of the proceeds before being entitled to reimbursement out of the proceeds.

4.2 CONDEMNATION. Mortgagor shall give the Mortgagee prompt notice of any actual or threatened condemnation or eminent domain proceedings affecting the Premises and Mortgagor hereby assigns, transfers and sets over to the Mortgagee the entire proceeds of any award or claim for damages or settlement in lieu thereof for all or any part of the Premises taken or damaged under such eminent domain or condemnation proceedings, the Mortgagee being hereby authorized to intervene in any such action and to collect and receive from the condemning authorities and give proper receipts and acquittances for such proceeds, provided Mortgagee agrees to consult with Mortgagor concerning such action and provided further that for awards estimated to be less than \$100,000 and provided at such time an Event of Default

has not occurred or is continuing, Mortgagor shall have the right to control any such participation. The entire award is included in the Premises and the Mortgagee may elect, (i) to apply the proceeds of the award upon or in reduction of the Indebtedness Secured Hereby without application of prepayment fee in such order as Mortgagee shall determine, or (ii) be held by Mortgagee and used to reimburse Mortgagor for the cost of rebuilding or restoring the Premises, in which event the proceeds so used shall not be deemed a payment on the Indebtedness Secured Hereby and the proceeds of the award shall be applied and paid out in the same manner and subject to the same conditions as is provided in Paragraph 4.1 hereof for the payment of insurance proceeds toward the cost of rebuilding or restoration. Notwithstanding the above, Mortgagee shall elect to permit the award to be used for rebuilding or restoring the Premises if the award is estimated to be less than \$100,000 and no Event of Default exists. If the amount of such award is insufficient to cover the cost of rebuilding or restoration, Mortgagor shall pay such cost in excess of the award before being entitled to reimbursement out of the award. Any surplus which may remain out of said award after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the Indebtedness Secured Hereby without application of prepayment fee or be paid to any other party entitled thereto.

4.3 DISBURSEMENT OF INSURANCE AND CONDEMNATION PROCEEDS. Any restoration or repair shall be done under the supervision of an architect acceptable to Mortgagee and pursuant to plans and specifications approved by the Mortgagee. In any case where Mortgagee may elect to apply the proceeds to repair or restoration or permit the Mortgagor to so apply the proceeds they shall be held by Mortgagee for such purposes and will from time to time be disbursed by Mortgagee to defray the costs of such restoration or repair under such safeguards and controls as Mortgagee may establish to assure completion in accordance with the approved plans and specifications and free of liens or claims. Mortgagor shall on demand deposit with Mortgagee any sums necessary to make up any deficits between the actual cost of the work and the proceeds and provide such lien waivers and completion bonds as Mortgagee may reasonably require. Any surplus which may remain after payment of all costs of restoration or repair may at the option of the Mortgagee be applied on account of the Indebtedness Secured Hereby then most remotely to be paid, whether due or not, without application of any prepayment premium or shall be returned to Mortgagor, the choice of application to be solely at the discretion of Mortgagee.

ARTICLE V

LEASES AND RENTS

5.1 MORTGAGOR TO COMPLY WITH LEASES. Mortgagor will, at its own cost and expense:

- a) Faithfully abide by, perform and discharge each and every obligation, covenant and agreement under any leases of the Premises to be performed by the landlord thereunder;
- b) Enforce or secure the performance of each and every material obligation, covenant, condition and agreement of said leases by the tenants thereunder to be performed;
- c) Not borrow against, pledge or further assign any rentals due under said leases;
- d) Not permit the prepayment of any rents due under any lease for more than thirty (30) days in advance nor for more than the next accruing installment of rents, nor anticipate, discount, compromise, forgive or waive any such rents;
- e) Not waive, excuse, condone or in any manner release or discharge any tenants of or from the obligations, covenants, conditions and agreements by said tenants to be performed under the leases;
- f) Not permit any tenant to assign or sublet its interest in its lease unless required to do so by the terms of the lease and then only if such assignment does not work to relieve the tenant of any liability for payment of and performance of its obligations under the lease;
- g) Not terminate any lease or accept a surrender thereof or a discharge of the tenant unless required to do so by the terms of its lease or unless the Mortgagor and tenant shall have executed a new lease effective upon such termination for the same term of years at a rental not less than as provided in the terminated lease and on terms no less favorable to the landlord than as in the terminated lease;
- h) Not consent to a subordination of the interest of any tenant to any party other than Mortgagee and then only if specifically consented to by the Mortgagee; and
- i) Not amend or modify any lease or alter the obligations of the parties thereunder, excepting in the ordinary and prudent course of business with due regard for the security afforded the Mortgagee by the lease and which does not in any way reduce the rent or diminish the term thereof or the obligations of the tenant thereunder or increase the term of the tenancy or impose additional obligations or burdens on the landlord.

5.2 MORTGAGEE'S RIGHT TO PERFORM UNDER LEASES. Should the Mortgagor fail to perform, comply with or discharge any obligations of Mortgagor under any lease or should the Mortgagee become aware of or be notified by any tenant under any lease of a failure on the part of Mortgagor to so perform, comply with or discharge its obligations under said lease, Mortgagee may, but shall not be obligated to, and without further demand upon the Mortgagor, and without waiving or releasing Mortgagor from any obligation in this Mortgage contained, remedy such failure, and the Mortgagor agrees to repay upon demand all sums incurred by the Mortgagee in remedying any such failure together with interest at the Rate. All such sums, together with interest as aforesaid shall become so much additional Indebtedness Secured Hereby, but no such advance shall be deemed to relieve the Mortgagor from any default hereunder.

5.3 ASSIGNMENT OF LEASES AND RENTS. The Mortgagor does hereby sell, assign and transfer unto Mortgagee all of the leases, rents, issues, income and profits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal, or any agreement for the use or occupancy of the Premises, it being the intention of this Mortgage to establish, and this is, an absolute and present transfer and assignment of all such leases and agreements and all of the rents, income and profits from the Premises unto the Mortgagee and the Mortgagor does hereby appoint irrevocably the Mortgagee its true and lawful attorney in its name and stead, which appointment is coupled with an interest, to collect all of said rents, income, and profits; provided, Mortgagee grants the Mortgagor the privilege to collect and retain such rents, income, and profits, which such privilege is revocable unless and until an Event of Default exists under this Mortgage. Upon an Event of Default and expiration of any applicable grace period, the privilege granted Mortgagor hereunder to collect the rents, income and profits of the Premises and pledge the same as permitted hereby shall thereupon automatically terminate, and Mortgagee may, at its option, without notice, in person or by agent, with or without taking possession of or entering the Premises, with or without bringing any action or proceeding, or by a receiver duly appointed, give, or require Mortgagor to give, notice to any or all tenants under any lease authorizing and directing the tenant to pay such rents, income and profits to Mortgagee, such agent, or receiver as the case may be; collect all of the rents, issues, income and profits; enforce the payment thereof and exercise all of the rights of the landlord under any lease and all of the rights of Mortgagee hereunder; enter upon, take possession of, manage and operate said Premises, or any part thereof; cancel, enforce or modify any leases, and fix or modify rents, and do any acts which the Mortgagee deems proper to protect the security hereof. Any rents, issues, income and profits collected shall be applied to the costs and expenses of operation, management and collection, including reasonable attorneys' fees, to the payment of the fees and expenses of any agent or receiver so acting, to the costs incurred by the Mortgagee, including attorneys' fees, to the payment of taxes, assessments, insurance premiums and expenditures for the management, repair and upkeep of the Premises, to the performance of landlord's obligations under any leases and to the Indebtedness Secured Hereby all in such order as the Mortgagee may require. The entering upon and taking possession of the

Premises, the collection of such rents, issues, income and profits and the application thereof as aforesaid shall not cure or waive any defaults under this Mortgage or affect any notice of default or invalidate any act done pursuant to such notice nor in any way operate to prevent the Mortgagee from pursuing any other remedy which it may now or hereafter have under the terms of this Mortgage or any other security given for the Indebtedness Secured Hereby nor shall it in any way be deemed to constitute the Mortgagee a mortgagee-in-possession.

ARTICLE VI

RIGHTS OF MORTGAGEE

6.1 RIGHT TO CURE DEFAULT. If Mortgagor shall fail to comply with any of the covenants or obligations of this Mortgage, the Mortgagee may, but shall not be obligated to, without further notice, and without waiving or releasing Mortgagor from any obligation in this Mortgage contained, remedy such failure (including the payment of any indebtedness secured by a lien prior to the lien of this Mortgage and any installments of real estate taxes when due), and the Mortgagor agrees to repay upon demand all sums incurred by the Mortgagee in remedying any such failure together with interest at the Rate. All such sums, together with interest as aforesaid shall become so much additional Indebtedness Secured Hereby, but no such advance shall be deemed to relieve the Mortgagor from any failure hereunder.

6.2 NO CLAIM AGAINST THE MORTGAGEE. Nothing contained in this Mortgage shall constitute any consent or request by the Mortgagee, express or implied, for the performance of any labor or services or for the furnishing of any materials or other property in respect of the Premises or any part thereof, nor as giving the Mortgagor or any party in interest with Mortgagor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would create any personal liability against the Mortgagee in respect thereof or would permit the making of any claim that any lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the lien of this Mortgage.

6.3 INSPECTION. Mortgagor will permit the Mortgagee's authorized representatives to enter the Premises at reasonable times for the purpose of inspecting the same; provided the Mortgagee shall have no duty to make such inspections and shall not incur any liability or obligation for making or not making any such inspections.

6.4 WAIVERS; RELEASES; RESORT TO OTHER SECURITY, ETC. Without affecting the liability of any party liable for payment of any Indebtedness Secured Hereby or performance of any obligation contained herein, and without affecting the rights of the Mortgagee with respect to any security not expressly released in writing, the Mortgagee may,

at any time, and without notice to or the consent of Mortgagor or any party in interest with the Premises or any Note:

- a) release any person liable for payment of all or any part of the Indebtedness Secured Hereby or for performance of any obligation herein;
- b) make any agreement extending the time or otherwise altering the terms of payment of all or any part of the Indebtedness Secured Hereby or modifying or waiving any obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof;
- c) accept any additional security;
- d) release or otherwise deal with any property, real or personal, including any or all of the Premises, including making partial releases of the Premises; or
- e) resort to any security agreements, pledges, contracts of guarantee, assignments of rents and leases or other securities, and exhaust any one or more of said securities and the security hereunder, either concurrently or independently and in such order as it may determine.

6.5 WAIVER OF REDEMPTION, APPRAISEMENT, HOMESTEAD, MARSHALING. Mortgagor hereby waives any and all rights of redemption to the full extent permitted by law. Mortgagor further agrees, to the full extent permitted by law, that in case of an Event of Default, neither Mortgagor nor anyone claiming through or under it will set up, claim or seek to take advantage of any homestead, reinstatement, appraisement, valuation, stay or extension laws now or hereafter in force, or take any other action which would prevent or hinder the enforcement or foreclosure of this Mortgage or the absolute sale of the Premises or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser thereat. Mortgagor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws. Mortgagor acknowledges that the transaction of which this Mortgage is a part is a transaction which does not include either agricultural real estate (as defined in Section 15-1201 of the Illinois Mortgage Foreclosure Law (735 ILCS 5/15 - 1101 et. seq.) (herein called the "Act")) or residential real estate (as defined in Section 15-1219 of the Act), and to the full extent permitted by law, hereby voluntarily and knowingly waives its rights to reinstatement and redemption as allowed under Section 15-1601 of the Act. Mortgagor further waives any rights available with respect to marshalling of assets so as to require the separate sales of any portion of the Premises, or as to require the Mortgagee to exhaust its remedies against a specific portion of the Premises before proceeding against the other and does hereby expressly consent to and authorize the sale of the Premises or any part thereof as a single unit or parcel or as separate parcels.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

7.1 EVENTS OF DEFAULT. It shall be an "Event of Default" under this Mortgage upon the happening of any of the following:

- a) failure of Russell H. McNally or Kathy M. McNally to comply with any of the provisions of either of the Guaranties, including without limitation, the failure to make any payment thereunder when and as the same becomes due; or
- b) an Event of Default (as defined therein) shall occur under the Credit Agreement; or
- c) the failure by the Borrower, Russell H. McNally, Kathy M. McNally or the Mortgagor to pay, perform or comply with when due any other Indebtedness Secured Hereby; or
- d) failure to comply with or perform any of the other terms, conditions or covenants of this Mortgage; or
- e) except as permitted under Section 1.6, above, a judgment, writ or warrant of attachment or execution, or similar process shall be entered and become a lien or be issued or levied against the Premises and shall not be released or fully bonded within thirty (30) days after its entry, issue or levy; or
- f) any material representation or warranty made by Mortgagor herein or in any other instrument given as security for the Guaranties shall be false, breached or dishonored.

7.2 MORTGAGEE'S RIGHT TO ACCELERATE. If an Event of Default shall occur hereunder, after expiration of any applicable grace period, the Mortgagee may declare all unmatured Indebtedness Secured Hereby to be immediately due and payable and thereupon all such indebtedness together with all accrued interest thereon at the applicable rates or the Rate shall be and become immediately due and payable.

7.3 REMEDIES. Upon the occurrence of an Event of Default the Mortgagee shall be, and is hereby authorized and empowered to exercise all of its rights and remedies available hereunder including the foreclosure of this Mortgage judicially. The proceeds of any sale under this Mortgage will be applied in the following manner:

FIRST: Payment of the costs and expenses incurred in connection with the foreclosure of this Mortgage, including without limitation legal fees and disbursements, title charges and transfer taxes, and payment of all expenses, liabilities and advances of Mortgagee, together with interest on all such advances from date of disbursement at the Rate.

SECOND: Payment of all sums expended by Mortgagee under the terms of this Mortgage and not yet repaid, together with interest on such sums from date of disbursement at the Rate.

THIRD: Payment of the Indebtedness Secured Hereby in any order that the Mortgagee chooses.

FOURTH: The remainder, if any, to the person or persons legally entitled to it.

In case Mortgagee shall have proceeded to enforce any right under this Mortgage by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, shall be restored to their former positions and rights hereunder with respect to the Premises subject to the lien hereof.

7.4 MORTGAGEE'S RIGHT TO ENTER AND TAKE POSSESSION, OPERATE AND APPLY INCOME. If an Event of Default shall have occurred, Mortgagor, upon demand of Mortgagee, shall forthwith surrender to Mortgagee the actual possession of the Premises, and to the extent permitted by law, Mortgagee itself, or by such officers or agents as it may appoint, is hereby expressly authorized to enter and take possession of all or any portion of the Premises and may exclude Mortgagor and its agents and employees wholly therefrom, and Mortgagor shall vacate and surrender possession of the Premises to Mortgagee. If Mortgagor shall for any reason fail to surrender or deliver the Premises or any part thereof after Mortgagee's demand, Mortgagee may obtain a judgment or decree conferring on Mortgagee the right to immediate possession or requiring Mortgagor to deliver immediate possession of all or part of the Premises to Mortgagee, to the entry of which judgment or decree Mortgagor hereby specifically consents. Mortgagor shall pay to Mortgagee, upon demand, all costs and expenses of obtaining such judgment or decree and reasonable compensation to Mortgagee, its attorneys and agents, and all such costs, expenses and compensation shall, until paid, be secured by the lien of this Mortgage. Upon every such entering upon or taking of possession, Mortgagee, to the extent permitted by law, may hold, store, use, operate, manage and control the Premises and conduct the business thereof, and, from time to time:

- (i) perform such construction, make all necessary and proper maintenance, repairs, renewals, replacements, additions and improvements thereto and thereon, and purchase or otherwise acquire additional fixtures and personal property;
- (ii) insure or keep the Premises insured;
- (iii) manage and operate the Premises and exercise all the rights and powers of Mortgagor, on its behalf or otherwise, with respect to the same;
- (iv) enter into agreements with others to exercise the powers herein granted Mortgagee, all as Mortgagee from time to time may determine; and Mortgagee may collect and receive all the rents, income and other benefits of the Premises, including those past due as well as those accruing thereafter; and shall apply the monies so received by Mortgagee, in such order and manner as Mortgagee may determine, to (1) the payment of interest, principal and other payments due and payable on the Indebtedness Secured Hereby or pursuant to this Mortgage, (2) deposits for taxes and assessments, (3) the payment or creation of reserves for payment of insurance, taxes, assessments and other proper charges or liens or encumbrances upon the Premises or any part thereof, and (4) the compensation, expenses and disbursements of the agents, attorneys and other representatives of Mortgagee; and
- (v) exercise such remedies as are available to Mortgagee under the documents evidencing and/or securing the Loan or at law or in equity.

7.5 RECEIVER. If an Event of Default shall occur, the Mortgagee shall be entitled as a matter of right without notice and without giving bond and without regard to the solvency or insolvency of the Mortgagor, or waste of the Premises or adequacy of the security of the Premises, and whether or not proceedings have been brought to enforce this Mortgage, to have a receiver appointed and who shall in addition to all the rights and powers granted to it under the terms of its receivership shall have all the rights and powers granted the Mortgagee hereunder including the right to the possession of the Premises, to collect the rents, income and profits therefrom and otherwise deal with and manage the Premises and apply such rents, income and profits to the payment of taxes, assessments, insurance premiums and expenditures for the management, repair and upkeep of the Premises, to the performance of landlord's obligations under any leases and to the Indebtedness Secured Hereby.

7.6 RIGHTS UNDER UNIFORM COMMERCIAL CODE. In addition to the rights available to a mortgagee of real property Mortgagee shall also have all the rights, remedies and recourse available to a secured party under the Uniform Commercial Code including the right to proceed under the provisions of the Uniform Commercial Code governing default as to any property which is subject to the security interest created by the Mortgage or to proceed as to such personal property in accordance with the procedures and remedies available pursuant to a foreclosure of real estate.

7.7 DUE ON SALE OR MORTGAGING, ETC. In the event of a sale, conveyance, transfer, pledge, grant of a security interest in, hypothecation, or encumbrance of the Premises, or any part thereof, other than a Permitted Encumbrance, whether voluntarily, involuntarily, or by operation of law, then at the sole option of the Mortgagee, the Mortgagee may declare the entire Indebtedness Secured Hereby, due and payable in full and call for payment of the same in full at once. A consent by the Mortgagee to any one transaction shall not be deemed a consent to or waiver of its right to consent to future or successive transactions. Any change in the legal or equitable title of the Premises or in the beneficial ownership of the Premises whether or not of record and whether or not for consideration shall be deemed a transfer of an interest in the Premises.

7.8 RIGHTS CUMULATIVE. Each right, power or remedy herein conferred upon the Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter arising, available to Mortgagee, at law or in equity, or under any other agreement, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the Mortgagee and shall not be a waiver of the right to exercise at any time thereafter any other right, power or remedy. No delay or omission by the Mortgagee in the exercise of any right, power or remedy arising hereunder or arising otherwise shall impair any such right, power or remedy or the right of the Mortgagee to resort thereto at a later date or be construed to be a waiver of any default or event of default under this Mortgage.

7.9 RIGHT TO DISCONTINUE PROCEEDINGS. In the event Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted under this Mortgage and shall thereafter elect to discontinue or abandon the same for any reason, Mortgagee shall have the unqualified right to do so and in such event Mortgagor and Mortgagee shall be restored to their former positions with respect to the Indebtedness Secured Hereby. This Mortgage, the Premises and all rights, remedies and recourse of the Mortgagee shall continue as if the same had not been invoked.

ARTICLE VIII

MISCELLANEOUS

8.1 RELEASE OF MORTGAGE. When all Indebtedness Secured Hereby has been paid and all other obligations of Mortgagor have been satisfied, Mortgagee shall deliver to Mortgagor a release of this Mortgage.

8.2 CHOICE OF LAW. This Mortgage is made and executed pursuant to and is to be construed according to the laws of the State of Illinois and shall be governed by the laws of said State.

8.3 SUCCESSORS AND ASSIGNS. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon Mortgagor and their successors and assigns including without limitation each and every from time to time record owner of the Premises or any other person having an interest therein, shall run with the land and shall inure to the benefit of the Mortgagee and its successors and assigns. In the event that the ownership of the Premises becomes vested in a person or persons other than the Mortgagor, the Mortgagee shall not have any obligation to deal with such successor or successors in interest unless such transfer is permitted by this Mortgage and then only upon being notified in writing of such change of ownership. Upon such notification, the Mortgagee may thereafter deal with such successor in place of Mortgagor without any obligation to thereafter deal with Mortgagor and without waiving any liability of Mortgagor hereunder or under any Note. No change of ownership shall in any way operate to release or discharge the liability of the Mortgagor hereunder unless such release or discharge is expressly agreed to in writing by the Mortgagee.

8.4 UNENFORCEABILITY OF CERTAIN CLAUSES. The unenforceability or invalidity of any provisions hereof shall not render any other provision or provisions herein contained unenforceable or invalid.

8.5 CAPTIONS AND HEADINGS. The captions and headings of the various sections of this Mortgage are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits the singular shall include the plural, the plural shall include the singular and the masculine, feminine and neuter shall be freely interchangeable.

8.6 USURY LAW. Notwithstanding anything to the contrary contained in the Credit Agreement, the Guaranties or in this Mortgage, all agreements which either now are or which shall become agreements between Mortgagor and Mortgagee are hereby limited so that in no contingency or event whatsoever shall the total liability for payments in the nature of interest, additional interest and other charges exceed the applicable limits imposed by the usury laws of the State of Illinois. If any payments in the nature of interest, additional interest and other charges made under the Notes or under this Mortgage are held to be in excess of the applicable limits imposed by the usury laws of the State of Illinois, it is agreed that any such amount held to be in excess shall be considered payment of principal hereunder, and the indebtedness evidenced hereby shall be reduced by such amount so that the total liability for payments in the nature of interest, additional interest and other charges shall not exceed the applicable limits imposed by the usury laws of the State of Illinois, in compliance with the desires of Mortgagor and Mortgagee. This provision shall never be superseded or waived and shall control every other provision of this Mortgage and all agreements between Mortgagor and Mortgagee, or their successors and assigns.

8.7 NOTICES. Any notice which any party hereto may desire or may be required to give to any other party shall be in writing and the mailing thereof by certified mail to their respective addresses as set forth herein, or to such other places any party hereto may hereafter by notice in writing designate shall constitute service of notice hereunder.

8.8 COMMERCIAL PROPERTY. The Premises are not used principally, or at all, for agricultural or farming purposes. Mortgagor warrants, represents, covenants and agrees, as a material inducement to the granting of the Loan, that all of the proceeds of the Loan shall be used for business or commercial purposes and no part of said proceeds shall be used for personal, family, household or agricultural purposes.

8.9 FUTURE ADVANCES; MAXIMUM INDEBTEDNESS; REVOLVING CREDIT. This Mortgage secures the Guaranties, which guaranty not only present indebtedness but also future advances of Mortgagee to the Borrower, whether such future advances are obligatory or are to be made at the option of the Mortgagee, or otherwise as are to be made within twenty (20) years of the date hereof. The maximum principal amount of indebtedness secured by this Mortgage may increase or decrease from time to time, however the principal amount of such indebtedness shall not exceed \$5,325,000, plus interest thereon and other costs, amounts and disbursements as provided herein.

8.10 COSTS AND EXPENSES. All attorneys' fees and other costs incurred in connection with the foreclosure of this Mortgage and all expenses incurred by Mortgagee to the extent reimbursable under Sections 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

8.11 JURY TRIAL WAIVER. Mortgagor and Mortgagee each hereby waive the right of a jury trial in each and every action on any Note or any of the other documents evidencing or securing the Loan, it being acknowledged and agreed that any issues of fact in any such action are more appropriately determined by the courts; further Mortgagor hereby consents and subjects itself to the jurisdiction of the courts of the State of Illinois and, without limiting the generality of the foregoing, to the venue of such courts in the County in which the Premises are located.

EXHIBIT A

Legal Description

Lots 27 and 28 in Palwaukee Business Center Unit 2 being a subdivision in the South East 1/4 of Section 11, Township 11, Township 42 North, Range 11 East of the Third Principal Meridian, according to the plat thereof recorded September 19, 1986 as Document No. 86425053, in Cook County, Illinois.

Common address: 505 Chaddick Drive
Wheeling, Illinois 60090

P.I.N.: 03-11-409-007
03-11-409-008

Property of Cook County Clerk's Office

EXHIBIT B

Permitted Encumbrance

Mortgage and Security Agreement and Assignment of Leases and Rents dated January 10, 1994, subsequently recorded on January 12, 1994, in Cook County, Illinois, as Document Numbers 94036552 and 94036553, respectively, as modified from time to time.

M1:497627.02

Property of Cook County Clerk's Office