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MAYOR
CAROLYN KRAUSE

TRUSTEES
RALPH W. ARTHUR
GERALD L. FAHEY
LEO FLOROS
NORMA J. MURASKIS
GEORGE W. VAN DIELM
THEODORE J. WATTENBERG

VILLAGE MANAGER
JOHN FULTON CRAXON

Village of Mount Prospect

100 S. Emerson Mount Prospect, Illinois 60056

Phone 312 / 392-6000

STATE OF ILLINOIS :)
) 58
COUNTY OF COOK)

I, Carol A. Fields, do hereby certify that I am the duly appointed Village Clerk of the Village of Mount Prospect and as such, am the keeper of the records and files of said Village.

I do further certify that attached hereto is a true and correct copy of ORDINANCE NO. 3896 entitled "AN ORDINANCE IMPLEMENTING THE REDEVELOPMENT AGREEMENT WITH HOME BY HEMPHILL, INC." said ordinance having been duly adopted by the Mayor and Board of Trustees at their regular meeting held March 1, 1988 and at which time the Village Board voted as follows:

Ayes: 4
Nays: 0
Absent: 2

all as appears in the official records and files in my care and custody.

Dated this 8th day of September, 1988.

Carol A. Fields
Village Clerk
Village of Mount Prospect
Cook County, Illinois

(Seal)



MAYOR
 CAROLYN M. KRAUSE
TRUSTEES
 RALPH W. ARTHUR
 GERALD L. FARLEY
 LEO FLOROS
 NORMA J. MURASKIS
 GEORGE R. VAN GEEM
 THEODORE J. WATTENBERG
VILLAGE MANAGER
 JOHN FULTON DIXON

Village of Mount Prospect

100 S. Emerson Mount Prospect, Illinois 60056

Phone 312 / 392-6000

STATE OF ILLINOIS)
) SS
 COUNTY OF COOK)

I, Carol A. Fields, do hereby certify that I am the duly appointed Village Clerk of the Village of Mount Prospect in the County and State aforesaid, and as such Village Clerk, I am the keeper of the records and files of the Board of Trustees of said Village.

I do further certify that attached hereto is a full, true and correct copy of Ordinance No. 3896 AN ORDINANCE IMPLEMENTING THE REDEVELOPMENT AGREEMENT WITH HOME BY HEMPHILL, INC.

duly adopted by the Board of Trustees of the Village of Mount Prospect Cook County, Illinois, at its legally convened meeting held on the 1st day of March, 1988, and that at the time of adoption of said

Ordinance No. 3896

the Board of Trustees voted as follows:

AYES:	4
NAYS:	0
ABSENT:	2
PASS:	0

all as appears in the official records of said Village in my care and custody.

Dated at Mount Prospect, Illinois, this 4th day of March, 1988

Carol A. Fields

Carol A. Fields
 Village Clerk
 Village of Mount Prospect
 Cook County, Illinois

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Property of Cook County Clerk's Office

published in pamphlet form by
authorities of the corporate of
Mount Prospect, Illinois, the
2nd day of March, 1988.

PASSED AND APPROVED BY
THE PRESIDENT AND BOARD OF TRUSTEES
THE 1st DAY OF March, 1988.

AN ORDINANCE IMPLEMENTING THE REDEVELOPMENT
AGREEMENT WITH HOME BY HEMPHILL, INC.

ORDINANCE NO. 3896

Supplemental Agreement March 1988

executed February 2, 1988, between the Village of Mount Prospect and Hemphill, Inc., approves and implements the Redevelopment Agreement attached hereto and made a part hereof as Exhibit A, pursuant to Ordinance No. 3891, which is incorporated herein in its entirety; and WHEREAS, the Village of Mount Prospect approved a Redevelopment Agreement with Home by Hemphill, Inc., on February 2, 1988, regarding the development and acquisition of certain real property in the Village of Mount Prospect more fully described in the Redevelopment Agreement, a copy of which is attached hereto and made a part hereof as Exhibit A, pursuant to Ordinance No. 3891, which is incorporated herein in its entirety; and WHEREAS, the Village Clerk caused a notice for alternative bids and proposals to be published in a local newspaper of general circulation on February 3, 1988, concerning the disposition and development of said real property in accordance with the District No. 1 Tax Incremental Redevelopment Project and Plan, a copy of which notice is attached hereto and made a part hereof as Exhibit B; and WHEREAS, the Village has not received any alternative bids or proposals in response to its request for the same and has determined that the Redevelopment Agreement submitted by Home by Hemphill, Inc. is in the best interests of the Village of Mount Prospect.

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF MOUNT PROSPECT, COOK COUNTY, ILLINOIS, IN THE EXERCISE OF ITS HOME RULE POWERS, as follows: SECTION 1: The Village of Mount Prospect finds that no alternative bids or proposals were received in response to the Village's publication for such proposals and bids as set forth in Exhibit B, and the Village of Mount Prospect hereby accepts, ratifies, approves and implements the Redevelopment Agreement executed February 2, 1988, between the Village of Mount Prospect and Hemphill, Inc., on February 2, 1988, regarding the development and acquisition of certain real property in the Village of Mount Prospect more fully described in the Redevelopment Agreement, a copy of which is attached hereto and made a part hereof as Exhibit A, pursuant to Ordinance No. 3891, which is incorporated herein in its entirety; and WHEREAS, the Village Clerk caused a notice for alternative bids and proposals to be published in a local newspaper of general circulation on February 3, 1988, concerning the disposition and development of said real property in accordance with the District No. 1 Tax Incremental Redevelopment Project and Plan, a copy of which notice is attached hereto and made a part hereof as Exhibit B; and WHEREAS, the Village has not received any alternative bids or proposals in response to its request for the same and has determined that the Redevelopment Agreement submitted by Home by Hemphill, Inc. is in the best interests of the Village of Mount Prospect.

AN ORDINANCE IMPLEMENTING THE REDEVELOPMENT AGREEMENT WITH HOME BY HEMPHILL, INC.

VILLAGE OF MOUNT PROSPECT
ORDINANCE NO. 3896

and Home by Hemphill, Inc., which agreement was executed and preliminarily approved by the Village of Mount Prospect by Ordinance No. 3891.

SECTION 2: The Mayor, Village Clerk, Village Trustees, Officers, Village Manager, Agents, Employees, and Attorneys are authorized, directed and empowered to take all steps necessary to implement all of the terms, conditions and provisions of the Redevelopment Agreement with Home by Hemphill, Inc.

SECTION 3: This Ordinance and each of its terms shall be the effective legislative act of a home rule municipality without regard to whether such Ordinance should (a) contain terms contrary to the provisions of current or subsequent non-preemptive state law, (b) legislate in a manner or regarding a matter not delegated to municipalities by state law. It is the intent of the corporate authorities of the Village of Mount Prospect that, to the extent the terms of this Ordinance are inconsistent with any non-preemptive state law, said terms shall supersede said state law to the extent of said inconsistency.

SECTION 4: This Ordinance shall be in full force and effect from and after its passage and approval as provided by law, but shall be subsequently published in pamphlet form. PASSED BY THE FOLLOWING ROLL CALL VOTE, this 1st day of March, 1988.

AYES: Farley, Floros, Van Geem, Wattenberg
NAYS: None
ABSENT: Arthur, Muraskis

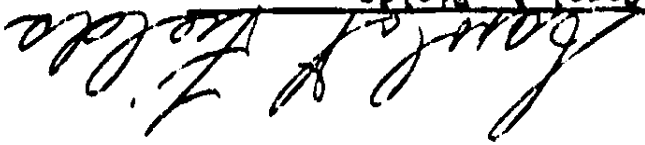
APPROVED this 1st day of March, 1988.

ATTEST:
David J. Felle
Village Clerk

Carlton H. Korman
PRESIDENT

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Carol A. Fields
Village Clerk
Village of Mount Prospect
Cook County, Illinois



Dated this 8th day of September, 1988.

all as appears in the official records and files in my care and custody.

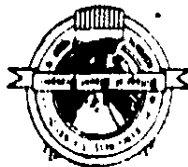
Ayes: 6
Nays: 0
Absent: 0

I, Carol A. Fields, do hereby certify that I am the duly appointed Village Clerk of the Village of Mount Prospect and as such, am the keeper of the records and files of said Village. I do further certify that attached hereto is a true and correct copy of ORDINANCE NO. 3191 entitled "AN ORDINANCE AUTHORIZING THE EXECUTION OF A REDEVELOPMENT AGREEMENT" said Ordinance having been duly adopted by the Mayor and Board of Trustees at their regular meeting held February 2, 1988 and at which time the Village Board voted as follows:

STATE OF ILLINOIS)
COUNTY OF COOK)
SS)

Phone 312 / 392-8000

Village of Mount Prospect
100 S. Emerson Mount Prospect, Illinois 60056



MAYOR
CAROLYN H. RAJIB
TRUSTEES
RALPH W. ARTHUR
GERALD L. FARLEY
LEO FLORES
NORMA J. MURASKIS
GEORGE R. VAN GELM
THEODORE J. WATTENBERG
VILLAGE MANAGER
JOHN FULTON DIXON

Property of Cook County Clerk's Office

published in pamphlet form by
authorities of the village of
Mount Prospect, Illinois, the
3rd day of February, 1988.

PASSED AND APPROVED BY
THE PRESIDENT AND BOARD OF TRUSTEES
THE 2nd DAY OF February, 1988.

AN ORDINANCE AUTHORIZING THE EXECUTION OF
A REDEVELOPMENT AGREEMENT

ORDINANCE NO. 3891

Redevelopment Agreement returned

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WHEREAS, the implementation of the aforementioned DISTRICT NO. 1 TAX INCREMENT REDEVELOPMENT PROJECT AND PLAN would, for the Village of Mount Prospect, strengthen the property and non-property tax and income bases, and would provide jobs for Village residents.

WHEREAS, the Village of Mount Prospect will publish a notice for alternative proposals or bids in accordance with the provisions of the Real Property Tax Increment Allocation Redevelopment Act and review and consider the same before determining that the attached agreement should be implemented; and

WHEREAS, the Village of Mount Prospect desires to sell certain property pursuant to the terms and conditions included in the Redevelopment Agreement and supplementarily Agreement thereto in accordance with the DISTRICT NO. 1 TAX INCREMENT REDEVELOPMENT PROJECT AND PLAN; and

WHEREAS, the Village has acquired the property described in the Redevelopment Agreement attached hereto as Exhibit "A" to realize the conservation area, and stimulate redevelopment within the area pursuant to the objectives of the DISTRICT NO. 1 TAX INCREMENT REDEVELOPMENT PROJECT AND PLAN; and

WHEREAS, the President and Board of Trustees of the Village of Mount Prospect adopted Ordinance No. 3586 entitled AN ORDINANCE AUTHORIZING THE ACQUISITION OF PROPERTY THROUGH CONDEMNATION OR OTHERWISE FOR THE DISTRICT NO. 1 TAX INCREMENT REDEVELOPMENT PROJECT AND PLAN; and

WHEREAS, the President and Board of Trustees of the Village of Mount Prospect have determined that the DISTRICT NO. 1 TAX INCREMENT REDEVELOPMENT PROJECT AND PLAN which was the subject matter of public hearings is in the best interests of the residents of the Village of Mount Prospect and is public purposes; and

WHEREAS, the President and Board of Trustees of the Village of Mount Prospect, Cook County, Illinois have heretofore adopted Ordinance No. 3574 entitled AN ORDINANCE APPROVING THE TAX INCREMENT REDEVELOPMENT PLAN AND REDEVELOPMENT PROJECT FOR THE DISTRICT NO. 1 REDEVELOPMENT PROJECT AREA IN THE VILLAGE OF MOUNT PROSPECT, ILLINOIS and Ordinance No. 3555 entitled AN ORDINANCE DESIGNATING DISTRICT NO. 1 TAX INCREMENT REDEVELOPMENT PROJECT AREA IN THE VILLAGE OF MOUNT PROSPECT, ILLINOIS which are incorporated herein in their entirety; and

WHEREAS, the Village of Mount Prospect is empowered, pursuant to the Tax Increment Allocation Redevelopment Act, P.S. 79-1525, appearing as Section 11-74.4-1 et seq., of Chapter 24, Ill. Rev. Stat., 1979 (hereinafter the "Act") to undertake the redevelopment of conservation areas through tax increment financing to acquire by purchase, donation, lease or condemnation of real property within the designated redevelopment Project Area, and pursuant to said Act to incur redevelopment project costs and enter into Redevelopment Agreements; and

WHEREAS, the Village of Mount Prospect, pursuant to the powers of a home rule unit, has the power to acquire property to remove conservation areas within the Village with the intent of stimulating redevelopment; and

WHEREAS, the Village of Mount Prospect is a home rule unit and as such may exercise any power or perform any function pertaining to its government or affairs; and

AN ORDINANCE AUTHORIZING THE EXECUTION OF A REDEVELOPMENT AGREEMENT

3891

ORDINANCE NO.

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF MOUNT PROSPECT, COOK COUNTY, ILLINOIS, IN THE EXERCISE OF ITS HOME RULE POWERS, AS FOLLOWS:

SECTION 1: The Mayor and Clerk of the Village of Mount Prospect be and they are hereby authorized and directed to execute the Redevelopment Agreement and supplementary Agreement thereto dated February 2, 1988, a copy of which is attached hereto and made a part hereof as Exhibit A.

SECTION 2: This Ordinance and each of its terms shall be the effective legislative act of a home rule municipality without regard to whether such ordinance should (a) contain terms contrary to the provisions of current or subsequent non-preemptive State Law; (b) legislate in a manner or regarding a matter not delegated to municipalities by State law. It is the intent of the Corporate Authorities that to the extent that the terms of this Ordinance should be inconsistent with a non-preemptive State Law, that this Ordinance shall supersede State law in that regard within its jurisdiction.

SECTION 3: The Village Clerk is directed to publish a notice of a Redevelopment Agreement between the Village of Mount Prospect and Home by Hemphill, Inc., and a request for alternate bids and proposals for the same property to be submitted to the Village for review at the regular Board meeting to be held March 1, 1988.

SECTION 4: This Ordinance shall be in full force and effect from and after its passage and approval as provided by law.

AYES: Arthur, Farley, Florio, Murawski, Van Geem, Wattenberg

NAYS: None

ABSENT: None

PASSRD AND APPROVED this 2nd day of February, 1988.

Carol A. Kraus
President

James A. Felder
Village Clerk

ATTEST:

Property of Cook County

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MSK/ag

By: Michael S. Kurtzon
Michael S. Kurtzon

MILLER, SHAKMAN, NATHAN &
HAMILTON

Very truly yours,

This letter is to certify to you that Village Commons Associates, an Illinois joint venture, is the designee of Home By Hemphill, Inc. as developer under the development Agreement between Home By Hemphill, Inc. and the Village of Mount Prospect dated February 2, 1988. We represent both Home By Hemphill, Inc. and Village Commons Associates as counsel and are authorized to make this certification to you.

Gentlemen:

Re: Redevelopment Agreement Between Home By Hemphill, Inc. and the Village of Mount Prospect

Registrar of Titles
118 North Clark
Chicago, Illinois 60602

November 15, 1988

808 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60604
TELEPHONE (312) 463 3700
FACSIMILE (312) 463 3770
OF COUNSEL
MAURICE ROSENFIELD
THEODORE BERGER
DAVID PARSON

MEL H ADelman
MARC O BEEM
STEPHEN J BISHOP
GERALDINE BOAT BROWN
ARTHUR W FRIEDMAN
RUTH GOLDMAN
MICHAEL S KURTZON
EDWARD W FELDMAN
DAVID L FELTMAN
COTT M LAPINE
EDWARD W HALSTROM
BARRY A MILLER
RONALD S MILLER
LAURANCE P NATHAN
MICHAEL L SHAKMAN
JEFFREY A USOM
JULIE H FRIEDMAN
LAWRENCE M KNOWLES
JUDITH S WOLICHNI

MILLER, SHAKMAN, NATHAN & HAMILTON
ATTORNEYS AND COUNSELORS

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9 0 5 5 5 0 6

NW Corner of Northwest Highway and Elm Street
Mt. Prospect, Illinois

Address of Premises:

- 08-12-110-018-0000
- 08-12-110-023-0000
- 08-12-110-024-0000
- 08-12-110-029-0000
- 08-12-115-004-0000
- 08-12-115-002-0000
- 08-12-115-003-0000
- 08-12-116-002-0000
- 08-12-116-003-0000
- 08-12-116-005-0000

Permanent Tax Index Numbers:

This instrument prepared by and to be returned after recording to:

Alvin L. Kruse
James A. Schraide
Seyfarth, Shaw, Fairweather &
Geraldson
Suite 4200
55 East Monroe Street
Chicago, Illinois 60603

Dated as of October 1, 1988

THE NORTHERN TRUST COMPANY,
an Illinois banking corporation

to

FIRST ILLINOIS BANK OF WILMETTE,
an Illinois banking corporation,
as Trustee under a Trust Agreement,
dated September 9, 1988,
and known as Trust No. TWB-0728

from

CONSTRUCTION LOAN MORTGAGE AND SECURITY AGREEMENT

3753806

15624
10-19-88

(3)

11688
102719, 103087, 103097, 103149, 102449, 103093, 103094, 103485, 103083
from of [unclear] 10/25/88
[Signature]

Property of Cook County Clerk's Office

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ASSIGNMENT OF RENTS, DECLARATION OF SUBORDINATION TO LEASES

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DEFINITIONS

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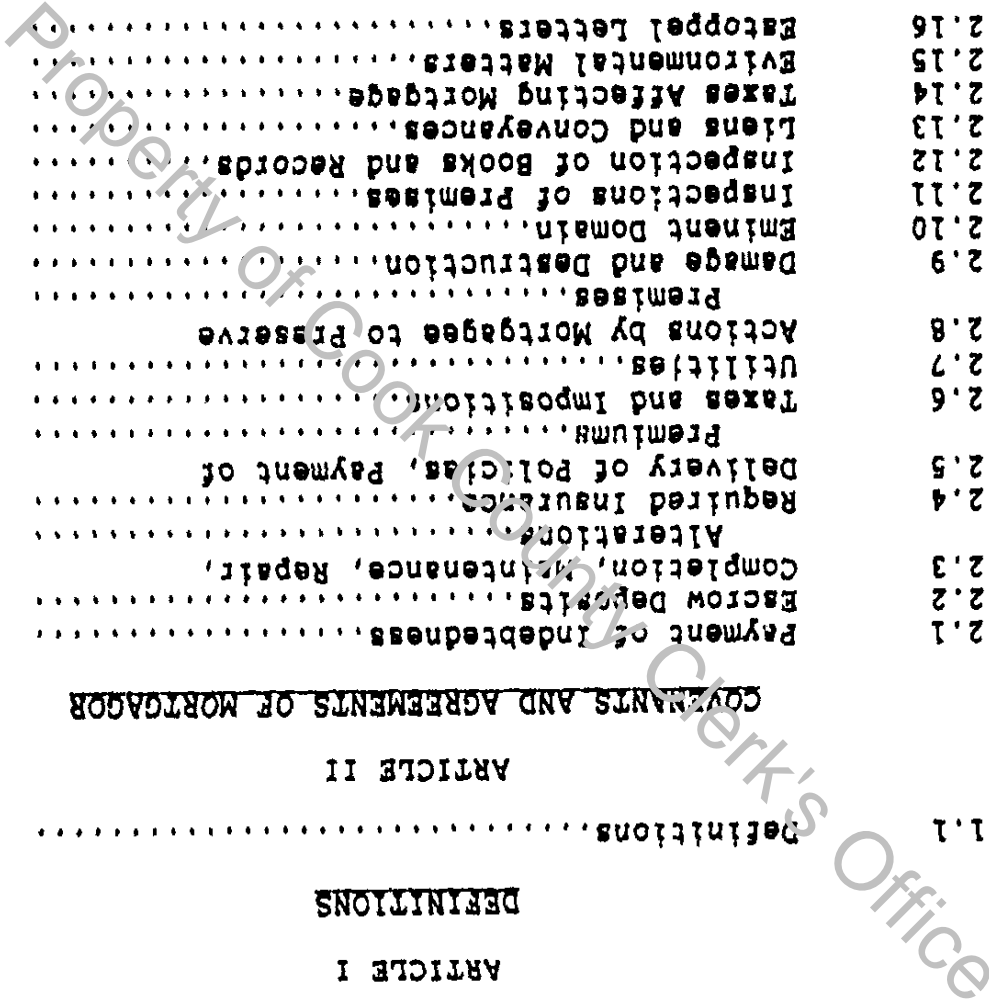
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(b) All right, title and interest of the Mortgagor in and to all leases or subleases covering the said real estate and improvements or any portion thereof now or hereafter existing or entered into, including, but not limited to, the leases (as defined in Article I hereof), and all right, title and interest

(a) All rents, issues, profits, royalties and income with respect to the said real estate and improvements and other benefits derived therefrom, subject to the right, power and authority given to the Mortgagor to collect and apply same; and

TOGETHER WITH THE FOLLOWING:

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness hereby secured, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor hereby grants, bargains, sells, conveys and mortgages to the Mortgagee and its successors and assigns forever, under and subject to the terms and conditions hereinafter set forth, all of the Mortgagor's right, title and interest in and to the real property located in the Village of Mount Prospect, County of Cook, State of Illinois, described in Exhibit A attached hereto and by this reference incorporated herein, including all improvements now and hereafter located thereon.

NOW, THEREFORE, THIS CONSTRUCTION LOAN MORTGAGE AND SECURITY AGREEMENT WITNESSETH THAT:

WHEREAS, the Note evidences a construction loan being made by the Mortgagor, for the benefit of Village Commons Associates, an Illinois joint venture (the "Beneficiary"), for the purpose of financing the acquisition of the real estate described in Exhibit A attached hereto and the construction of up to 51 condominium townhomes thereon to be known as Village Commons;

WHEREAS, the Mortgagor has, concurrently herewith, executed and delivered to the Mortgagee its Construction Loan Mortgage Note (the "Note") bearing even date herewith in the principal sum of four million eight hundred ten thousand three hundred fifty-one and No/100 Dollars (\$4,810,351), payable to the order of the Mortgagee, due on November 1, 1990; and

W I T N E S S E T H :

THIS CONSTRUCTION LOAN MORTGAGE AND SECURITY AGREEMENT dated as of October 1, 1988, from FIRST ILLINOIS BANK OF WILMETTE, an Illinois banking corporation, as Trustee under a Trust Agreement dated September 9, 1988, and known as Trust No. TWB-0728, and not personally (the "Mortgagor"), to THE NORTHERN TRUST COMPANY, an Illinois banking corporation (the "Mortgagee");

CONSTRUCTION LOAN MORTGAGE AND SECURITY AGREEMENT

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of the Mortgagor thereunder, including, without limitation, all cash security deposits, advance rentals, and deposits or payments of similar nature; and

(c) All privileges, reservations, allowances, hereditaments and appurtenances belonging or pertaining to the said real estate and improvements and all rights and estates in reversion or remainder and all other interests, estates or other claims, both in law and in equity, which the Mortgagor now has or may hereafter acquire in the said real estate and improvements; and

(d) All easements, rights-of-way and rights used in connection with the said real estate and improvements or as means of ingress and egress thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights and shares of stock evidencing the same; and

(e) All right, title and interest of the Mortgagor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the said real estate and improvements, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the said real estate and improvements; and

(f) Any and all buildings and improvements now or hereafter erected on the said real estate, including, but not limited to, all the fixtures, attachments, appliances, equipment, machinery, and other articles attached to said buildings and improvements; and

(g) All materials intended for construction, reconstruction, alteration and repairs of the said real estate and improvements, all of which materials shall be deemed to be included within the said real estate and improvements immediately upon the delivery thereof to the said real estate; and

(h) All fixtures now or hereafter owned by the Mortgagor and attached to or contained in and used in connection with the said real estate and improvements, including, but not limited to, all machinery, motors, elevators, fittings, radiators, awnings, shades, screens, and all plumbing, heating, lighting, ventilating, refrigerating, incinerating, air-conditioning and sprinkler equipment and fixtures and appurtenances thereof; and all items of furniture, furnishings, equipment and personal property owned by the Mortgagor and used or useful in the operation of the said real estate and improvements; and all renewals, substitutions and replacements for any or all of the foregoing, and all proceeds therefrom, whether or not the same are or shall be attached to the said real estate and improvements in any manner; it being mutually agreed, intended and declared that all the aforesaid property owned by the

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Mortgagor and placed by it on and in the said real estate and improvements shall, so far as permitted by law, be deemed to form a part and parcel of the real estate and for the purpose of this Mortgage to be real estate and covered by this Mortgage; and as to any of the aforesaid property which does not so form a part and parcel of the real estate or does not constitute a "fixture" (as such term is defined in the Uniform Commercial Code of Illinois), this Mortgage is deemed to be a security agreement under the Uniform Commercial Code of Illinois for the purpose of creating hereby a security interest in such property, which the Mortgagor hereby grants to the Mortgagee as secured party;

(i) All the estate, interest, right, title, other claim or demand, including claims or demands with respect to any proceeds of insurance related thereto, which the Mortgagor now has or may hereafter acquire in the said real estate and improvements or personal property and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the said real estate and improvements or personal property, including without limitation any awards resulting from a change of grade of streets and awards for severance damages; and

(j) All right, title and interest of the Mortgagor in, to and under all contracts for the sale of condominium units constituting a part of said real estate and improvements, and all proceeds therefrom;

the said real estate and improvements and the property and interests described in (a) through (j) above being collectively referred to herein as the "Premises".

TO HAVE AND TO HOLD the same unto the Mortgagee and its successors and assigns forever, for the purposes and uses herein set forth.

FOR THE PURPOSE OF SECURING:

(a) Payment of the indebtedness evidenced by the Note, and including the principal thereof and interest thereon and any and all modifications, extensions and renewals thereof, and performance of all obligations of the Mortgagor under the Note; and

(b) Performance and observance by the Mortgagor of all of the terms, covenants and provisions of this Mortgage; and

(c) Performance and observance by the parties thereto of all of the terms, covenants and provisions of the other Loan Documents (as defined in Article I hereof); and

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(d) Payment of all sums advanced by the Mortgagee to perform any of the terms, covenants and provisions of this Mortgage or any of the other Loan Documents (as defined in Article I hereof), or otherwise advanced by the Mortgagee pursuant to the provisions hereof or any of such other documents to protect the property hereby mortgaged and pledged; and

(e) Performance and observance of all of the terms, covenants and provisions of any other instrument given to evidence or further secure the payment and performance of any indebtedness hereby secured or any obligation secured hereby; and

(f) Payment of any future or further advances (not exceeding \$10,000,000) which may be made by the Mortgagee in its sole discretion to and for the benefit of the Mortgagor, its successors, assigns and legal representatives.

PROVIDED, HOWEVER, that if the Mortgagor shall pay the principal and all interest as provided in the Note, and shall pay all other sums herein provided for, or secured hereby, and shall well and truly keep and perform all of the covenants herein contained, then this Mortgage shall be released at the cost of the Mortgagor, otherwise to remain in full force and effect.

TO PROTECT THE SECURITY OF THIS CONSTRUCTION LOAN MORTGAGE AND SECURITY AGREEMENT, THE MORTGAGOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. The terms defined in this Section (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this Mortgage shall have the respective meanings specified in this Section.

"Assignment of Rents" means the Construction Loan Assignment of Rents and Leases dated as of October 1, 1988, from the Mortgagor and the Beneficiary to the Mortgagee.

"Beneficial Interest Assignment" means the Construction Loan Collateral Assignment of Beneficial Interest dated as of October 1, 1988, from the Beneficiary to the Mortgagee.

"Beneficiary" means Village Commons Associates, an Illinois joint venture.

"Environmental Report" means the report entitled "Final Report: Environmental Site Evaluation Pursuant to Real Estate

3753606

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0 3 7 9 3 0 6

Purchase" dated August 17, 1988, pertaining to the Premises prepared by Environmental Risk Consultants, Inc.

"Guaranty" means the Construction Loan Guaranty of Payment and Completion dated as of October 1, 1988, from the Beneficiary and the Individual Guarantors to the Mortgagee.

"Hazardous Material" means any hazardous, toxic, or dangerous waste, substance or material defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, any so-called "Superfund" or "Superliar" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards on conduct concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect.

"Improvements" means a condominium townhome development, including all land development improvements and site work, to be constructed on the Premises in accordance with the Plans, to contain up to 51 Units and to be known as Village Commons.

"Individual Guarantors" means Charles H. Shaw, Robert J. Winter, Jr. and Sedgwick Mead, Jr., who are the only shareholders of CHS Mount Prospect, Inc., a Delaware corporation, which is one of the Venture Partners, and James D. Hemphill, who is the sole shareholder of Hemphill-Mt. Prospect, Inc., an Illinois corporation, which is also one of the Venture Partners.

"Letter of Credit" means a letter of credit issued by the Bank in an amount not exceeding \$310,251 in favor of the Village of Mount Prospect, Illinois, as beneficiary.

"Letter of Credit Agreement" means the Bank's standard form of Application and Agreement for Irrevocable Letter of Credit executed and delivered by the Beneficiary in connection with the Letter of Credit issued pursuant to Section 2.1 of the Loan Agreement.

"Loan Agreement" means the Construction Loan Agreement dated as of October 1, 1988, by and among the Mortgagor, the Beneficiary and the Mortgagee.

"Loan Documents" means the Loan Agreement, the Note, this Mortgage, the Assignment of Rents, the Security Agreement, the Beneficial Interest Assignment, the Letter of Credit Agreement, the Letter of Credit, the Guaranty, and all other documents and instruments at any time evidencing and securing the indebtedness secured by this Mortgage.

"Mortgage" means this Construction Loan Mortgage and Security Agreement dated as of October 1, 1988, from the Mortgagor to the Mortgagee.

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"Mortgagee" means The Northern Trust Company, an Illinois banking corporation.

"Mortgagor" means First Illinois Bank of Wilmette, an Illinois banking corporation, as Trustee under a Trust Agreement dated September 9, 1988, and known as Trust No. TWB-0728.

"Note" means the Construction Loan Mortgage Note of the Mortgagor dated October 1, 1988, in the principal amount of \$4,810,351 made payable to the order of the Mortgagee.

"Premises" means the real estate described in Exhibit A attached hereto and all improvements now and hereafter located thereon, and all other property, rights and interests described in the foregoing granting clauses of this Mortgage.

"Security Agreement" means the Construction Loan Security Agreement dated as of October 1, 1988, from the Beneficiary to the Mortgagee.

"Title Company" means Chicago Title Insurance Company, or such other title insurance company as may be approved by the Bank.

"Unit" or "Units" means any one or more of the condominium townhome units to be a part of the Improvements.

"Venture Partners" means CHS Mount Prospect, Inc., a Delaware corporation, and Hemphill-Mt. Prospect, Inc., an Illinois corporation, the venture partners of the Beneficiary.

ARTICLE II

COVENANTS AND AGREEMENTS OF MORTGAGOR

Section 2.1. Payment of Indebtedness. The Mortgagor covenants and agrees that it will pay when due the principal of and interest on the indebtedness hereby secured evidenced by the Note, all other sums which may become due pursuant thereto or hereto, and all other indebtedness hereby secured as described in the foregoing granting clauses of this Mortgage, including, but not limited to, all charges, fees and all other sums to be paid by the Mortgagor as provided in the Loan Documents, and that it will duly and punctually perform, observe and comply with all of the terms, provisions and conditions herein and in the other Loan Documents provided to be performed and observed by the Mortgagor. The Note, which is hereby incorporated into this Mortgage by reference with the same effect as if set forth in full herein, is in the principal amount of \$4,810,351 and bears interest at a variable rate of 3/4% per annum in addition to the Mortgagee's Prime Rate (as defined below) from time to time in effect while the Note is outstanding. For such purposes, the term "Prime Rate" shall mean the rate of interest per year announced from time to time by the Mortgagee called its prime

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rate, which rate at any time may not be the lowest rate charged by the Mortgagee. Changes in the rate of interest on the Note resulting from a change in the Prime Rate shall take effect on the date of change in the Prime Rate set forth in each announcement. Interest is payable on the Note in arrears on the first day of each month commencing with the month following the month in which the first disbursement of principal occurs. All of the unpaid principal of and accrued interest on the Note shall be due and payable on November 1, 1990.

Section 2.2. Escrow Deposits. In order to provide moneys for the payment of the Impositions on the Premises required to be paid by the Mortgagor pursuant to Section 2.6 hereof and the premiums on the insurance required to be carried by the Mortgagor pursuant to Section 2.4 hereof, the Mortgagor shall pay to the Mortgagee with each monthly interest payment on the Note such amount as the Mortgagee shall estimate will be required to accumulate, by the date 30 days prior to the due date of the next annual installment of such Impositions and insurance premiums, through substantially equal monthly payments by the Mortgagor to the Mortgagee, amounts sufficient to pay such next annual Impositions and insurance premiums. All such payments shall be held by the Mortgagee in escrow, and the Mortgagee shall not be obligated to pay interest thereon. Amounts held in such escrow shall be made available by the Mortgagee to the Mortgagor for the payment of the Impositions and insurance premiums on the Premises when due, or may be applied thereto by the Mortgagee if it in its sole discretion so elects. The Mortgagee may at any time and from time to time waive the requirement for the escrow deposits provided for in this Section, and shall waive such requirement to the extent that moneys sufficient for the payment of impositions and insurance premiums due or to become due during the term hereof shall have been reserved under the Loan Agreement, if no default exists under any of the Loan Documents. In the event of any such waiver, the Mortgagee may thereafter in its sole discretion elect to require that the Mortgagor commence making such escrow deposits by giving the Mortgagor not less than 10 days' written notice of such election. No such waiver shall impair the right of the mortgagee thereafter to require that such escrow deposits be made.

Section 2.3. Completion, Maintenance, Repair, Alterations. The Mortgagor covenants and agrees that it will:

- (a) keep the Premises in good condition and repair;
- (b) not remove, demolish or substantially alter (except such alterations as may be required by laws, ordinances or governmental regulations) any of the improvements which are a part of the Premises;
- (c) complete promptly and in a good and workmanlike manner the construction of the Improvements as contemplated by, and in accordance with, the terms of the Loan Agreement, or any

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other improvements which may be constructed on or at the Premises;

(d) promptly repair and restore any portion of the Premises which may become damaged or be destroyed so as to be of at least equal value and of substantially the same character as prior to such damage or destruction;

(e) subject to Section 2.13(a) hereof, pay when due all claims for labor performed and materials furnished to and for the Premises;

(f) comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Premises or any part thereof or requiring any alterations or improvements;

(g) not commit or permit any waste or deterioration of the Premises or any portion thereof;

(h) keep and maintain the Premises in good and neat order and repair and free of nuisance;

(i) not commit, suffer or permit any act to be done in or upon the Premises in violation of any law, ordinance or regulation;

(j) not initiate or acquiesce in any zoning change or reclassification of the Premises; and

(k) subject to Section 2.13(a) hereof, keep the Premises free and clear of all liens and encumbrances of every sort.

Section 2.4. Required Insurance. The Mortgagor shall at all times provide, maintain and keep in force the following policies of insurance:

(a) Insurance against loss or damage to the Premises by fire and any of the risks covered by insurance of the type now known as "fire and extended coverage", in an amount not less than the full replacement cost thereof (exclusive of the cost of excavations, foundations and footings below the lowest basement floor), and with not more than \$10,000 deductible from the loss payable for any casualty.

(b) Comprehensive public liability insurance, including coverage for elevators and escalators, if any, on the Premises, on an occurrence basis against claims for personal injury, including without limitation bodily injury, death or property damage occurring on, in or about the Premises and the adjoining streets, sidewalks and passageways, such insurance to afford immediate minimum protection to a limit of not less than \$1,000,000 for one person and \$3,000,000 per occurrence for

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personal injury or death and \$500,000 per occurrence for damage to property.

(c) Workmen's compensation insurance in accordance with the requirements of Illinois law.

(d) During the course of any construction or repair at the Premises, builder's risk insurance against all risks of physical loss, on a completed value basis, including collapse and transit coverage, with a deductible not to exceed \$10,000, in nonreporting form, covering the total value of work performed and equipment, supplies and materials furnished, and containing the "permission to occupy upon completion of work" endorsement.

(e) Boiler and machinery insurance covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning and elevator equipment and escalator equipment located on the Premises, and insurance against loss of occupancy or use arising from any breakdown therein, all in such amounts as are satisfactory to the Mortgagee.

(f) Business interruption, use and occupancy or rent loss insurance on the Premises covering loss of the use of the Premises caused by the perils covered by the policies described in (a) and (e) above, for a period of not less than six months in such amount as the Mortgagee may require.

(g) If the Premises are located in an area that has been identified by the United States Department of Housing and Urban Development as an area having special flood hazards and if the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, flood insurance in an amount at least equal to the replacement cost of the Premises or to the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less.

(h) Such other insurance, and in such amounts, as may from time to time be required by the Mortgagee against the same or other hazards.

All policies of insurance required by terms of this Mortgage shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of the Mortgagor or Beneficiary which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of set-off, counterclaim or deductions against the Mortgagor, and shall provide that the amount payable for any loss shall not be reduced by reason of co-insurance.

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Section 2.5. Delivery of Policies; Payment of Premiums.

All policies of insurance required by the terms of this Mortgage shall be issued by companies and in amounts in each company satisfactory to the Mortgagee in its reasonable judgment. All policies of insurance shall be maintained for and name the Mortgagor, the Beneficiary and the Mortgagee as insureds, as their respective interests may appear, and the policies required by paragraphs (a), (d), (e), (f) and (g) of Section 2.4 hereof shall have attached thereto a mortgagee's loss payable endorsement for the benefit of the Mortgagee in form satisfactory to the Mortgagee. The Mortgagor shall furnish the Mortgagee with certificates of all required policies of insurance. At least 30 days prior to the expiration of each such policy, the Mortgagor shall furnish the Mortgagee with evidence satisfactory to the Mortgagee of the payment of the premium and the reissuance of a policy continuing insurance in force as required by this Mortgage. Each policy of insurance required by this Mortgage shall contain a provision that such policy will not be cancelled or materially amended, including any reduction in the scope or limits of coverage, without at least 30 days' prior written notice to the Mortgagee.

Section 2.6. Taxes and Impositions.

(a) The Mortgagor agrees to pay or cause to be paid, prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including without limitation any non-governmental levies or assessments such as maintenance charges, owner association dues or charges or fees, levies or charges resulting from covenants, conditions and restrictions affecting the Premises, which are assessed or imposed upon the Premises, or become due and payable, and which create, may create or appear to create a lien upon the Premises, or any part thereof (all of which taxes, assessments and other governmental charges and non-governmental charges of the above-described or like nature are hereinafter referred to as "Impositions"); provided however, that if, by law, any such Imposition is payable, or at the option of the taxpayer may be paid, in installments, the Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest.

(b) The Mortgagor shall furnish to the Mortgagee within 30 days after the date upon which any Imposition is due and payable by the Mortgagor, official receipts of the appropriate taxing authority, or other proof satisfactory to the Mortgagee, evidencing the payment thereof.

(c) The Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate legal proceedings properly instituted and prosecuted in such manner as shall stay the collection of the

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contested Impositions and prevent the sale or forfeiture of the Premises to collect the same; provided that no such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Mortgagor's covenants to pay any such Imposition at the time and in the manner provided in this Section unless the Mortgagor has given prior written notice to the Mortgagee of the Mortgagor's intent to so contest or object to an Imposition, and unless, at the Mortgagee's sole option, (i) the Mortgagor shall demonstrate to the Mortgagee that legal proceedings instituted by the Mortgagor contesting or objecting to such impositions shall conclusively operate to prevent the sale or forfeiture of the Premises, or any part thereof, to satisfy such Imposition prior to final determination of such proceedings; and/or (ii) the Mortgagor shall furnish a good and sufficient bond or surety as requested by the Mortgagee, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Premises during the pendency of such contest, adequate fully to pay all such contested Impositions and all interest and penalties upon the adverse determination of such contest.

Section 2.7. Utilities. The Mortgagor shall pay or cause to be paid when due all utility charges which are incurred by the Mortgagor or others for the benefit of or service to the Premises or which may become a charge or lien against the Premises for gas, electricity, water or sewer services furnished to the Premises and all other assessments or charges of a similar nature, whether public or private, affecting the Premises or any portion thereof, whether or not such assessments or charges are liens thereon.

Section 2.8. Actions by Mortgagee to Preserve Premises. Should the Mortgagor fail to make any payment or to do any act as and in the manner provided herein or in any of the other Loan Documents, the Mortgagee in its own discretion, without obligation so to do and without releasing the Mortgagor from any obligation, may make or do the same in such manner and to such extent as it may deem necessary to protect the security hereof. In connection therewith (without limiting its general powers), the Mortgagee shall have and is hereby given the right, but not the obligation, (i) to enter upon and take possession of the Premises in accordance with applicable law; (ii) to make additions, alterations, repairs and improvements to the Premises which it may consider necessary and proper to keep the Premises in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the Premises, the security hereof or the rights or powers of the Mortgagee; (iv) to pay any Impositions (as defined in Section 2.6 hereof) asserted against the Premises and to do so according to any bill, statement or estimate procured from the appropriate office without inquiry into the accuracy of the bill, statement or estimate or into the validity of any Imposition; (v) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of the Mortgagee may affect or appears to affect the Premises or the security of this Mortgage or

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which may be prior or superior hereto; (vi) to complete the construction of any incomplete land development improvements or site work and the portion of the Improvements then under construction and/or for which foundations have been commenced, and to take such actions in connection therewith as are provided for in the Loan Agreement, subject to the terms thereof; and (vii) in exercising such powers, to pay necessary expenses, including employment of and payment of reasonable compensation to counsel or other necessary or desirable consultants, contractors, agents and other employees. The Mortgagor irrevocably appoints the Mortgagee its true and lawful attorney in fact, at the Mortgagee's election, to do and cause to be done all or any of the foregoing in the event the Mortgagee shall be entitled to take any or all of the action provided for in this Section. The Mortgagor shall immediately, upon demand therefor by the Mortgagee, pay all costs and expenses incurred by the Mortgagee in connection with the exercise by the Mortgagee of the foregoing rights, including without limitation, costs of evidence of title, court costs, appraisals, surveys and attorneys' fees, all of which shall constitute so much additional indebtedness secured by this Mortgage immediately due and payable, with interest thereon at a rate two percent (2%) above the then prevailing interest rate on the Note.

Section 2.9. Damage and Destruction.

(a) The Mortgagor shall give the Mortgagee prompt notice of any damage to or destruction of any portion or all of the Premises, and the provisions of paragraphs (b) through (e) of this Section shall apply in the event of any such damage or destruction.

(b) In the case of loss covered by policies of insurance, the Mortgagee is hereby authorized at its option either (i) to settle and adjust any claim under such policies without the consent of the Mortgagor, provided that the Mortgagor may settle and adjust any such claim or claims for less than \$100,000 individually and in the aggregate, or (ii) to allow the Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss; and in any case the Mortgagee shall, and is hereby authorized to, collect and receipt for any such insurance proceeds; and the reasonable expenses incurred by the Mortgagee in the adjustment and collection of insurance proceeds shall be so much additional indebtedness secured by this Mortgage, and shall be reimbursed to the Mortgagee upon demand.

(c) In the event of any insured damage to or destruction of the Premises or any part thereof the proceeds of insurance payable as a result of such loss shall be applied upon the indebtedness secured by this Mortgage or applied to the repair and restoration of the Premises, as the Mortgagee in its sole discretion shall elect.

(d) In the event that the Mortgagee shall elect that proceeds of insurance are to be applied to the repair and restoration of the Premises, the Mortgagor hereby covenants promptly

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to repair and restore the same. In such event such proceeds shall be made available, from time to time, to pay or reimburse the costs of such repair and restoration in the manner and on the terms provided in the Loan Agreement for disbursements of construction loan proceeds.

(e) Notwithstanding any provision herein to the contrary and in particular Section 2.9(c) hereof, in the event of any such damage or destruction, the Mortgagee shall make the proceeds of insurance received as a result of such damage or destruction available for the repair and restoration of the Premises, subject to the following conditions: (i) that there does not then exist any event of default under this Mortgage or any of the other Loan Documents, or any condition which with the passage of time or the giving of notice, or both, would constitute such an event of default; (ii) that all then existing contracts for sale of any of the Units shall continue in full force and effect; (iii) that the Mortgagee shall first be given satisfactory proof that such improvements have been fully repaired and restored, or that by the expenditure of such money will be fully repaired and restored, free and clear of all liens, except the lien of this Mortgage; (iv) that in the event such proceeds shall be insufficient to repair and restore the Premises, the Mortgagor shall deposit promptly with the Mortgagee the amount of such deficiency; (v) that in the event the Mortgagor shall fail within a reasonable time to repair and restore the Premises, then the Mortgagee, at its option, may repair and restore the Premises for or on behalf of the Mortgagor and for such purpose may do all necessary acts, including using said funds deposited by the Mortgagor as aforesaid; (vi) that waiver of the right of subrogation shall be obtained from any insurer under such policies of insurance who, at that time, claims that no liability exists as to the Mortgagor or the then owner or the assured under such policies; (vii) such insurance proceeds shall be disbursed as provided in Section 2.9(d) hereof; and (viii) that the excess of said insurance proceeds above the amount necessary to complete such repair and restoration shall be applied as a credit upon any portion, as selected by the Mortgagee, of the indebtedness secured hereby. In the event any of the said conditions are not or cannot be satisfied, then the alternate disposition of such insurance proceeds as provided in Section 2.9(c) hereof shall become applicable. Under no circumstances shall the Mortgagee become personally liable for the fulfillment of the terms, covenants and conditions contained in any leases or subleases of the Premises or contracts for sale of any Units nor obligated to take any action to repair and restore the Premises.

Section 2.10. Eminent Domain.

(a) Should the Premises or any part thereof or interest therein be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner, or should the Mortgagor receive any notice or other information regarding any such proceeding, the Mortgagor shall give prompt written notice thereof

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to the Mortgagee, and the provisions of paragraphs (b) through (d) of this Section shall apply.

(b) The Mortgagee shall be entitled to all compensation, awards and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceedings. The Mortgagee shall also be entitled to make any compromise or settlement in connection with such taking or damage. All proceeds of compensation, awards, damages, rights of action and proceeds awarded to the Mortgagor are hereby assigned to the Mortgagee and the Mortgagor agrees to execute such further assignments of such proceeds as the Mortgagee may require.

(c) In the event that any portion of the Premises are taken or damaged as aforesaid, all such proceeds shall be applied upon the indebtedness secured by this Mortgage or applied to the repair and restoration of the Premises, as the Mortgagee in its sole discretion shall elect.

(d) In the event that the Mortgagee shall elect that such proceeds are to be applied to the repair and restoration of the Premises, the Mortgagor hereby covenants promptly to repair and restore the same. In such event such proceeds shall be made available, from time to time, to pay or reimburse the costs of such repair and restoration in the manner and on the terms provided in the Loan Agreement for disbursements of construction loan proceeds.

Section 2.11. Inspection of Premises. The Mortgagee, or its agents, representatives or workmen, are authorized to enter at any reasonable time following reasonable notice upon or in any part of the Premises for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of this Mortgage or any of the other Loan Documents.

Section 2.12. Inspection of Books and Records. The Mortgagor shall keep and maintain full and correct records showing in detail the income and expenses of the Premises and shall make such books and records and all supporting vouchers and data available for examination by the Mortgagee and its agents at any time during ordinary business hours and from time to time after reasonable notice at the offices of the Mortgagee, or at such other location as may be mutually agreed upon.

Section 2.13. Liens and Conveyances.

(a) The Mortgagor shall not, without the prior written consent of the Mortgagee, which may be given or withheld in its sole discretion, create, suffer or permit to be created or filed against the Premises, or any part thereof or interest therein, any mortgage lien or other lien, charge or encumbrance, either superior or inferior to the lien of this Mortgage. The Mortgagor shall have the right to contest in good faith the validity of any such lien, charge or encumbrance, provided the Mortgagor shall first deposit with the

Mortgagee or the Title Company a bond or other security satisfactory to the Mortgagee in such amounts or form as the Mortgagee shall require; provided further that the Mortgagor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If the Mortgagor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of the Mortgagee, the Mortgagee 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 in such manner as is or may be prescribed by law and any amounts expended by the Mortgagee in so doing shall be so much additional indebtedness secured by this Mortgage. In the event the Mortgagor shall suffer or permit any superior or junior lien to be attached to the Premises, the Mortgagee, at its option, shall have the unqualified right to accelerate the maturity of the Note causing the full principal balance and accrued interest on the Note to become immediately due and payable without notice to the Mortgagor.

(b) In the event title to the Premises is now or hereafter becomes vested in a trustee, any prohibition or restriction contained herein upon the creation of any lien against the Premises shall also be construed as a similar prohibition or limitation against the creation of any lien or security interest upon the beneficial interest under such trust.

(c) Except for sales of Units made in accordance with the provisions of Section 6.1(v) of the Loan Agreement, in the event that the Mortgagor shall sell, transfer, convey or assign the title to all or any portion of the Premises, or in the event that the Beneficiary shall sell, transfer, convey or assign the beneficial interest under the Trust Agreement by which the Mortgagor was created (including a collateral assignment thereof), in either case whether by operation of law, voluntarily, or otherwise, or the Mortgagor or the Beneficiary shall contract to do any of the foregoing, the Mortgagee, at its option, shall have the unqualified right to accelerate the maturity of the Note causing the full principal balance and accrued interest on the Note to become immediately due and payable without notice to the Mortgagor.

(d) Any waiver by the Mortgagee of the provisions of this Section shall not be deemed to be a waiver of the right of the Mortgagee to insist upon strict compliance with the provisions of this Section in the future.

Section 2.14. Taxes Affecting Mortgage.

(a) If at any time any federal, state or municipal law shall require any documentary stamps or other tax hereon or on the Note, or shall require payment of any tax upon the indebtedness secured hereby, then the said indebtedness and the accrued interest thereon shall be and become due and payable at the election of the

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Mortgagee upon 30 days' notice to the Mortgagor; provided, however, said election shall be unavailing and this Mortgage and the Note shall be and remain in effect, if the Mortgagor lawfully may pay for such stamps or such tax including interest and penalties thereon to or on behalf of the Mortgagee and the Mortgagor does in fact pay, when payable, for all such stamps or such tax, as the case may be, including interest and penalties thereon.

(v) In the event of the enactment after the date of this Mortgage of any law of the state in which the Premises are located deducting from the value of the Premises for the purpose of taxation any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by the Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the Mortgagee's interest in the property, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holder hereof, then, and in any such event, the Mortgagor, upon demand by the Mortgagee, shall pay such taxes or assessments, or reimburse the Mortgagee therefor; provided, however, that if, in the opinion of counsel for the Mortgagee, (i) it might be unlawful to require Mortgagor to make such payment or (ii) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then, and in such event, all of the indebtedness secured hereby shall become due and payable within 30 days from the giving of such notice. Notwithstanding the foregoing, it is understood and agreed that the Mortgagor is not obligated to pay any portion of Mortgagee's federal or state income tax.

Section 2.15. Environmental Matters.

(a) The Mortgagor hereby represents and warrants to the Mortgagee that neither the Mortgagor, the Beneficiary nor any of their affiliates or subsidiaries, nor, except as disclosed in the Environmental Report, to the best of the Mortgagor's knowledge, based solely upon the Environmental Report, any other person or entity, has ever caused or permitted any Hazardous Material to be placed, held, located or disposed of on, under or at the Premises or any part thereof, and that no part of the Premises has ever been used by the Mortgagor, the Beneficiary or any of their affiliates or subsidiaries, or, except as disclosed in the Environmental Report, to the best of the Mortgagor's knowledge, based solely upon the Environmental Report, by any other person or entity, as a temporary or permanent dump or storage site for any Hazardous Material.

(b) Without limitation on any other provision hereof, the Mortgagor hereby agrees to indemnify and hold the Mortgagee harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any kind whatsoever (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any of the following (collectively, "Environmental Laws"): the Comprehensive Environmental

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Response, Compensation and Liability Act of 1980, as amended, any so-called "Superfund" or "Superlien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree, now or hereafter in force, regulating, relating to, or imposing liability or standards on conduct concerning any Hazardous Material) paid, incurred, suffered by or asserted against the Mortgagee as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of, the Mortgagor or the Beneficiary: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or release of any Hazardous Material from (A) the Premises or any part thereof, or (B) any other real property in which the Mortgagor, the Beneficiary or any of their affiliates or subsidiaries holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust the beneficial interest in which is owned, in whole or in part, by the Beneficiary or any of its affiliates or subsidiaries), or (ii) any liens against the Premises permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligations of the Mortgagor, the Beneficiary or any of their affiliates or subsidiaries under any Environmental Laws, or (iii) any actual or asserted liability or obligations of the Mortgagee or any of its affiliates or subsidiaries under any Environmental Law relating to the Premises.

Section 2.16. Estoppel Letters. The Mortgagor shall furnish from time to time within 15 days after the Mortgagee's request, a written statement, duly acknowledged, of the amount due upon this Mortgage and whether any alleged offsets or defenses exist against the indebtedness secured by this Mortgage.

ARTICLE III

ASSIGNMENT OF RENTS; DECLARATION OF SUBORDINATION TO LEASES

Section 3.1. Assignment of Rents. As further security for the indebtedness secured by this Mortgage, the Mortgagor and the Beneficiary have, concurrently herewith, executed and delivered to the Mortgagee the Assignment of Rents, wherein and whereby, among other things, the Mortgagor and the Beneficiary have assigned to the Mortgagee all rents, avails, issues and profits under all leases of the Premises, and all such leases, all as therein more specifically set forth, which Assignment of Rents is hereby incorporated herein by reference as fully and with the same effect as if set forth herein at length. The Mortgagor agrees that it will duly perform and observe all of the terms and provisions on its part to be performed and observed under the Assignment of Rents. Nothing herein contained shall be deemed to obligate the Mortgagee to perform or discharge any obligation, duty or liability of the lessor under any lease of the Premises, and the Mortgagor shall and does hereby indemnify and hold the Mortgagee harmless from any and all liability, loss or damage which the Mortgagee may or might incur

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under any leases of the Premises or by reason of the Assignment of Rents; and any and all such liability, loss or damage incurred by the Mortgagee, together with the costs and expenses, including reasonable attorneys' fees, incurred by the Mortgagee in the defense of any claims or demands therefor (whether successful or not), shall be so much additional indebtedness secured by this Mortgage, and the Mortgagor shall reimburse the Mortgagee therefor on demand.

Section 3.2. Further Assignment. Without limiting the generality of any other provisions hereof, and without limiting the effectiveness of the Assignment of Rents referred to in Section 3.1 hereof, as additional security, the Mortgagor hereby assigns to the Mortgagee the rents, issues and profits of the Premises and upon the occurrence of any event of default hereunder, the Mortgagee may receive and collect said rents, issues and profits so long as such event of default shall exist and during the pendency of any foreclosure proceedings and the Mortgagor shall have the right to collect said rents, issues and profits so long as no event of default shall exist and remain uncured after any applicable grace or cure period hereunder. As of the date of this Mortgage as additional security, the Mortgagor also hereby assigns to the Mortgagee any and all written and oral leases, whether now in existence or which may hereafter come into existence during the term of this Mortgage, or any extension hereof, and the rents thereunder, covering the Premises or any portion thereof; provided, that the collection of rents by the Mortgagee pursuant to this Section or pursuant to the Assignment of Rents shall in no way waive the right of the Mortgagee to foreclose this Mortgage in the event of any event of default, but provided always, that nothing herein contained shall be construed as constituting the Mortgagee a mortgagee in possession.

Section 3.3. Declaration of Subordination to Leases. At the option of the Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any award in condemnation) to any and all leases of all or any part of the Premises upon the execution by Mortgagee and recording thereof, at any time hereafter, in the Office of the Recorder of Deeds of the county wherein the Premises are situated, of a unilateral declaration to that effect.

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.1. Events of Default. Any of the following events shall be deemed an event of default hereunder:

(a) Default shall be made in the payment when due of any installment of principal or interest on the Note or in the payment when due of any other amount required to be paid by the Mortgagor hereunder or under any of the other Loan Documents,

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or in the payment when due of any other indebtedness secured by this Mortgage, which default shall continue for a period of five days; or

(b) The Mortgagor, the Beneficiary, either of the Venture Partners, Charles H. Shaw or James D. Hemphill shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Mortgagor, the Beneficiary, either of the Venture Partners, Charles H. Shaw or James D. Hemphill or of all or any part of the Premises, or of any or all of the royalties, revenues, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its or his inability to pay its or his debts generally as they become due; or

(c) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against any of the Mortgagor, the Beneficiary, either of the Venture Partners, Charles H. Shaw or James D. Hemphill seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of 30 days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator of the Mortgagor, the Beneficiary, either of the Venture Partners, Charles H. Shaw or James D. Hemphill or of all or any part of the Premises, or of any or all of the royalties, revenues, rents, issues or profits thereof, shall be appointed and such appointment shall remain unvacated and unstayed for an aggregate of 30 days (whether or not consecutive); or

(d) A writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Premises, or any judgment involving monetary damages shall be entered against the Mortgagor which shall become a lien on the Premises or any portion thereof or interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within 30 days after its entry or levy; or

(e) If any representation or warranty of the Mortgagor contained in this Mortgage, or of the Mortgagor, the Beneficiary, Charles H. Shaw or James D. Hemphill contained in any of the other Loan Documents or any certificate or other document delivered in connection with the loan evidenced by the

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Note, shall prove inaccurate in any material respect and such inaccuracy is not corrected within 30 days after written notice to the Mortgagor; or

(f) If in the reasonable judgment of the Mortgagee, the Mortgagor and the Beneficiary will be unable to complete the construction of the Improvements in accordance with the Loan Agreement by the date required thereby; or

(g) If there has occurred any other breach of or default under any term, covenant, agreement, condition, provision, representation or warranty contained in this Mortgage which shall continue for a period of 30 days following written notice to the Mortgagor, provided, however, that if such breach or default is of such a nature that it cannot reasonably be cured within such 30-day period, it shall not constitute an event of default if corrective action is instituted by the Mortgagor and diligently pursued and such default is cured within 90 days following such written notice; or

(h) If there has occurred any other breach of or default under any term, covenant, agreement, condition, provision, representation or warranty contained in any of the other Loan Documents which has not been cured within any applicable grace period; or

(i) If any event of default has occurred or been declared under any other mortgage or trust deed on the Premises; or

(j) Default shall occur in the payment of any moneys due and payable to the Mortgagee by any one or more of the Mortgagor and the Beneficiary other than in connection with the loan evidenced by the Note, or default shall occur in the performance or observance of any obligation or condition on the part of any one or more of the Mortgagor and the Beneficiary under any written contract, agreement or other instrument heretofore or hereafter entered into with the Mortgagee other than in connection with such loan.

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Section 4.2. Acceleration upon Default. Additional Remedies. Upon or at any time after the occurrence of any event of default, the Mortgagee may declare the Note and all indebtedness secured by this Mortgage to be due and payable and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind. Thereafter the Mortgagee may:

(a) Either in person or by agent, with or without bringing any action or proceeding, if applicable law permits, enter upon and take possession of the Premises, or any part thereof, in its own name, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Premises, or any part thereof or interest

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therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Premises, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same to the payment of taxes, insurance premiums and other charges against the Premises or in reduction of the indebtedness secured by this Mortgage; and the entering upon and taking possession of the Premises, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any event of default or notice of default hereunder or invalidate any act done in response to such event of default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Premises or the collection, receipt and application of rents, issues or profits, the Mortgagee shall be entitled to exercise every right provided for in any of the other Loan Documents or by law upon occurrence of any event of default; or

(b) Commence an action to foreclose this Mortgage, appoint a receiver, or specifically enforce any of the covenants hereof; or

(c) Subject to the provisions of applicable law, sell the Premises, or any part thereof, or cause the same to be sold, and to convey the same to the purchaser thereof, pursuant to the statute in such case made and provided, and out of the proceeds of such sale to retain all of the indebtedness secured by this Mortgage including, without limitation, principal, accrued interest, costs and charges of such sale, the attorneys' fees provided by such statute (or in the event of a suit to foreclose by court action, a reasonable attorney's fee), rendering the surplus moneys, if any, to the Mortgagor; provided, that in the event of public sale, such property may, at the option of the Mortgagee, be sold in one parcel or in several parcels as the Mortgagee, in its sole discretion, may elect; or

(d) Exercise any or all of the remedies available to a secured party under the Uniform Commercial Code of Illinois and any notice of sale, disposition or other intended action by the Mortgagee, sent to the Mortgagor at the address specified in Section 5.14 hereof, at least 15 days prior to such action, shall constitute reasonable notice to the Mortgagor.

(e) Exercise all rights and remedies of the Mortgagor under any sale contract for the sale of any of the Units.

Section 4.3. Foreclosure; Expense of Litigation. When the indebtedness secured by this Mortgage, or any part thereof, shall become due, whether by acceleration or otherwise, the Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof. In any suit to foreclose the lien

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hereof or enforce any other remedy of the Mortgagee under this Mortgage or the Note, there shall be allowed and included as additional indebtedness in the decree for sale or other judgment or decree, all reasonable expenditures and expenses which may be paid or incurred by or on behalf of the Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, 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, and similar data and assurances with respect to title as the Mortgagee 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 Premises. All expenditures and expenses of the nature in this Section mentioned, and such expenses and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by the Mortgagee in any litigation or proceeding affecting this Mortgage, any of the other Loan Documents or the Premises, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding, shall be so much additional indebtedness secured by this Mortgage, immediately due and payable, with interest thereon at a rate of two percent (2%) above the then prevailing interest rate on the Note. In the event of any foreclosure sale of the Premises, the same may be sold in one or more parcels. The Mortgagee may be the purchaser at any foreclosure sale of the Premises or any part thereof.

Section 4.4. Application of Proceeds of Foreclosure Sale

The proceeds of any foreclosure sale of the Premises or of the exercise of any other remedy hereunder shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings or such other remedy, including all such items as are mentioned in Section 4.3 hereof; second, all other items which under the terms hereof constitute indebtedness secured by this Mortgage additional to that evidenced by the Note, with interest thereon as therein provided; third, all principal and interest remaining unpaid on the Note; and fourth, any overplus to the Mortgagor, its successors or assigns, as their rights may appear.

Section 4.5. Appointment of Receiver.

Upon or at any time after the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of the Premises or any portion thereof. Such appointment may, to the extent permitted by applicable law, be made either before or after sale, without regard to the solvency or insolvency of the Mortgagor at the time of application for such receiver and without regard to the then value of the Premises and the Mortgagee or any holder of the Note may be appointed as such receiver. Such receiver shall have power (i) to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit, as well as during any further times when the Mortgagor, except for the intervention of such receiver, would be entitled to collect such

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rents, issues and profits; (ii) to extend or modify any then existing leases and to make new leases, which extension, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness secured by this Mortgage and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon the Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding discharge of the indebtedness secured by this Mortgage, satisfaction of any foreclosure judgment, or issuance of any certificate of sale or deed to any purchaser; and (iii) all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of the indebtedness secured by this Mortgage, or found due or secured by any judgment foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale.

Section 4.6. Insurance after Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in repairing and restoring the Premises, shall be used to pay the amount due in accordance with any judgment of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct.

Section 4.7. Remedies Not Exclusive; No Waiver of Remedies.

(a) The Mortgagee shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Mortgage or under any of the other Loan Documents or other agreement or any laws now or hereafter in force, notwithstanding that some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or other powers herein contained, shall prejudice or in any manner affect the Mortgagee's right to realize upon or enforce any other security now or hereafter held by the Mortgagee, it being agreed that the Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by the Mortgagee in such order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given

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hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to the Mortgagee or to which it may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as it may be deemed expedient by the Mortgagee and the Mortgagee may pursue inconsistent remedies. Failure by the Mortgagee to exercise any right which it may exercise hereunder, or the acceptance by the Mortgagee of partial payments, shall not be deemed a waiver by the Mortgagee of any default or of its right to exercise any such rights thereafter.

(b) In the event the Mortgagee at any time holds additional security for any of the indebtedness secured by this Mortgage, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently with exercising remedies under this Mortgage or after a sale is made hereunder.

Section 4.8. No Mortgagee in Possession. Nothing herein contained shall be construed as constituting the Mortgagee a mortgagee in possession.

Section 4.9. Waiver of Certain Rights. The Mortgagor shall not and will not apply for or avail itself of any appraisement, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but rather waives the benefit of such laws. The Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. The Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure, pursuant to rights herein granted, on behalf of the Mortgagor and all persons beneficially interested therein and each and every person acquiring any interest in or title to the Premises subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by the provisions of the laws of the State in which the Premises are located.

Section 4.10. Mortgagee's Use of Deposits. With respect to any deposits made with or held by the Mortgagee or any depository pursuant to any of the provisions of this Mortgage, in the event of a default in any of the provisions contained in this Mortgage or in the Note or any of the other Loan Documents continuing, in any case, after the expiration of any applicable grace period, the Mortgagee may, at its option, without being required to do so, apply any moneys or securities which constitute such deposits on any of the obligations under this Mortgage, the Note or the other Loan Documents, in such order and manner as the Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to the Mortgagor. Such deposits are hereby pledged as additional security for the prompt payment of

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the Note and any other indebtedness hereunder and shall be held to be irrevocably applied by the depository for the purposes for which made hereunder and shall not be subject to the direction or control of the Mortgagor.

ARTICLE V

MISCELLANEOUS

Section 5.1. Recitals. The recitals hereto are hereby incorporated into and made a part of this Mortgage.

Section 5.2. Time of Essence. Time is of the essence of this Mortgage and of each and every provision hereof.

Section 5.3. Usury Covenant. The Mortgagor hereby represents and covenants that the proceeds of the Note will be used for the purposes specified in paragraph (c) contained in Section 6404 of Chapter 17 of the Illinois Revised Statutes (1987), and that the indebtedness secured hereby constitutes a "business loan" within the meaning of that Section.

Section 5.4. Lien for Service Charges and Expenses. At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures (in addition to any loan proceeds disbursed from time to time) the payment of any and all origination fees, loan commissions, service charges, liquidated damages, expense and advances due to or incurred by the Mortgagee in connection with the loan to be secured hereby, all in accordance with the application and any loan commitment issued in connection with this transaction.

Section 5.5. Subrogation. To the extent that proceeds of the indebtedness secured by this Mortgage are used to pay any outstanding lien, charge or prior encumbrance against the Premises, the Mortgagee shall be subrogated to any and all rights and liens owned by any owner or holder of such outstanding liens, charges and prior encumbrances, and shall have the benefit of the priority thereof, irrespective of whether said liens, charges or encumbrances are released.

Section 5.6. Recording. The Mortgagor shall cause this Mortgage and all other documents securing the indebtedness secured by this Mortgage at all times to be properly filed and/or recorded at the Mortgagor's own expense and in such manner and in such places as may be required by law in order to fully preserve and protect the rights of the Mortgagee.

Section 5.7. Further Assurances. The Mortgagor will do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or advisable, in the reasonable judgment of the Mortgagee, for the better assuring, conveying, mortgaging, assigning and confirming unto the Mortgagee

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all property mortgaged hereby or property intended so to be, whether now owned by the Mortgagor or hereafter acquired.

Section 5.8. Invalidity of Certain Provisions. If the lien of this Mortgage is invalid or unenforceable as to any part of the indebtedness secured by this Mortgage, or if such lien is invalid or unenforceable as to any part of the Premises, the unsecured or partially secured portion of the indebtedness secured by this Mortgage shall be completely paid prior to the payment of the remaining and secured or partially secured portion thereof, and all payments made on the indebtedness secured by this Mortgage, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion thereof which is not secured or fully secured by the lien of this Mortgage.

Section 5.9. Illegality of Terms. Nothing herein or in the Note contained nor any transaction related thereto shall be construed or shall so operate either presently or prospectively, (i) to require the Mortgagor to pay interest at a rate greater than is now lawful in such case to contract for, but shall require payment of interest only to the extent of such lawful rate, or (ii) to require the Mortgagor to make any payment or do any act contrary to law; and if any provision herein contained shall otherwise so operate to invalidate this Mortgage, in whole or in part, then such provision only shall be held for naught as though not herein contained and the remainder of this Mortgage shall remain operative and in full force and effect, and the Mortgagee shall be given a reasonable time to correct any such error.

Section 5.10. Mortgagee's Right to Deal with Transferee. In the event of the voluntary sale, or transfer by operation of law, or otherwise, of all or any part of the Premises, the Mortgagee is hereby authorized and empowered to deal with such vendee or transferee with reference to the Premises, or the debt secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might with the Mortgagor, without in any way releasing or discharging the Mortgagor from the covenants and/or undertakings hereunder, specifically including Section 2.13(c) hereof, and without the Mortgagee waiving its rights to accelerate the Note as set forth in Section 2.13(c).

Section 5.11. Releases. The Mortgagee shall release portions of the Premises from the lien of this Mortgage at the times and upon the terms specified in Section 4.3 of the Loan Agreement. The Mortgagee, without notice, and without regard to the consideration, if any, paid therefor, and notwithstanding the existence at that time of any inferior liens, may release any part of the Premises, or any person liable for any indebtedness secured hereby, without in any way affecting the liability of any party to the Note, this Mortgage, the Guaranty, or any other guaranty given as additional security for the indebtedness secured hereby and without in any way affecting the priority of the lien of this

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Mortgage, and may agree with any party obligated on said indebtedness to extend the time for payment of any part or all of the indebtedness secured hereby. Such agreement shall not, in any way, release or impair the lien created by this Mortgage, or reduce or modify the liability, if any, of any person or entity personally obligated for the indebtedness secured hereby, but shall extend the lien hereof as against the title of all parties having any interest in said security which interest is subject to the indebtedness secured by this Mortgage.

Section 5.12. Construction Mortgage. This Mortgage secures an obligation incurred for the construction of an improvement on the land mortgaged herein, including the acquisition cost of the land, and constitutes a "construction mortgage" within the meaning of Section 9-313(1)(c) of the Illinois Uniform Commercial Code.

Section 5.13. Giving of Notice. All communications provided for herein shall be in writing and shall be deemed to be given or made when served personally or three days after deposit in the United States mail, registered or certified, return receipt requested, postage prepaid, addressed as follows:

If to the Mortgagor: First Illinois Bank of Wilmette Trust No.
TWB-0728
1200 Central Avenue
Wilmette, Illinois 60091

Attention: Land Trust Department

with copies to:

Village Commons Associates
c/o CHS Mount Prospect, Inc.
676 St. Clair Street, Suite 2200
Chicago, Illinois 60611

Attention: Cheryl F. Holmes

and to:

Michael S. Kurtzon, Esq.
Miller, Shakman, Nathan & Hamilton
208 South LaSalle Street
Suite 1200
Chicago, Illinois 60604

and to:

Marian P. Wexler, Esq.
Skadden, Arps, Slate, Meagher & Flom
333 West Wacker Drive
Suite 2100
Chicago, Illinois 60606

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and to:

Home by Hemphill
330 West Frontage Road
Northfield, Illinois 60093

Attention: James D. Hemphill

and to:

Home by Hemphill
330 West Frontage Road
Northfield, Illinois 60093

Attention: Steven M. Johnson

If to the Mortgagee: The Northern Trust Company
50 South LaSalle Street
Chicago, Illinois 60675

Attention: John E. Cline
Commercial Real Estate
Division

or to such party at such other address as such party may designate by notice duly given in accordance with this Section to the other parties.

Section 5.14. Binding Effect. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon the Mortgagor and its 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), and shall inure to the benefit of the Mortgagee and its successors and assigns. Wherever herein the Mortgagee is referred to, such reference shall be deemed to include the holder from time to time of the Note, whether so expressed or not; and each such holder of the Note shall have and enjoy all of the rights, privileges, powers, options and benefits afforded hereby and hereunder, and may enforce all and every of the terms and provisions hereof, as fully and to the same extent and with the same effect as if such from time to time holder were herein by name specifically granted such rights, privileges, powers, options and benefits and was herein by name designated the Mortgagee.

Section 5.15. Covenants to Run with the Land. All the covenants hereof shall run with the land.

Section 5.16. Governing Law; Severability; Modification. This Mortgage shall be governed by the laws of the State of Illinois. In the event that any provision or clause of this Mortgage conflicts with applicable laws, such conflicts shall not affect other provisions hereof which can be given effect without the

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conflicting provision, and to this end the provisions of this Mortgage are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

Section 5.17. Meanings. Wherever in this Mortgage 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.

Section 5.18. Captions. The captions or headings at the beginning of each Article and Section hereof are for the convenience of the parties and are not a part of this Mortgage.

Section 5.19. Approval or Consent of Mortgagee. Wherever in this Mortgage provision is made for the approval or consent of the Mortgagee, or that any matter is to be to the Mortgagee's satisfaction, or the like, unless specifically stated to the contrary, such approval, consent, satisfaction or the like shall be made, given or determined by the Mortgagee in its sole discretion.

Section 5.20. Execution by Mortgagor. This Mortgage is executed by First Illinois Bank of Wilmette, not personally but as trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such trustee and it is expressly understood and agreed that nothing herein or in the Note contained shall be construed as creating any liability on First Illinois Bank of Wilmette personally to pay the Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained, all such liability, if any, being expressly waived by every person now or hereafter claiming any right or security hereunder. Nothing contained in this Section shall modify or discharge the personal liability of any guarantor or any person under or by virtue of the Guaranty or any of the other Loan Documents.

IN WITNESS WHEREOF, the Mortgagor has caused this instrument* to be executed as of the date first above written.

FIRST ILLINOIS BANK OF WILMETTE,
solely as Trustee as aforesaid
and not personally

By

Michael T. Smith
Title: VICE PRESIDENT AND TRUST OFFICER

(SEAL)

ATTEST:

Title:

Greg S. Amundson
SECRETARY

*CONSTRUCTION LOAN MORTGAGE AND SECURITY AGREEMENT

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EXHIBIT "A"

LOTS 2, 3 and 4 IN TAX INCREMENT FINANCE SUBDIVISION NO. 1,
A SUBDIVISION IN THE NORTHWEST QUARTER OF SECTION 12, TOWNSHIP
41 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN
ACCORDING TO THE PLAT THEREOF ~~RECORDED~~

~~RECORDED~~ FILED 11-16-88
AS DOCUMENT 3753806, IN COOK COUNTY, ILLINOIS.

Property of Cook County Clerk's Office

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STATE OF ILLINOIS)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this
17th day of October, 1988, by CRAIG S. MORRIS AS Vice President & Tr Ofcr and MILDRED T. O. SMITH and
respectively, of First Illinois Bank of Wilmette, an Illinois
banking corporation, Trustee under a Trust Agreement dated
September 9, 1988, and known as Trust No. TWB-0728, on behalf of
said Trustee.

Edna W. Ross

Notary Public

EDNA W. ROSS

MY COMMISSION EXPIRES MAY 9, 1989

Property of Cook County Clerk's Office

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REGISTERED
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CLERK OF COOK COUNTY

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