

NOTE IDENTIFIED *mf*

CO-28887

Together with all buildings, improvements of every kind and description now or hereafter erected or placed thereon and all heretofore or hereafter vacated alleys and streets abutting the real estate and all materials intended for construction, reconstruction, alteration, and repairs of such improvements now or hereafter erected thereon, and all of which materials shall be deemed to be included within the premises immediately upon the delivery thereof to the premises, and all hereditaments, easements, passages, waters, watercourses, riparian rights, royalties, mineral rights, oil and gas rights and profits, and other rights, liberties, and privileges therefor or in any way now or hereafter appertaining, including homestead, and any other claim at law or equity as well as any after-acquired title, franchise, license and the reversion and reversions and the remainder and remainders thereof, and all fixtures or appurtenances now or hereafter erected thereon or placed therein, including all apparatus, equipment, machinery, fixtures or articles, whether in single units or centrally controlled, used to supply heat, gas, air conditioning, water, light, power, refrigeration, ventilation or other services, and any other thing now or hereafter therein or thereon, the furnishing of which by lessors to lessees is customary or appropriate, including screens, window shades, storm doors and windows, floor coverings, screen doors, in-a-door beds, awnings, stoves, water heaters, refrigerators, washing machines, clothes dryers, and all other such appliances, all of which are intended to be and are hereby declared to be a part of said real estate whether physically attached thereto or not; and as to any of the property aforesaid 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), this Mortgage is hereby deemed to be as well a security agreement under the Uniform Commercial Code for the purposes of creating hereby a security interest in such property, which Mortgagee hereby grants to the Mortgagee as secured party and Mortgagee agrees that Mortgagee may file this Mortgage, or a reproduction thereof, in the appropriate index, as a financing statement for any of the items specified above as part of the property and all renewals or replacements thereof or articles in substitution thereof, all of which together with said real estate (or the leasehold estate in the event this Mortgage is on a leasehold) are herein referred to as the "property"; and also together with all the rents, issues, profits and security deposits of said premises which are hereby pledged, assigned, transferred and set over unto the Mortgagee, whether now due or hereafter to become due as provided herein. Mortgagee is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, convey and assign the property (and, if this Mortgage is on a leasehold, the ground lease is in full force and effect without modification and without default on the part of either lessor or lessee thereunder), and the property is unencumbered, except for those easements and restrictions listed in a schedule of exceptions to coverage in any title insurance policy

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Commonly known as: 1 Beacon Hill South Barrington, IL 60010
 PIN # 01-22-302-002.022K

THE UNDERSIGNED, CASTLE DEVELOPMENT CORPORATION, an Illinois corporation, of the Village of Bloomingdale, County of Cook, hereinafter referred to as the Mortgagee, does hereby mortgage and warrant to UNION NATIONAL BANK AND TRUST COMPANY OF ELGIN, having its principal place of business at ONE FOUNTAIN SQUARE PLAZA, ELGIN, Illinois, hereinafter referred to as the Mortgagee, the following real estate in the County of Cook, in the State of Illinois, to-wit:

Lot 25, in Spring Creek at South Barrington, a subdivision of part of the west half (1/2) of the southwest quarter (1/4) of section 22, Township 42 North, Range 9, East of the Third Principal Meridian, according to the plat thereof registered in the Office of the Registrar of Titles of Cook County, Illinois, on October 15, 1987 as Document Number 3659362, in Cook County, Illinois.

MORTGAGE

JULY 31, 1988

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insuring Mortgagee's interest in the property. The Mortgagee is hereby subrogated to the rights of all mortgages, lienholders and owners paid off directly or indirectly, in whole or in part by the proceeds of the loan hereby secured and shall have the benefit of the priority of all TO HAVE AND TO HOLD the said property unto said Mortgagee forever for the uses herein set forth, free from all rights and benefits under the Homestead Exemption Laws of the State of Illinois, which said rights and benefits said Mortgagee does hereby release and waive.

(1) The payment of a Note executed by CASTLE DEVELOPMENT CORPORATION to the order of the Mortgagee bearing even date herewith in the principal sum of ONE HUNDRED THIRTY THOUSAND AND NO/100THS DOLLARS (\$130,000.00), which Note, together with interest thereon as therein provided, is payable in monthly installments of INTEREST ONLY beginning on the 30TH DAY OF AUGUST, 1989, and a like sum on the same day of each and every month thereafter, until the Note is fully paid except that the final payment of both principal and interest, if not sooner paid, shall be due and payable on the 30TH DAY OF JULY, 1990, and all renewals, extensions and modifications thereof with interest at such lawful rate as may be agreed upon, which payments are to be applied, first, to interest, and the balance to principal, until said indebtedness is paid in full; (2) Any advances, with interest thereon, made by the Mortgagee to the Mortgagee, or its successor in title, for any purpose, at any time before the release and cancellation of this Mortgage, but at no time shall this Mortgage secure advances on account of said original Note together with such additional advances, in a sum in excess of ONE HUNDRED THIRTY THOUSAND AND NO/100THS DOLLARS (\$130,000.00) provided that, nothing herein contained shall be considered as limiting the amounts that shall be secured hereby when advanced to protect the security or in accordance with covenants contained in the Mortgage; (3) The performance of the covenants and agreements of Mortgagee contained in the Note Loan Agreement or Construction Loan Agreement all of which are hereby incorporated herein and made a part hereof; and (4) The performance of all of the covenants and obligations of the Mortgagee to the Mortgagee, as contained herein.

THE MORTGAGOR COVENANTS:

A. (1) To pay said indebtedness and the interest thereon as herein and in said Note provided, or according to any agreement extending the time of payment thereof; (2) To pay when due and before any penalty attaches thereto all taxes, special taxes, special assessments, water charges, and sewer service charges against said property (including those heretofore due), and to furnish Mortgagee, upon request, duplicate receipts therefor, and all such items extended against said property; shall be conclusively deemed valid for the purpose of this requirement; (3) To keep the improvements now or hereafter upon said premises insured against damages by fire, and such other hazards as the Mortgagee may require to be insured against; and to provide public liability insurance and such other insurance as the Mortgagee may require, until said indebtedness is fully paid, or in case of foreclosure, until expiration of the period of redemption, for the full cost of replacing or repairing the premises (or to pay in full the indebtedness secured hereby), in such companies and in such form as shall be satisfactory to the Mortgagee; such insurance policies and renewals marked "PAID" shall be delivered to the Mortgagee at least thirty (30) days before expiration of the old policy and shall remain with the Mortgagee during said period or periods, and contain the usual clause making them payable to the Mortgagee and shall have attached thereto standard, non-contributing mortgage clause(s), as well as standard waiver of subrogation endorsement; and in case of foreclosure sale payable to the owner of the certificate of sale, owner of any deficiency, any receiver or redemptioner, or any grantee in a judicial or sheriff's deed; and in case of loss under such policies, the Mortgagee is authorized to adjust, collect and compromise in its discretion, all claims thereunder and to execute and deliver on behalf of the Mortgagee all necessary proofs of loss, receipts, vouchers, releases and acquittances required to be signed by the insurance companies, and the Mortgagee agrees to sign,

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upon demand, all receipts, vouchers and releases required of it to be signed by the Mortgagee for such purpose; and the Mortgagee is authorized to apply the proceeds of any insurance claim to the restoration of the property or upon the indebtedness hereby secured in its discretion, but monthly payments shall continue until said indebtedness is paid in full, and if Mortgagee acquires title to the property, Mortgagee shall have all the right, title and interest of Mortgagor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the property prior to such acquisition; (4) To carry and maintain rental insurance to cover a loss of six (6) months rental income from the mortgaged premises in form, amount, and with companies satisfactory to Mortgagee. Certificates of such insurance, premiums pre-paid, shall be deposited with the Mortgagee and shall contain provisions for ten (10) days notice to the Mortgagee prior to any cancellation thereof; (5) To establish a tax reserve account in such amount deemed sufficient by the Mortgagee and to pay monthly into that reserve account on the day installments of principal, (or interest if installments of principal are not paid monthly), are payable under the Note (or on another day designated in writing by Mortgagee), until the Note is paid in full, an amount (herein "funds") equivalent to one-twelfth of the annual real estate taxes, as estimated by the Mortgagee, so as to provide sufficient funds for the payment of each year's taxes one month prior to the date when such taxes become delinquent. The Mortgagor shall further pay monthly a pro rata share of all assessments, future hazard insurance and any other charges which may accrue against the property securing this indebtedness. If the amount so estimated and paid shall prove to be less than the amount deemed necessary to pay such taxes, insurance, assessments and other charges, the Mortgagor promises to pay the difference upon demand. Subject to applicable law or to a written waiver by Mortgagee, all such funds shall be carried in an interest-free tax and insurance account at the Mortgagee. The Mortgagee shall have the right to draw upon the reserve account to pay such items and the Mortgagee shall not be required to determine the validity or accuracy of any item before paying it. Nothing herein shall be construed as requiring the Mortgagee to advance other moneys for such purposes, and the Mortgagee shall not incur any liability for anything it may do or omit to do hereunder. Upon any default under this Mortgage, Mortgagee may apply any funds in said account in any amount and in any order as Mortgagee shall determine, to any obligation then due under this Mortgage. The enforceability of the covenants relating to taxes, assessments and insurance premiums herein otherwise provided, shall not be affected, except insofar as the obligations thereunder have been actually met by compliance with this paragraph. Mortgagee may from time to time at its option waive, and after such waiver reinstate, any or all provisions hereof requiring deposits for taxes, assessments or insurance premiums, by notice to Mortgagor in writing. While any such waiver is in effect, Mortgagor shall pay or cause to be paid taxes, assessments and insurance premiums as herein elsewhere provided. The Mortgagee shall not be liable for any failure to make payments of insurance premiums, and/or taxes, unless Mortgagor, while not in default hereunder, shall have requested said Mortgagee in writing, to make application of such deposits to the payment of the particular insurance premium or taxes, accompanied by the bills for such insured's premiums and/or taxes; provided, however, Mortgagee may at its option make any such application of the aforesaid deposits without any direction or request to do same by Mortgagor; (6) Immediately after destruction or damage, to commence and promptly complete the rebuilding or restoration of buildings and improvements now or hereafter on said premises, unless Mortgagee elects to apply on the indebtedness secured hereby the proceeds of any insurance covering such destruction or damage. In the event that the Mortgagee shall elect to apply such proceeds to such rebuilding or restoration, such proceeds shall be made available, from time to time, upon Mortgagee being furnished with such plans and specifications of an architect satisfactory to Mortgagee; and such contractor's cost estimates, architect's certificates, waivers of liens, contractors' sworn statements and other evidence of costs, percentage completion of construction, application of payments and satisfaction of liens as Mortgagee may reasonably require and approve, and at all times the undisbursed balance of said proceeds remaining in the hands of the Mortgagee shall be at least

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sufficient to pay for the costs of completion of the work, free and clear of any liens; (7) To keep said premises in good condition and repair, without waste, and free from any mechanic's or other lien or claim of lien not expressly subordinated to the lien hereof; (8) To comply with the provisions of any lease if this Mortgage is on a leasehold. Mortgagor shall not surrender the leasehold estate and interests herein conveyed nor terminate or cancel the ground lease creating said estate and interests, and Mortgagor shall not, without the express written consent of Mortgagee, alter or amend said ground lease; and that there shall not be a merger of the ground lease, or of the leasehold estate created thereby, with the fee estate or any part of either; if the Mortgagee acquires such fee estate, then this Mortgage shall simultaneously and without further action be spread of record so as to become a lien on such fee estate; (9) To perform all obligations under any declaration, covenant, by-laws, regulations, and constituent documents governing said premises if the Mortgage is on a condominium or a planned unit development; (10) Not to make, suffer or permit any unlawful use of or any nuisance to exist on said property nor to diminish nor impair its value by any act or omission to act; (11) To comply with all requirements of law with respect to the mortgaged premises and the use thereof; (12) Not to make, suffer or permit, without the written permission of the Mortgagee being first had and obtained, (a) any use of the property for any purpose other than that for which it is now used and Mortgagor shall not initiate or acquiesce in a change in the zoning classification of the property without Mortgagee's prior written consent; (b) any alterations, additions, demolition, removal or sale of any improvements, apparatus, appurtenances, fixtures or equipment now or hereafter upon said property; (c) any security interest, purchase on conditional sale, lease or agreement under which title is reserved in the vendor, for any apparatus, fixtures or equipment now or hereafter placed in, or upon, any buildings or improvements on said property; (d) any sale, assignment or transfer of any right, title or interest in and to said property or any portion thereof; (e) any sale, assignment or transfer of any beneficial interest in and to the trust of which the property may be the corpus; (13) To complete within a reasonable time any buildings or improvements now or at any time in the process of erection upon the said premises; (14) To appear in and defend any proceedings which in the opinion of the Mortgagee affect its security hereunder, and to pay all costs, expenses and attorneys' fees incurred or paid by the Mortgagee in any proceeding in which it may be made a party defendant by reason of this Mortgage; (15) To comply with and observe Mortgagor's obligations as landlord under all leases of the property or any part thereof, and not to lease any portion of the property for non-residential use except with the prior written consent of Mortgagee; (16) To take such steps as shall be reasonably calculated to prevent the accrual of any right to a set-off against rent, and within ten (10) days after such accrual, to reimburse the tenant who shall have acquired such right to set-off or take such other steps as shall effectively discharge such set-off and as shall assure that rents thereafter due shall continue to be payable without set-off or deduction; (17) To deliver to Mortgagee all leases covering the property which Mortgagee may at any time request, with proper assignments thereof; and that all leases now or hereafter entered into will be in form and substance subject to the approval of Mortgagee and shall specifically provide that such leases are subordinate to this Mortgage; and not to procure, permit nor accept any prepayment of any rent nor to release any tenant from any obligation at any time while the indebtedness secured hereby remains unpaid without Mortgagee's written consent; nor to request nor consent to the subordination of any lease of all or any part of the property to any lien subordinate to this Mortgage; (18) To keep and maintain full and correct records showing in detail the income and expenses of the premises and within ten (10) days after demand therefor to produce for examination such books and records and all supporting vouchers and data at any time and from time to time on request at its offices, hereinbefore identified, or at such other location as may be mutually agreed upon; and shall furnish, together with the foregoing financial statements and at any other time upon Mortgagee's request, a rent schedule for the property, certified by Mortgagor, showing the name of each tenant, and for each tenant, the space occupied, the lease expiration date, the rent payable and the rent

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paid; (19) To permit Mortgagee or its agent to inspect the property from time to time at normal business hours and as frequently as Mortgagee considers reasonable; (20) To provide for professional management of the property by a rental property manager satisfactory to Mortgagee pursuant to a contract approved by Mortgagee, unless such requirement shall be waived by Mortgagee in writing; (21) To generally operate and maintain the property in a manner to insure maximum rentals; (22) To execute, acknowledge, and deliver to Mortgagee a security agreement, financing statement, or other similar security instrument, in form satisfactory to the Mortgagee, covering all property, of any kind whatsoever owned by the Mortgagor, which, in the sole opinion of the Mortgagee, is essential to the operation of the premises and concerning which there may be any doubt as to whether the title to the same has been conveyed by or a security interest therein perfected by this Mortgage under the laws of the state of Illinois and will further execute, acknowledge, and deliver any financing statement, affidavit, continuation statement or certificate or other documents as Mortgagee may request in order to preserve, perfect, maintain, continue and extend any said security interest; and Mortgagor further agrees to pay Mortgagee, on demand, all costs and expenses incurred by Mortgagee in connection with the preparation, execution, recording, filing, and refiling of any such document; (23) To promptly discharge any lien which has, or may have, priority over or equality with, the lien of this Mortgage, and Mortgagor shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the property. Without Mortgagee's prior written consent, Mortgagor shall not allow any lien inferior to this Mortgage to be perfected against the property; (24) To perform all obligations under any senior Mortgage, or Deed in Trust affecting the said property.

B. That in case of failure to perform any of the covenants herein, Mortgagee may do on Mortgagor's behalf everything so covenanted; that said Mortgagee may also do any act it may deem necessary to protect the lien hereof including the institution and maintenance of any suit or proceedings, and Mortgagee may, but need not, make full or partial payments of principal or interest on senior encumbrances, if any, and purchase, discharge, compromise, or settle any tax liens, mechanics' or other senior or junior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the premises or contest any tax or assessment without inquiry into the accuracy of the bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien, mechanics' lien or title or claim thereof; and the Mortgagee is further authorized to make or advance in the place and stead of the Mortgagor any payment relating to any apparent or threatened adverse title, lien, mechanics' lien, statement of lien, encumbrance, claim, or charge; or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this paragraph and may do so whenever, in its judgment and discretion, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this Mortgage, and provided, further, that in connection with any such advance, Mortgagee, at its option, may and is hereby authorized to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Mortgagee's choosing; and all monies paid or advanced for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other monies advanced by the Mortgagee to protect the premises and the lien hereof, shall be so much additional indebtedness secured hereby with the same priority as the original indebtedness and shall become immediately due and payable by the Mortgagor to the Mortgagee without notice and with interest from the date of disbursement at the rate provided for in the event of a default payment stated in the Note unless collection from Mortgagor of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law and may be included in any decree foreclosing this Mortgage and be paid out of the rents or proceeds of sale or said premises if not otherwise paid; that it shall not be obligatory upon the Mortgagee to inquire into the validity of any lien, encumbrance or claim in advancing monies as above authorized, but nothing herein contained shall be construed as requiring

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the Mortgagee to advance any monies for any purpose or to do any act hereunder; and the Mortgagee shall not incur any personal liability because of anything it may do or omit to do hereunder.

C. That it is the intent hereof to secure payment of said Note, whether the entire amount shall have been advanced to the Mortgagor at the date hereof or a later date, or having been advanced, shall have been repaid in part and further advances made at a later date.

D. That time is of the essence hereof, and if default be made in performance of any covenant in this Mortgage, (Construction) Loan Agreement, if any, or any encumbrance which is senior to this Mortgage or in making any payment under said Note or obligation or any extension or renewal thereof, or if any statement, application or supporting financial statement furnished the Mortgagee by the Mortgagor or any guarantor, shall be found to be false in any material respect, or cessation of business of the Mortgagor or any Guarantor, or if the Mortgagor shall deem itself insecure, or if proceedings be instituted to enforce any other lien or charge upon any of said property, or upon the filing of a proceeding in bankruptcy, insolvency or reorganization or any similar law, state or Federal, whether now or hereafter existing by or against the Mortgagor, or if the Mortgagor shall make an assignment for the benefit of his creditors or if his property be placed under control or in custody of any court, or if the Mortgagor abandon any of said property or, in the event of the transfer of, or agreement to transfer, any right, title or interest in said property or any portion thereof or, in the event of any transfer, sale of stock, or beneficial interest in Mortgagor (if Mortgagor is not a natural person or persons but is a corporation, partnership, trust or other legal entity), or the Mortgagor's reorganization, recapitalization, liquidation or other change in the business organization or structure (hereinafter "organizational changes") except (1) transfer by devise or descent or by operation of law upon the death of a joint tenant or a partner; (2) sales, transfers or organizational changes when the transferee's, or Mortgagor's, in the case of organizational changes, creditworthiness and management ability are satisfactory to Mortgagee and the transferee or Mortgagor has executed, prior to the sale, transfer, or organizational change, a written assumption agreement containing such terms as Mortgagee may require, including, if required by Mortgagee, an increase in the rate of interest payable under the Note; (3) the grant of a leasehold interest in a part of the property of one year or less (or such longer lease term as Mortgagee may permit by prior written approval) not containing an option to purchase (except any interest in the ground lease, if this Mortgage is on a leasehold); and (4) sales, transfers of stock or beneficial interests in Mortgagor or organizational changes in the Mortgagor provided that such sales, transfers, or organizational changes, together with any prior sales, transfers of stock or beneficial interests in Mortgagor, or organizational changes, but excluding sales, transfers or organizational changes under subparagraphs (1) and (2) above, that do not result in more than 49% of the stock or beneficial interests in Mortgagor having been sold or transferred since commencement of amortization of the Note, or if the Mortgagor fails to complete within a reasonable time any building or buildings now or at any time in process of erection upon said premises, then and in any of said events, the Mortgagee is hereby authorized and empowered, at its option, and without affecting the lien hereby created or the priority of said lien or any right of the Mortgagee hereunder, to declare, without notice, all sums secured hereby immediately due and payable, whether or not such default be remedied by the Mortgagor, and apply toward the payment of said Mortgage indebtedness any indebtedness of the Mortgagee to the Mortgagor and the Mortgagee may also immediately proceed to foreclose this Mortgage, and in any foreclosure a sale may be made of the premises en masse without offering the several parts separately. That in the event the ownership of said property or any part hereof becomes vested in a person other than the Mortgagor or in the event of any transfer or sale of any stock or beneficial interest in Mortgagor not expressly permitted by this paragraph D, the Mortgagee may, without notice to the Mortgagor, deal with such successors in interest, assignees or transferees in the same manner as with the Mortgagor, and may forbear to sue or may extend the time for payment of

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the indebtedness secured hereby, without discharging or in any way affecting the liability of the Mortgagor hereunder or upon the indebtedness hereby secured.

E. That upon the commencement of any foreclosure proceeding hereunder, the court in which such proceeding is filed may, at any time, either before or after sale, and without notice to the Mortgagor, or any party claiming under him, and without regard to the then value of said premises, or whether the same shall then be occupied by the owner of the equity of redemption as a homestead, appoint a receiver with power to manage and rent and to collect the rents, issues and profits of said premises during the pendency of such foreclosure suit and the statutory period of redemption, and such rents, issues and profits, when collected, may be applied before as well as after the foreclosure sale, towards the payment of the indebtedness, costs, taxes, insurance or other items necessary for the protection and preservation of the property, including the expenses of such receivership, or on any deficiency decree whether there be a decree therefor in personam or not, and if a receiver shall be appointed he shall remain in possession until the expiration of the full period allowed by statute for redemption, whether there be redemption or not, and until the issuance of deed in case of sale, but if no deed be issued, until the expiration of the statutory period during which it may be issued, and no lease of said premises shall be nullified by the appointment or entry in possession of a receiver but he may elect to terminate any lease junior to the lien hereof; and upon foreclosure of said premises, there shall be allowed and included as an additional indebtedness in the decree of sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, Mortgagee's fees, appraiser's fees, outlays for exhibits attached to pleadings, documentary and expert evidence, stenographer's fees, commissions, court costs, publication costs and costs (which may be estimated as to and include items to be expended after the entry of the decree) of procuring all such abstracts of title, title searches, examinations and reports, guaranty policies, Torrens certificates and similar data and assurances with respect to title as Mortgagee may reasonably deem necessary either to prosecute such suit or to evidence to bidders at any sale held pursuant to such decree the true title to or value of said premises. In the event of a foreclosure sale of said premises there first shall be paid out of the proceeds thereof all of the aforesaid items, then the entire indebtedness whether due and payable by the terms hereof or not and the interest due thereon up to the time of such sale, and the surplus, if any, shall be paid to the Mortgagor, and the purchaser shall not be obliged to see to the application of the purchase money; and in case of payment of said indebtedness after the filing of any suit to foreclose this Mortgage, and prior to the entry of a judgment of sale, all of the aforesaid expenditures and expenses shall be so much additional indebtedness secured hereby with the same priority as the original indebtedness and shall become immediately due and payable by the Mortgagor to Mortgagee without notice and with interest from the date of disbursement at the rate provided for in the event of a default in payment stated in the Note unless any collection from Mortgagor of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law.

F. In case the mortgaged property, or any part thereof, shall be taken by condemnation or eminent domain, the Mortgagee is hereby empowered to collect and receive all compensation which may be paid for any property taken or for damages to any property not taken and all compensation for condemnation or eminent domain so received shall be forthwith applied by the Mortgagee as it may elect, to the immediate reduction of the indebtedness secured hereby after the payment of all of its expenses, including costs and attorneys' fees, or to the repair and restoration of any property so damaged, provided that any excess over the amount of the indebtedness shall be delivered to the Mortgagor or his assignee.

G. To furnish from time to time within fifteen (15) days after Mortgagee's request, a written statement duly acknowledged, of the amount due upon this Mortgage and whether any alleged offsets or

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defenses exist against the indebtedness secured by this Mortgage.

H. Upon full payment of all sums secured by this Mortgage, Mortgagee shall release this Mortgage, Mortgagor shall pay Mortgagee's reasonable cost incurred in releasing this Mortgage, including costs of recordation, if any.

I. All easements, rents, issues and profits of said premises, and all security deposits made by tenants in connection with leases of said premises, are pledged, assigned and transferred to the Mortgagee, whether now due or hereafter to become due, under or by virtue of any lease or agreement for the use or occupancy of said property, or any part thereof, whether said lease or agreement is written or verbal, and it is the intention hereof (a) to pledge said rents, issues, profits and security deposits on a parity with said real estate and not secondarily and such pledge shall not be deemed merged in any judgment of foreclosure; 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 of insurance proceeds or any award in condemnation or eminent domain) to any and all leases of all or any part of the premises upon the execution of a unilateral declaration to that effect by the Mortgagee and recording thereof, at any time hereinafter, in the office of the Recorder of Deeds or Registrar of Torrens Titles in and for the county where the premises are situated; and (b) to establish an absolute transfer and assignment to the Mortgagee of all such leases and agreements and all the avails thereunder and all documents, records, papers and accounts of the Mortgagor or the then owner of the premises relating thereto, together with the right in case of default, either before or after foreclosure sale, to enter upon and take possession of, manage, maintain and operate said premises, or any part thereof, and may exclude the Mortgagor, its agents, or servants wholly therefrom and may, as attorney in fact or agent of the Mortgagor, or in its own name as Mortgagee under the powers therein granted, make leases for terms deemed advantageous to it, which may provide for terms to expire, or for options to lease to extend or renewal terms to expire, beyond the maturity date of the indebtedness hereunder, terminate or modify existing or future leases, collect said avails, rents, issues and profits, regardless of when earned, and use such measures whether legal or equitable as it may deem proper to enforce collection thereof, employ renting agents or other employees, alter or repair said premises, buy furnishings and equipment therefor when it deems necessary, purchase adequate fire and extended coverage and other forms of insurance as may be deemed advisable, and, in general, exercise all powers ordinarily incident to absolute ownership, advance or borrow money necessary for any purpose herein stated, which amounts with interest from the date of disbursement at the rate provided for in the event of a default payment stated in the Note unless collection from Mortgagor of interest at such rate would be contrary to applicable law in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law shall be so much additional indebtedness secured hereby with the same priority as the original indebtedness and shall become immediately due and payable to the Mortgagee without notice, and out of the income retain reasonable compensation for itself, pay insurance premiums, taxes and assessments, and all expenses of every kind including attorneys' fees, incurred in the exercise of the powers herein given, and from time to time apply any balance of income not, in its sole discretion, needed for the aforesaid purposes, first on the interest and then on the principal of the indebtedness hereby secured, before or after any judgment of foreclosure, and on the deficiency in the proceeds of sale, if any, whether there be a decree in personam therefor or not. Whenever all of the indebtedness secured hereby is paid, and the Mortgagee, in its sole discretion, feels that there is no substantial uncorrected default in performance of the Mortgagor's agreements herein, the Mortgagee, on satisfactory evidence thereof, shall relinquish possession and pay to Mortgagor any surplus income in its hands. The possession of Mortgagee may continue until all indebtedness secured hereby is paid in full or until the delivery of a deed pursuant to a judgment foreclosing the lien hereof, but if no deed be issued, then until the expiration of the statutory period during which it may be issued. Mortgagee shall, however, have the discretionary

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power at any time to refuse to take or to abandon possession of said premises without affecting the lien hereof. Mortgagee shall have all powers, if any, which it might have had without this paragraph. No suit shall be sustainable against the Mortgagee based upon acts or omissions relating to the subject matter of this paragraph unless commenced within sixty days after Mortgagee's possession ceases.

J. Without affecting the liability of Mortgagor or any other person, corporation, partnership or other entity (except any person expressly released in writing) for payment of any indebtedness secured hereby or for performance of any obligation contained herein, and without affecting the rights of Mortgagee with respect to any security not expressly released in writing, Mortgagee may, at any time and from time to time, either before or after the maturity of said Note, and without notice or consent: (1) release any person liable for payment of all or any part of the indebtedness or for performance of any obligation; (2) make any agreement extending the time or otherwise altering the terms of payment of all or any part of the indebtedness, or modifying or waiving any obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof; (3) exercise or refrain from exercising or waive any right that Mortgagee may have; (4) accept additional security of any kind; (5) release or otherwise deal with any property, real or personal, securing the indebtedness, including all or any part of the property mortgaged hereby, and notwithstanding the existence of any other security interests in the property held by Mortgagee or any other party, Mortgagee shall have the right to determine the order in which any or all of the property shall be subjected to the remedies provided herein and shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein; (6) consent to the granting of any easement.

K. Mortgagor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Mortgage or to any action brought to enforce the Note or any other obligation secured by this Mortgage.

L. Shall there exist at any time, an inconsistency or conflict with the terms and conditions set forth in the Loan Agreement or Construction Loan Agreement, if any, and the terms and conditions set forth herein, the Loan Agreement or Construction Loan Agreement, if any, shall control in all instances.

M. Mortgagor shall not and will not apply for or avail itself of any appraisal, evaluation, redemption, stay extension or exemption laws, or any so-called "moratorium laws" now existing or hereinafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, and hereby waives the benefit of such laws. Mortgagor, for itself and all who may have claimed through or under it and any party who now or hereafter acquires a security interest in the property and who has actual or constructive notice hereof, waives any and all right to have the property and estates comprising the premises marshalled upon any foreclosure of the lien hereof or upon the exercise of any of the remedies permitted by applicable law or provided herein 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 judgment of foreclosure, pursuant to the rights herein granted, on behalf of the Mortgagor, the trust estate, and all persons beneficially interested therein and each and every person acquiring any interest in or title to the premises described herein subsequent to the date of this Mortgage, and on behalf of the other persons to the extent permitted by the provisions of Chapter 110, §12-124 of the Illinois Code of Civil Procedure (if a corporate Mortgagor) or Chapter 110, §12-125 of the Illinois Code of Civil Procedure (if a land trust Mortgagor) or any similar law hereafter existing.

N. (1) If the Mortgagor is a corporation: Mortgagor hereby warrants to the Mortgagee and agrees that it is a duly organized corporation within the purview of subparagraph (a) of Section 4 of "An act in relation to

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the rate of interest and other charges in connection with sales on credit and the lending of money" approved May 24, 1879, as amended. Ill. Rev. Stat., ch. 17, §6404); (2) If the Mortgagor is an individual, partnership, trust or other legal entity: Mortgagor warrants that the proceeds of the Note will be used for the purposes specified in Section 4(1)(c) of "An act in relation to the rate of interest and other charges in connection with sales on credit and the lending of money" approved May 24, 1879, as amended (Ill. Rev. Stat., ch. 17, §6404(1)(c), and that the indebtedness secured hereby constituted a "business loan" which comes within the purview of said Section.

O. Failure of the Mortgagee to exercise the option for acceleration of maturity and/or foreclosure following any default as aforesaid or the exercise of any other option granted to the Mortgagee hereunder in any one or more instances, or the acceptance by the Mortgagee of partial payments hereunder, shall not constitute a waiver of such default, and shall not extend or affect the grace period, if any, but such options shall remain continuously enforced. Acceleration of maturity, once claimed hereunder by Mortgagee, may, at the option of the Mortgagee, be rescinded by written acknowledgement to that effect and shall not affect the Mortgagee's right to accelerate the maturity for any future default.

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

Q. To the extent that this instrument may operate as a security agreement under the Uniform Commercial Code, Mortgagee shall have all rights and remedies conferred therein for the benefit of a secured party.

R. All the covenants hereof shall run with the land.

S. The place of contract and payment being located in Illinois, this Mortgage and the rights and indebtedness hereby secured shall be construed and enforced according to the laws of that State.

T. If the Mortgagor is a corporation, it covenants that either (1) the certificate of incorporation of the Mortgagor does not require a vote or consent of the shareholders to authorize the execution and delivery of this Mortgage, or (2) if the certificate of incorporation of the Mortgagor requires such vote or consent, that the same has been had or given in full conformity with the requirements thereof, and (3) the board of directors of the Mortgagor has, by proper action, which has not been revoked or modified, duly authorized the execution and delivery of this Mortgage by the officer or officers who have executed the same.

U. In the event that any of the covenants, agreements, terms or provisions contained in the Note, Loan Agreement, Construction Loan Agreement or in this Mortgage or in any other instrument securing the Note shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, terms or provisions contained herein or in the Note, Loan Agreement, Construction Loan Agreement or in any other instrument securing the Note shall be in no way affected, prejudiced or disturbed thereby.

V. The within Mortgage secures an obligation incurred for the construction of an improvement on the land mortgaged herein, including the acquisition cost of the land (if this is the case) and constitutes a "construction mortgage" within the meaning of Section 9-313(1)(C) of the Uniform Commercial Code.

W. Mortgagor agrees to comply with the covenants, agreements, terms or provisions of the Construction Loan Agreement, if any, which is hereby incorporated by reference in and made a part of this Mortgage. All advances made by the Mortgagee pursuant to the Construction Loan Agreement shall be indebtedness of the Mortgagor secured by this Mortgage, and such advances may be obligatory as provided in the

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Construction Loan Agreement. All sums disbursed by Mortgagee prior to completion of the improvements to protect the security of this Mortgage up to the principal amount of the Note shall be treated as disbursements pursuant to the Construction Loan Agreement. All such sums shall bear interest from the date of disbursement at the rate stated in the Note, unless collection from Mortgagor of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law, and shall be payable upon notice from Mortgagee to Mortgagor requesting payment therefor.

X. From time to time as Mortgagee deems necessary to protect Mortgagee's interests, Mortgagor shall, upon request of Mortgagee, execute and deliver to Mortgagee, in such form as Mortgagee shall direct, assignments of any and all rights or claims which relate to the construction of the property and which Mortgagor may have against any party supplying or who has supplied labor, materials or services in connection with construction of the property. In case of breach by Mortgagor of the covenants and conditions of the Construction Loan Agreement, Mortgagee, at Mortgagor's option, with or without entry upon the property, (1) may invoke any of the rights or remedies provided in the Construction Loan Agreement; (2) may accelerate the sums secured by this Mortgage; or (3) may do both. If, after the commencement of amortization of the Note, the Note and this Mortgage are sold by Mortgagee, from and after such sale the Construction Loan Agreement shall cease to be a part of this Mortgage and Mortgagor shall not assert any right of set-off, counterclaim or other claim or defense arising out of or in connection with the Construction Loan Agreement against the obligations of the Note and this Mortgage.

Y. That each right, power and remedy herein conferred upon the Mortgagee is cumulative of each other right or remedy of the Mortgagee, whether herein or by law conferred, and may be enforced concurrently therewith, that no waiver by the Mortgagee of performance of any covenant herein or in the Note, Loan Agreement, or Construction Loan Agreement shall thereafter in any manner affect the right of Mortgagee to require or enforce performance of the same or any other of said covenants; that wherever the context hereof requires, the masculine gender, as used herein, shall include the feminine and the neuter, and the singular number, as used herein, shall include the plural; that all rights and obligations under this Mortgage shall extend to and be binding upon the respective heirs, executors, administrators, successors and assigns of the Mortgagor, and the successors and assigns of the Mortgagee, and that the powers herein mentioned may be exercised as often as occasion therefor arises.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 31ST DAY OF JULY, A.D. 1989..

CASTLE DEVELOPMENT CORPORATION

BY Sam Miceli
Sam Miceli, President

ATTEST:

BY Antoinette Miceli
Antoinette Miceli, Secretary

STATE OF ILLINOIS)
) ss.
COUNTY OF KANE)

I, Marilyn Shanholtzer, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that SAM MICELI, personally known to

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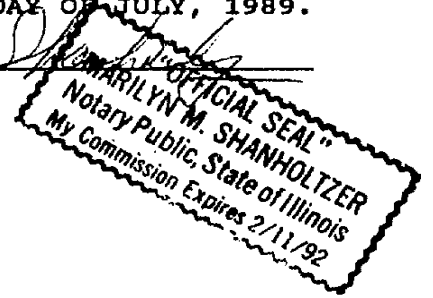
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me to be the PRESIDENT OF CASTLE DEVELOPMENT CORPORATION, an Illinois corporation, and ANTOINETTE MICELI, personally known to me to be the Secretary of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President and Secretary, they signed and delivered the said instrument ~~and caused the corporate seal of said corporation to be affixed thereto,~~ pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 31ST DAY OF JULY, 1989.


NOTARY PUBLIC

Commission expires 2-11, 1992



This document prepared by:
Marilyn Shanholtzer
Union National Bank & Trust Co.
One Fountain Square Plaza
Elgin, IL 60120
(312) 888-7500

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REGISTRAR OF TITLES

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Promised _____
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Address _____
Deliver duplicate Trust _____
Deed to _____
Address _____
Notified _____ F.A.T.I.C.

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Company of the Midwest
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