

*[Handwritten signature]*

MORTGAGE, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT

**3832536**

THIS MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT (this "Mortgage") is made as of September 19, 1989, by LASALLE NATIONAL BANK, not individually but as Trustee under trust agreement dated August 16, 1971 and known as Trust No. 42868 ("Borrower"), with a mailing address at 135 S. LaSalle Street, Chicago, Illinois 60690, to BANK OF CHICAGO, an Illinois banking corporation ("Lender"), with a mailing address at 1050 West Wilson Avenue, Chicago, Illinois 60640, and pertains to the real estate described in Exhibit "A" attached hereto and made a part hereof.

RECITALS

WHEREAS, Borrower and Borrower's sole beneficiary, ERA TOOL AND MANUFACTURING CO., an Illinois corporation ("ERA"), have executed and delivered to Lender a Term Loan Note (the "Term Note") of even date herewith, wherein said parties promise to pay to the order of Lender the original principal amount of Three Hundred Thousand and No/100 Dollars (\$300,000.00) in repayment of a loan from Lender in like amount, or so much thereof as may now or hereafter be disbursed by Lender under the Term Note, together with interest thereon, in installments as set forth in the Term Note, the entire unpaid principal balance being due and payable on October 1, 1994; and

WHEREAS, Borrower and ERA have executed and delivered to Lender a Secured Demand Note (the "Demand Note") of even date herewith wherein said parties promise to pay to the order of Lender the original principal amount of Three Hundred Eighty Seven Thousand and No/100 Dollars (\$387,000.00) in repayment of a loan from Lender in like amount, or such much thereof as may now or hereafter be disbursed by Lender under the Demand Note, together with interest thereon as set forth in the Demand Note; and

WHEREAS, Borrower and ERA have executed and delivered to Lender a Secured Demand Note (the "Revolving Loan Note") of even date herewith, wherein said parties promise to pay to the order of

*3 notes identified to*

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This document prepared by, and after recording should be returned to:

Kenneth A. Latimer, Esq.  
Holleb & Coff  
55 East Monroe Street  
Suite 4100  
Chicago, Illinois 60603

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Lender the principal amount of Two Hundred Thousand and No/100 Dollars (\$200,000.00) in repayment of a loan from Lender in like amount, or so much thereof as may now or hereafter be disbursed by Lender under the Revolving Note, together with interest thereon, as set forth in the Revolving Note (the Term Note, the Demand Note and the Revolving Loan Note being hereinafter collectively referred to as the "Note" or the "Loan," as appropriate); and

WHEREAS, ERA and Lender have executed a General Loan and Security Agreement of even date herewith pursuant to which the Term Note, the Demand Note and the Revolving Loan Note have been issued; and

WHEREAS, as security for the repayment of the Loan, in addition to this Mortgage, certain other loan documents have been executed and delivered to Lender (the Note, this Mortgage and all other documents which are executed and delivered as additional evidence of or security for repayment of the Loan, whether now or hereafter existing, are hereinafter collectively referred to as the "Loan Documents"); and

WHEREAS, in consideration of advances, credit and other financial accommodations heretofore or hereinafter made to Borrower's beneficiary by Lender, Borrower's beneficiary has authorized Borrower to deliver, pledge, assign and transfer to Lender all or any part of the "Mortgaged Property," as that term is hereinafter defined, as security for repayment of the Loan, as well as any and all other amounts owed to Lender under the term of any of the Loan Documents; and

WHEREAS, as security for the repayment of the Loan in addition to the other Loan Documents, Lender has required Borrower to execute and deliver to Lender this Mortgage.

## II

### THE GRANT

NOW, THEREFORE, to secure (i) the payment of the principal amount of the Note and interest thereon and the performance of the agreements contained herein and in the other Loan Documents, (ii) the payment of any and all other indebtedness, direct or contingent, that may now or hereafter become owing from Borrower to Lender under the Loan Documents, and (iii) the performance of all other obligations under the Loan Documents, and in consideration of the matters recited hereinabove, Borrower hereby grants, bargains, sells, conveys and mortgages to Lender and its successors and assigns forever all of its estate, right, title and interest, whether now or hereafter acquired, in and to that certain real

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estate situated in the County of Cook, State of Illinois, as more particularly described in Exhibit "A" attached hereto and made a part hereof (the "Premises"), together with the following described property (the Premises and the following described property being hereinafter referred to collectively as the "Mortgaged Property"), all of which other property is hereby pledged on a parity with the Premises and not secondarily:

(a) all buildings and other improvements of every kind and description now or hereafter erected or placed thereon and all materials intended for construction, reconstruction, alteration and repair of such improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Mortgaged Property immediately upon the delivery thereof to the Premises;

(b) All right, title and interest of Borrower, including any after-acquired title or reversion, in and to the beds of the ways, streets, avenues, sidewalks and alleys adjoining the Premises;

(c) Each and all of the tenements, hereditaments, easements, appurtenances, passages, waters, water courses, riparian rights and any and all other rights, liberties and privileges of the Premises or in any way now or hereafter appertaining thereto, including homestead and any other claim at law or in equity, as well as any after-acquired title, franchise or license and the reversions and remainders thereof;

(d) all rents, issues, deposits and profits accruing and to accrue from the Premises and the avails thereof; and

(e) all fixtures and personal property now or hereafter owned by Borrower and attached to or contained in and used in connection with the Premises or the aforesaid improvements thereon, including without limitation any and all air conditioners, antennae, appliances, apparatus, awnings, basins, bathtubs, boilers, bookcases, cabinets, carpets, coolers, curtains, dehumidifiers, disposals, doors, drapes, dryers, ducts, dynamos, elevators, engines, equipment, escalators, fans, fittings, floor coverings, furnaces, furnishings, furniture, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, ovens, pipes, plumbing, pumps, radiators, ranges, recreational facilities, refrigerators, screens, security systems, shades, shelving, sinks, sprinklers, stokers, stoves, toilets, ventilators, wall coverings, washers, windows, window coverings, wiring and all renewals or replacements thereof or articles in substitution therefor, whether or not the same be attached to such improvements, it

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being agreed that all such property owned by Borrower and placed on the Premises or used in connection with the operation or maintenance thereof shall, so far as permitted by law, be deemed for the purpose of this Mortgage to be part of the real estate constituting and located on the Premises and covered by this Mortgage.

To have and to hold the same unto Lender and its successors and assigns forever, for the purposes and uses herein set forth.

Provided, however, that if and when Borrower has paid the principal amount of the Note and all interest as provided thereunder, has paid any and all other amounts required under the Loan Documents and has performed all of the agreements contained in the Loan Documents, then this Mortgage shall be released at the cost of Borrower, but otherwise shall remain in full force and effect.

## III

### GENERAL AGREEMENTS

3.01 Principal and Interest. Borrower shall pay promptly when due the principal and interest on the indebtedness evidenced by the Note at the times and in the manner provided in the Note, this Mortgage, or any of the other Loan Documents.

3.02 Other Payments. Upon Lender's written request, after the occurrence of an event of Default hereunder, Borrower shall deposit with Lender or a depository designated by Lender, in addition to the monthly installments required by the Note, monthly until the principal indebtedness evidenced by the Note is paid:

(a) a sum equal to all real estate taxes and assessments ("taxes") next due on the Mortgaged Property, all as estimated by Lender, divided by the whole number of months to elapse before the month prior to the date when such taxes will become due and payable; and

(b) a sum equal to an installment of the premium or premiums that will become due and payable to renew the insurance as required in Paragraph 3.05 hereof, each installment to be in such an amount that the payment of approximately equal installments will result in the accumulation of sufficient sum of money to pay renewal premiums for such insurance at least one (1) month prior to the expiration or renewal date or dates of the policy or policies to be renewed.

All such payments described in this Paragraph 3.02 shall be held by Lender or a depository designated by Lender in trust,

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without any obligation arising for the payment of any interest thereon. If the funds so deposited are insufficient to pay all taxes and premiums as aforesaid when due, Borrower shall, within ten (10) days after receipt of demand therefor from Lender or its agent, deposit such additional funds as may be necessary to pay such taxes and premiums. If the funds so deposited exceed the amounts required to pay such items, the excess shall be applied on a subsequent deposit or deposits.

Neither Lender nor any such depository shall be liable for any failure to make such payments of insurance premiums or taxes unless Borrower, while not in default hereunder, has requested Lender or such depository, in writing, to make application of such deposits to the payment of particular insurance premiums or taxes, accompanied by the bills for such insurance premiums or taxes; provided, however, that Lender may, at its option, make or cause such depository to make any such application of the aforesaid deposits without any direction or request to do so by Borrower.

**3.03 Property Taxes.** Borrower shall pay immediately, when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer charges, and any other charges that may be asserted against the Property or any part thereof or interest therein, and to furnish to Lender duplicate receipts therefor within thirty (30) days after payment thereof; provided, however, that in the event Lender is collecting monthly deposits as required by Paragraph 3.02(A) hereof, Lender may, at its option, either make such deposits available to Borrower for the payments required under this Paragraph 3.03 or may make such payments on behalf of Borrower. Borrower may, in good faith and with reasonable diligence, contest the validity or amount of any such taxes or assessments, provided that:

(a) such contest shall have the effect of preventing the collection of the tax or assessment so contested and the sale or forfeiture of the Mortgaged Property or any part thereof or interest therein to satisfy the same;

(b) Borrower has notified Lender in writing of the intention of Borrower to contest the same before any tax or assessment has been increased by any interest, penalties or costs; and

(c) Borrower has deposited with Lender, at such place as Lender may from time to time in writing designate, a sum of money or other security acceptable to Lender that, when added to the monies or other security, if any, deposited with Lender pursuant to Paragraph 3.02(a) hereof, is sufficient, in Lender's judgment, to pay in full such contested tax and assessment and all penalties and interest that might become



due thereon, and shall keep on deposit an amount sufficient, in Lender's judgment, to pay in full such contested tax and assessment, increasing such amount to cover additional penalties and interest whenever, in Lender's judgment, such increase is advisable.

In the event Borrower fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds on deposit as hereinabove provided, Lender may, at its option, apply the monies and liquidate any securities deposited with Lender in payment of, or on account of, such taxes and assessments, or any portion thereof then unpaid, including all penalties and interest thereon. If the amount of the money and any such security so deposited is insufficient for the payment in full of such taxes and assessments, together with all penalties and interest thereon, Borrower shall forthwith, upon demand, either deposit with Lender a sum that, when added to such funds then on deposit, is sufficient to make such payment in full, or, if Lender has applied funds on deposit on account of such taxes and assessments, restore such deposit to an amount satisfactory to Lender. Provided that Borrower is not then in default hereunder, Lender shall, if so requested in writing by Borrower, after final disposition of such contest and upon Borrower's delivery to Lender of an official bill for such taxes, apply the money so deposited in full payment of such taxes and assessments or that part thereof then unpaid, together with all penalties and interest thereon.

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3.04 Payments by Lender. Lender is hereby authorized to make or advance, in the place and stead of Borrower, any payment relating to taxes, assessments, water and sewer charges, and other governmental charges, fines, impositions or liens that may be asserted against the Property or any part thereof, and may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy thereof or into the validity of any tax, assessment, lien, sale, forfeiture or title or claim relating thereto. Lender is further authorized to make or advance, in the place and stead of Borrower, any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, charge or payment, as well as take any and all actions which Lender deems necessary or appropriate on Borrower's behalf whenever, in Lender's judgment and discretion, such payments and/or actions seem necessary or desirable to protect the full security intended to be created by this Mortgage. In connection with any such advance, Lender is further authorized, at its option, to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Lender's choosing. All payments, costs and other expenses incurred by Lender pursuant to this Paragraph 3.04, including without limitation attorneys' fees and court costs, shall constitute additional indebtedness secured hereby and shall

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be repayable by Borrower upon demand with interest at the "Default Interest Rate" (as that term is defined in the Note).

## 3.05 Insurance.

(A) Hazard. (i) Borrower shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured under a replacement cost form of insurance policy (without depreciation and without co-insurance) against loss or damage resulting from fire, windstorm and other hazards as may be required by Lender, and to pay promptly, when due, any premiums on such insurance; provided, however, that in the event Lender is collecting monthly deposits as required by Paragraph 3.02(b) hereof, Lender may, at its option, either make such deposits available to Borrower for the payments required under this Paragraph 3.05 or may make such payments on behalf of Borrower. All such insurance shall be in form and of content and shall be carried in companies reasonably acceptable to Lender, and all such policies and renewals thereof (or certificates evidencing the same), marked "paid," shall be delivered to Lender at least thirty (30) days before the expiration of then existing policies and shall have attached thereto standard noncontributing mortgagee clauses entitling Lender to collect any and all proceeds payable under such insurance, as well as standard waiver of subrogation endorsements. Borrower shall not carry any separate insurance on such improvements concurrent in kind or form with any insurance required hereunder or contributing in the event of loss, unless such such policy includes a standard noncontributing mortgagee clause entitling Lender to collect any and all proceeds thereunder, as well as a standard waiver of subrogation endorsement. In the event of a change in ownership or of occupancy of the Premises approved in writing by Lender, Borrower shall give immediate notice thereof by mail to Lender.

(ii) In case of loss, Lender (or after entry of decree of foreclosure, purchaser at the sale, or the decree creditor, as the case may be) is hereby authorized to either: (1) settle and adjust any claim under any insurance policies without the consent of Borrower or (2) allow Borrower to agree with the insurance company or companies on the amount to be paid upon the loss, provided, however, that Lender shall not have the right to exercise the powers granted in this sentence unless there is then existing an event of default hereunder or there has been entered a decree of foreclosure. In either case Lender is authorized to collect and receipt for any such insurance money. In case of any such loss, if, in Lender's sole judgment and determina-

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tion, either the improvements to the Premises cannot be restored or the funds collected from any such insurance settlements are insufficient to pay for the full restoration and repair of such damage, Lender shall have the right to collect any insurance proceeds and apply the same toward payment of the indebtedness secured hereby, after deducting all expenses and fees of collection. In the event the net insurance proceeds are insufficient to pay the then existing indebtedness secured hereby, together with all accrued interest, fees and charges, Lender may, at its sole election, declare the entire unpaid balance to be immediately due and payable, and Lender may then treat the same as in the case of any other default hereunder. In the event any insurance company raises a defense against either Borrower or Lender to any claim for payment due to damage or destruction of the Premises or any part thereof by reason of fire or other casualty submitted by Lender or any party on behalf of Lender, then Lender may, at its option, whether or not Lender has received funds from any insurance settlements, declare the unpaid balance to be immediately due and payable, and Lender may then treat the same as in the case of any other default hereunder.

In case of any loss after foreclosure proceedings have been instituted, all insurance proceeds shall, at Lender's option, be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid to the owner of the equity of redemption if he shall then be entitled to the same, or as the court may direct. In case of the foreclosure of this Mortgage, the court in its decree may provide that the mortgagee's clause attached to each of said insurance policies may be cancelled and that the decree creditor may cause a new loss clause to be attached to each of said policies making the loss thereunder payable to said decree creditor. Any foreclosure decree may further provide that in case of any one or more redemptions made under said decree, each successive redeemer may cause the preceding loss clause attached to each insurance policy to be cancelled and a new loss clause to be attached thereto, making the loss thereunder payable to such redeemer. In the event of foreclosure sale, Lender is hereby authorized, without the consent of Borrower, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Lender may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

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Nothing contained in this Mortgage shall create any responsibility or obligation on Lender to collect any amount owing on any insurance policy to rebuild, repair or replace any damaged or destroyed portion of the Premises or any improvements thereon or to perform any act hereunder.

(iii) In the event Lender is obligated or elects to apply such proceeds toward repairing, restoring, and rebuilding such improvements, such proceeds shall be made available, from time to time, upon Lender's being furnished with satisfactory evidence of the estimated cost of such repairs, restoration and rebuilding and with such architect's and other certificates, waivers of lien, certificates, contractors' sworn statements and other evidence of the estimated cost thereof and of payments as Lender may reasonably require and approve, and, if the estimated cost of the work exceeds ten (10%) percent of the original principal amount of the indebtedness secured hereby, with all plans and specifications for such repairs, restoration and rebuilding as Lender may reasonably require and approve. No payment made prior to the final completion of the work shall exceed ninety (90%) percent of the value of the work performed from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of Lender shall be at least sufficient to pay for the cost of completion of the work, free and clear of any liens. Lender may, at any time and in its sole discretion, procure and substitute for any and all of the insurance policies so held as aforesaid, such other policies of insurance in such amounts and carried in such companies as Lender may select.

(b) Liability. Borrower shall carry and maintain such comprehensive public liability and workmen's compensation insurance as may be required from time to time by Lender in form and of content, in amounts and with companies reasonably acceptable to Lender; provided, however, that the amounts of coverage shall not be less than One Million and No/100 Dollars (\$1,000,000.00) single limit liability and that the policies shall name Lender as an additional insured party thereunder. Certificates of such insurance, premiums prepaid, shall be deposited with Lender and shall contain provision for twenty (20) days' notice to Lender prior to any cancellation thereof.

(c) Rent Loss. Upon Lender's written request, Borrower shall carry and maintain rental insurance to cover a loss of six (6) months' rental income from the Premises in form and of content, in amounts and with companies satisfactory to Lender. Certificates of such insurance, premiums prepaid,

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shall be deposited with Lender and shall contain provision for ten (10) days' notice to Lender prior to any cancellation thereof.

(d) Other Insurance. Upon Lender's written request, Borrower shall carry and maintain such other insurance coverage(s) as Lender may, in its reasonable discretion, deem necessary or appropriate in such amounts, with such companies and in such form as Lender deems satisfactory, all at Borrower's sole expense.

3.06 Condemnation and Eminent Domain. Any and all awards heretofore or hereafter made or to be made to the present or any subsequent owner of the Mortgaged Property by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Mortgaged Property, any improvement located thereon or any easement thereon or appurtenance thereof (including any award from the United States government at any time after the allowance of a claim therefor, the ascertainment of the amount thereto, and the issuance of a warrant for payment thereof), are hereby assigned by Borrower to Lender, which awards Lender is hereby authorized to negotiate, collect and receive from the condemnation authorities, and Lender is hereby authorized to give appropriate receipts and acquittances therefor. Borrower shall give Lender immediate notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Premises, or any easement thereon or appurtenance thereof (including severance of, consequential damage to or change in grade of streets), and shall deliver to Lender copies of any and all papers served in connection with any such proceedings. Borrower further agrees to make, execute and deliver to Lender, at any time upon request, free and clear of any encumbrance of any kind whatsoever, any and all further assignments and other instruments deemed necessary by Lender for the purpose of validly and sufficiently assigning all awards and other compensation heretofore and hereafter made to Borrower for any taking, either permanent or temporary, under any such proceeding. At Lender's option, any such award may either be applied toward the indebtedness secured by this Mortgage or applied toward restoring the improvements, in which event the same shall be paid out in the same manner as is provided with respect to insurance proceeds in Paragraph 3.05(a) hereof.

3.07 Maintenance of Property. No building or other improvement on the Premises shall be altered, removed or demolished, nor shall any fixtures, chattels or articles of personal property on, in or about the Premises be severed, removed, sold or mortgaged, without the prior written consent of Lender, and in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered by

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this Mortgage or by any separate security agreement executed in conjunction herewith, the same shall be replaced promptly by similar fixtures, chattels and articles of personal property at least equal in quality and condition to those replaced, free from any other security interest therein, encumbrances thereon or reservation of title thereto. Borrower shall promptly repair, restore or rebuild any building or other improvement now or hereafter situated on the Premises that may become damaged or be destroyed. Any such building or other improvement shall be so repaired, restored or rebuilt so as to be of at least equal value and of substantially the same character as prior to such damage or destruction.

Borrower further agrees not to permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Property or any part thereof; to keep and maintain the Mortgaged Property and every part thereof in good repair and condition; to effect such repairs as Lender may reasonably require, and, from time to time, to make all necessary and proper replacements thereof and additions thereto so that the Premises and such buildings, other improvements, fixtures, chattels and articles of personal property will, at all times, be in good condition, fit and proper for the respective purposes for which they were originally erected or installed.

3.08 Compliance with Laws. Borrower shall comply with all statutes, ordinances, regulations, rules, orders, decrees and other requirements relating to the Mortgaged Property or any part thereof by any federal, state or local authority; and shall observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions, and nonconforming uses), privileges, franchises and concessions that are applicable to the Mortgaged Property or that have been granted to or contracted for by Borrower in connection with any existing or presently contemplated use of the Property.

3.09 Liens and Transfers. Without Lender's prior written consent, Borrower shall not create, suffer or permit to be created or filed against the Mortgaged Property or any part thereof hereafter any mortgage lien or other lien, whether superior or inferior to the lien of this Mortgage, other than the "Prior Mortgage" as defined in Paragraph 3.30 hereof and those existing mortgages expressly subordinated to the rights of Lender under the terms of this Mortgage, provided that Borrower may, within ten (10) days after the filing thereof, contest any lien claim arising from any work performed, material furnished or obligation incurred by Borrower upon furnishing Lender security and indemnification satisfactory to Lender for the final payment and discharge thereof. In the event Borrower hereafter creates, suffers or permits any superior or inferior lien to be attached to the Mort-

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gaged Property or any part thereof without such consent, Lender shall have the unqualified right, at its option, to accelerate the maturity of the Note, causing the entire principal balance thereof and all interest accrued thereon to be immediately due and payable, without notice to Borrower.

If Borrower, without Lender's prior written consent, sells, transfers, conveys, assigns, pledges, hypothecates or otherwise disposes the title to all or any portion of the Mortgaged Property, whether by operation of law, voluntarily or otherwise, or any interest thereto, including without limitation any assignment (either collateral or outright) of all or any part of the beneficial interest of any trust holding legal title to the Premises, or enters into any agreement to do any of the foregoing, Lender shall have the unqualified right, at its option, to accelerate the maturity of the Note, causing the entire principal balance, accrued interest and prepayment premium, if any, to be immediately due and payable, without notice to Borrower. Without limiting the generality of the foregoing, each of the following events shall be deemed a sale, transfer, conveyance, assignment, pledge, hypothecation or other disposition prohibited by the foregoing sentence:

(a) if Borrower is a corporation, any sale, conveyance, assignment or other transfer of all or any portion of the stock of such corporation, that results in a material change in the identity of the person(s) or entities previously in control of such corporation;

(b) if Borrower is a partnership, any sale, conveyance, assignment or other transfer of all or any portion of the partnership interest of any partner of such partnership that results in a material change in the identity of the persons(s) in control of such partnership;

(c) any sale, conveyance, assignment or other transfer of all or any portion of the stock or partnership interest of any entity directly or indirectly in control of the corporation or partnership constituting the Borrower that results in a material change in the identity of the persons(s) in control of such entity; and

(d) any hypothecation of all or any portion of the stock thereof, if Borrower is a corporation, or of all or any portion of the partnership interest of any general partner thereof, if Borrower is a partnership, or of all or any portion of the stock or partnership interest of any entity directly or indirectly in control of such corporation or partnership, that could result in a material change in the identity of the person(s) in control of such corporation, partnership or entity directly or indirectly in control of

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such corporation or partnership if the secured party under such hypothecation exercised its remedies thereunder.

Any waiver by Lender of the provisions of this Paragraph 3.09 shall not be deemed to be a waiver of the right of Lender in the future to insist upon strict compliance with the provisions hereof.

3.10 Subrogation to Prior Lienholder's Rights. If the proceeds of the loan secured hereby or any part thereof, or any amount paid out or advanced by Lender is used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property or any part thereof, then Lender shall be subrogated to the rights of the holder thereof in and to such other lien or encumbrance and any additional security held by such holder, and shall have the benefit of the priority of the same.

3.11 Lender's Dealings with Transferee. In the event of the sale or transfer, by operation of law, voluntarily or otherwise, of all or any part of the Mortgaged Property, Lender shall be authorized and empowered to deal with the vendee or transferee with regard to the Mortgaged Property, the indebtedness secured hereby and any of the terms or conditions hereof as fully and to the same extent as it might with Borrower, without in any way releasing or discharging Borrower from its covenants hereunder, specifically including those contained in Paragraph 3.09 hereof, and without waiving Lender's right of acceleration pursuant to Paragraph 3.09 hereof.

3.12 Stamp Taxes. If at any time the United States government or any federal, state or municipal governmental subdivision requires Internal Revenue or other documentary stamps, levies or any tax on this Mortgage or on the Note, or requires payment of the United States Interest Equalization Tax on any of the indebtedness secured hereby, then such indebtedness and all interest accrued thereon shall be and become due and payable, at the election of the Lender, thirty (30) days after the mailing by Lender of notice of such election to Borrower; provided, however, that such election shall be unavailing, and this Mortgage and the Note shall be and remain in effect, if Borrower may and does lawfully pay for such stamps or tax, including interest and penalties thereon, to or on behalf of Lender.

3.13 Change in Tax Laws. 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, the amount of any lien thereon, or imposing upon Lender the payment of all or any part of the taxes, assessments, charges or liens hereby required to be paid by Bor-

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power, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Borrower's interest in the Mortgaged Property, or the manner of collection of taxes, so as to affect this Mortgage or the indebtedness secured hereby or the holder thereof, then Borrower, upon demand by Lender, shall pay such taxes, assessments, charges or liens, or reimburse Lender therefor; provided, however, that if, in the opinion of counsel for Lender, it might be unlawful to require Borrower to make such payment or the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then Lender may elect, by notice in writing given to Borrower, to declare all of the indebtedness secured hereby to become due and payable thirty (30) days after the giving of such notice. Nothing contained in this Paragraph 3.13 shall be construed as obligating Lender to pay any portion of Borrower's federal income tax.

3.14 Inspection of Property. Borrower shall permit Lender and its representatives and agents to inspect the Mortgaged Property from time to time during normal business hours and as frequently as Lender considers reasonable.

3.15 Inspection of Books and Records. Borrower shall keep and maintain full and correct books and records showing in detail the income and expenses of the Mortgaged Property and, within ten (10) days after demand therefor by Lender, shall permit Lender or its agents to examine such books and records and all supporting vouchers and data at any time and from time to time on request at its offices, at the address hereinabove identified or at such other location as may be mutually agreed upon.

3.16 Certified Annual Operating Statements. Borrower shall furnish to Lender, within ninety (90) days after the close of each calendar year, an annual operating statement of income and expenses of the Mortgaged Property and of Borrower, signed and certified by Borrower. Such report shall contain such detail and embrace such items as Lender may reasonably require.

3.17 Acknowledgment of Debt. Borrower shall furnish from time to time, within fifteen (15) days after Lender's request, a written statement, duly acknowledged, specifying the amount due under the Note and this Mortgage and disclosing whether any alleged offsets or defenses exist against the indebtedness secured hereby.

3.18 Other Amounts Secured; Maximum Indebtedness. This Mortgage secures the entire principal amount of the Loan and interest accrued thereon, regardless of whether any or all of the Loan proceeds are disbursed on or after the date hereof, and regardless of whether the Loan is repaid in part and future advances made at a later date, as well as any amounts owed to

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Lender pursuant to Paragraphs 3.04 and 3.05 hereof, any and all litigation and other expenses pursuant to Paragraphs 4.05 and 4.06 hereof and any other amounts as provided herein or in any of the other Loan Documents, including without limitation the payment of any and all loan commissions, service charges, liquidated damages, expenses and advances due to or paid or incurred by Lender in connection with the Loan, all in accordance with the terms of the Loan Documents. Under no circumstances, however, shall the total indebtedness secured by this Mortgage exceed the sum of three (3) times the original principal amount of the Note.

3.19 Assignments of Rents and Leases. The terms, covenants, conditions and other provisions of any Assignment of Rents and Leases given by Borrower to Lender are hereby expressly incorporated herein by reference and made a part hereof, with the same force and effect as though the same were more particularly set forth herein.

3.20 Declaration of Subordination. At the option of Lender, 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 condemnation or eminent domain award) to any and all leases of all or any part of the Mortgaged Property upon the execution by Lender and recording thereof, at any time hereafter, in the appropriate official records of county wherein the Premises are situated, of a unilateral declaration to that effect.

3.21 Security Instruments. Borrower shall execute, acknowledge and deliver to Lender, within ten (10) days after request by Lender, any and all security agreements, financing statements and any other similar security instruments required by Lender, in form and of content satisfactory to Lender, covering all property of any kind whatsoever owned by Borrower that, in the sole opinion of Lender, is essential to the operation of the Mortgaged Property and concerning which there may be any doubt whether title thereto has been conveyed, or a security interest therein perfected, by this Mortgage under the laws of the state in which the Premises are located. Borrower shall further execute, acknowledge and deliver any financing statement, affidavit, continuation statement, certificate or other document as Lender may request in order to perfect, preserve, maintain, continue and extend such security instruments. Borrower further agrees to pay to Lender all costs and expenses incurred by Lender in connection with the preparation, execution, recording, filing and refiling of any such document.

3.22 Releases. Lender, without notice and without regard to the consideration, if any, paid therefor, and notwithstanding the existence at that time of any inferior liens thereon, may release from the lien all or any part of the Mortgaged Property, or

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release from liability any person or entity obligated to repay any indebtedness secured hereby, without in any way affecting the liability of any party to any of the Note, this Mortgage or any of the other Loan Documents, including without limitation any guaranty given as additional security for the indebtedness secured hereby, and without in any way affecting the priority of the lien of this Mortgage, and may agree with any party liable therefor to extend the time for payment of any part or all of such indebtedness. Any such agreement shall not in any way release or impair the lien created by this Mortgage or reduce or modify the liability of any person or entity obligated personally to repay the indebtedness secured hereby, but shall extend the lien hereof as against the title of all parties having any interest, subject to the indebtedness secured hereby, in the Mortgaged Property.

3.23 Interest Laws. It being the intention of Lender and Borrower to comply with the laws of the State of Illinois, it is agreed that notwithstanding any provision to the contrary in the Note, this Mortgage or any of the other Loan Documents, no such provision shall require the payment or permit the collection of any amount ("Excess Interest") in excess of the maximum amount of interest permitted by law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the indebtedness evidenced by the Note. If any Excess Interest is provided for, or is adjudicated to be provided for, in the Note, this Mortgage or any of the other Loan Documents, then in such event: (a) the provisions of this Paragraph 3.23 shall govern and control; (b) neither Borrower nor any of the other "Obligors" (as that term is defined in the Note) shall be obligated to pay any Excess Interest; (c) any Excess Interest that Lender may have received hereunder shall, at the option of Lender, be (i) applied as a credit against the then unpaid principal balance under the Note, accrued and unpaid interest thereon not to exceed the maximum amount permitted by law, or both, (ii) refunded to the payor thereof, or (iii) any combination of the foregoing; (d) the "Interest Rate" (as that term is defined in the Note) shall be subject to automatic reduction to the maximum lawful contract rate allowed under the applicable usury laws of the aforesaid State, and the Note, this Mortgage, and the other Loan Documents shall be deemed to be automatically reformed and modified to reflect such reduction in the Interest Rate; and (e) neither Borrower nor any of the other Obligors shall have any action against Lender for any damages whatsoever arising out of the payment or collection of any Excess Interest.

3.24. Borrower's Representations. Borrower hereby represents and covenants to Lender that:

(a) Borrower (i) is a Trustee under a Trust duly organized, validly existing and in good standing under the



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laws of the State of Illinois and has complied with all conditions prerequisite to its doing business in the State of Illinois; (ii) has the power and authority to own its properties and to carry on its business as now being conducted; (iii) is qualified to do business in every jurisdiction in which the nature of its business or its properties makes such qualification necessary; and (iv) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.

(b) The execution, delivery and performance of the Note, this Mortgage and all other Loan Documents (A) have received all necessary governmental approval; (B) do not violate any provision of any law, any order of any court or agency of government or any indenture, agreement or other instrument to which Borrower is a party, or by which it or any portion of the Premises is bound; and (C) are not in conflict with, nor will it result in breach of, or constitute (with due notice and/or lapse of time) a default under any indenture, agreement, or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever, upon any of its property or assets, except as contemplated by the provisions of this Mortgage and any of the other Loan Documents.

(c) The Note, this Mortgage and all of the other Loan Documents, when executed and delivered by Borrower, will constitute the legal, valid and binding obligations of Borrower and all other obligors named therein, if any, in accordance with their respective terms.

(d) All other information, reports, papers, balance sheets, statements of profit and loss, and data given to Lender or its agents and employees regarding Borrower or any other parties obligated under the terms of this Mortgage or any of the other Loan Documents are accurate and correct in all material respects, and are complete insofar as completeness may be necessary to give Lender a true and accurate knowledge of the subject matter.

(e) There is not now pending against or affecting Borrower or others obligated under the terms of this Mortgage, nor, to the best of Borrower's knowledge, is there threatened any action, suit or proceeding at law, in equity or before any administrative agency which, if adversely determined, would materially impair or affect the financial condition or operation of Borrower or the Premises.

3.25 Utilities. Borrower will (except to the extent paid by lessees) pay all utility charges incurred in connection with the

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Premises and all improvements thereon, and shall maintain all utility services now or hereafter available for use at the Premises.

3.26 Flood Area. If the Premises are now or hereafter located in an area which has been identified by the Secretary of Housing and Urban Development as a flood hazard area and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (the "Act"), Borrower will keep the Premises insured by flood insurance up to the maximum limit of coverage available under the Act.

3.27 Hazardous Waste. (a) Borrower represents and agrees that the Premises are in compliance with all "Environmental Laws" (as hereinafter defined); that there are no conditions existing currently or likely to exist during the term of the Note that require or are likely to require cleanup, removal or other remedial action pursuant to any Environmental Laws; that Borrower is not a party to any litigation or administrative proceeding, nor, to the best of Borrower's knowledge, is there any litigation or administrative proceeding contemplated or threatened which would assert or allege any violation of any Environmental Laws; that neither the Premises nor Borrower is subject to any judgment, decree, order or citation related to or arising out of any Environmental Laws; and that no permits or licenses are required under any Environmental Laws regarding the Premises. The term "Environmental Laws" shall mean any and all federal, state and local laws, statutes, regulations, ordinances, codes, rules and other governmental restrictions or requirements relating to the environment or hazardous substances, including without limitation the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource Conservation and Recovery Act of 1976 and the Federal Comprehensive Environmental Responsibility, Cleanup and Liability Act of 1980, as well as all regulations of the Environmental Protection Agency, the Nuclear Regulatory Agency and any state department of natural resources or state environmental protection agency now or at any time hereafter in effect. Borrower covenants and agrees to comply with all applicable Environmental Laws; to provide to Lender immediately upon receipt copies of any correspondence, notice, pleading, citation, indictment, complaint, order or other document received by Borrower asserting or alleging a circumstance or condition that requires or may require a cleanup, removal or other remedial action under any Environmental Laws, or that seeks criminal or punitive penalties for an alleged violation of any Environmental Laws; and to advise Lender in writing as soon as Borrower becomes aware of any condition or circumstance which makes any of the representations or statements contained in this Paragraph 3.27(a) incomplete or inaccurate. In the event Lender determines in its sole and absolute discretion that there is any evidence that any

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such circumstance might exist, whether or not described in any communication or notice to either Borrower or Lender, Borrower agrees, at its own expense and at the request of Lender, to permit an environmental audit to be conducted by Lender or an independent agent selected by Lender. This provision shall not relieve Borrower from conducting its own environmental audits or taking any other steps necessary to comply with any Environmental Laws. If, in the opinion of Lender, there exists any uncorrected violation by Borrower of an Environmental Law or any condition which requires or may require any cleanup, removal or other remedial action under any Environmental Laws, and such cleanup, removal or other remedial action is not completed within sixty (60) days from the date of written notice from Lender to Borrower, the same shall, at the option of Lender constitute a default hereunder, without further notice or cure period.

(b) Borrower agrees to indemnify and hold Lender and its officers, directors, employees and agents harmless from and against any and all losses, damages, liabilities, obligations, claims, costs and expenses (including, without limitation, attorneys' fees and court costs) incurred by Lender, whether prior to or after the date hereof and whether direct, indirect or consequential, as a result of or arising from any suit, investigation, action or proceeding, whether threatened or initiated, asserting a claim for any legal or equitable remedy under any Environmental Law. Any and all amounts owed by Borrower to Lender under this Paragraph 3.27(b) shall constitute additional indebtedness secured by this Mortgage and the other Loan Documents.

3.28 Assignment of Rents. (a) As further security for the repayment of the Loan, Borrower does hereby sell, assign and transfer to Lender all rents, issues, deposits and profits now due and which may hereinafter become due under or by reason of any lease or any letting of, or any agreement for the use, sale, or occupancy of the Premises or any portion thereof (whether written or verbal), which may have been heretofore or may hereafter be made or agreed to or which may be made or agreed to by Lender under the powers herein granted, including without limitation sale contracts, escrow and other agreements, it being Borrower's intention hereby to establish an absolute transfer and assignment of all such leases, contracts and agreements pertaining thereto (such leases, contracts and agreements being collectively referred to hereinbelow as "agreements" and any such individual lease, contract, escrow or other agreement being referred to hereinbelow as an "agreement"), and all the avails thereof, to Lender.

Borrower does hereby irrevocably appoint Lender as its true and lawful attorney in its name and stead (with or without taking possession of the Premises) to rent, lease, let, or sell all or any portion of the Premises to any party or parties at such price

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and upon such term as Lender in its sole discretion may determine, and to collect all of such rents, issues, deposits, profits and avails now due or that may hereafter become due under any and all of such agreements or other tenancies now or hereafter existing on the Premises, with the same rights and powers and subject to the same immunities, exoneration of liability and rights of recourse and indemnity as Lender would have upon taking possession of the Premises pursuant to the provisions set forth hereinbelow.

This assignment confers upon Lender a power coupled with an interest and it cannot be revoked by Borrower.

(b) Borrower represents and agrees that no rent for right of future possession has been or will be paid by any person in possession of any portion of the Premises in excess of one installment thereof paid in advance and that no payment of rents to become due for any portion of the Premises has been or will be waived, conceded, released, reduced, discounted, or otherwise discharged or compromised by Borrower. Borrower waives any right of set-off against any person in possession of any portion of the Premises. Borrower agrees that it will not assign any of such rents, issues, profits, deposits or avails, except to a purchaser or grantee of the Premises, and shall not agree to any modification of the terms, or a voluntary surrender, of any such lease or agreement without the prior written consent of Lender.

(c) Borrower further agrees to assign and transfer to Lender all future leases and agreements pertaining to all or any portion of the Premises and to execute and deliver to Lender, immediately upon demand of Lender, all such further assurances and assignments pertaining to the Premises as Lender may from time to time require.

(d) Borrower shall, at its own cost: (i) at all times perform and observe all of the covenants, conditions and agreements of the lessor under the terms of any or all leases or similar agreements affecting all or any part of the Premises; (ii) at all times enforce and secure the performance and observance of all of the covenants, conditions and agreements of the lessee under the terms of any or all of said leases or other agreements; (iii) appear in and defend any action or other proceeding arising out of or in any manner connected with said leases and other agreements, and to pay any and all costs of lender incurred by reason of or in connection with said proceedings, including attorneys' fees and court costs; and (iv) promptly furnish Lender with copies of any notices of default either sent or received by Borrower under the terms of or pursuant to any of said leases or other agreements.

(e) Although it is the intention of Borrower and Lender that the assignment contained in this Paragraph 3.28 is a present

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assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Lender shall not exercise any of the rights and powers conferred upon it herein unless and until a "Default" has occurred in the payment of interest or principal due under the Note or in the performance or observance of any of the other provisions of the Note, this Mortgage or any of the other Loan Documents.

(f) Lender, in the exercise of the rights and powers conferred upon it herein, shall have full power to use and apply the rents, issues, deposits, profits and avails of the Premises to the payment of or on account of the following, in such order as Lender may in its sole discretion determine:

(i) operating expenses of the Premises (including without limitation all costs of management, sale and leasing thereof, which shall include reasonable compensation to Lender and its agents, if management be delegated thereto, attorneys' fees and costs, and lease or sale commissions and other compensation and expenses of seeking and procuring tenants or purchasers and entering into leases or sales), establishing any claims for damages, and premiums on insurance authorized hereinafter;

(ii) taxes, special assessments, water and sewer charges on the Premises now due or that may hereafter become due;

(iii) any and all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements of the Premises (including without limitation the cost from time to time of installing or replacing ranges, refrigerators and other appliances or other personal property therein, and of placing the Premises in such condition as will, in the sole judgment of Lender, make them readily rentable or salable);

(iv) any indebtedness secured by the Mortgage or any deficiency that may result from any foreclosure sale pursuant thereto; and

(v) any remaining funds to Borrower or its successors or assigns, as their interests and rights may appear.

(g) Borrower does further specifically authorize and instruct each and every present and future lessee or purchaser of all or any portion of the Premises to pay all unpaid rentals or deposits agreed upon in any lease or agreement pertaining to the Premises to Lender upon receipt of demand from Lender to pay the same without any further notice or authorization by Borrower, and

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Borrower hereby waives any rights or claims it may have against any lessee by reason of such payments to Lender.

(h) Lender shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligations, duty or liability under any leases or agreements pertaining to the Premises, and Borrower shall and does hereby agree to indemnify and hold Lender harmless from and against any and all liability, loss and damage that Lender may or might incur under any such leases or agreements or under or by reason of the assignment thereof, as well as any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on Lender's part to perform or discharge any of the terms, covenants or conditions contained in such leases or agreements. Should Lender incur any such liability, loss or damage under such leases or agreements, or under or by reason of the assignment thereof, or in the defense of any claims or demands relating thereto, Borrower shall reimburse Lender for the amount thereof (including without limitation attorneys' fees and court costs) immediately upon demand.

(i) Nothing herein contained shall be construed as making or constituting Lender a "mortgagee in possession" in the absence of the taking of actual possession of the Premises by Lender pursuant to the provisions set forth herein. In the exercise of the powers herein granted Lender, no liability shall be asserted or enforced against Lender, all such liability being expressly waived and released by Borrower.

3.29 Security Agreement. (a) This Mortgage shall be deemed a Security Agreement as defined in the Illinois Commercial Code, and creates a security interest in favor of Lender in all property including all personal property, fixtures and goods affecting property either referred to or described herein or in anyway connected with the use or enjoyment of the Premises. The remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed herein or by general law or, as to such part of the security which is also reflected in any Financing Statement filed to perfect the security interest herein created, by the specific statutory consequences now or hereinafter enacted and specified in the Illinois Commercial Code, all at Lender's sole election. Borrower and Lender agree that the filing of such a Financing Statement in the records normally having to do with personal property shall not be construed as in any way derogating from or impairing the intention of the parties hereto that everything used in connection with the production of income from the Premises and/or adapted for use therein and/or which is described or reflected in this Mortgage is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real



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estate irrespective of whether (i) any such item is physically attached to the improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Lender, or (iii) any such item is referred to or reflected in any such Financing Statement so filed at any time. Similarly, the mention in any such Financing Statement of (1) the rights in or the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) Borrower's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the Mortgaged Property whether pursuant to lease or otherwise, shall never be construed as in anywise altering any of the rights of Lender under this Mortgage or impugning the priority of the Lender's lien granted hereby or by any other recorded document, but such mention in the Financing Statement is declared to be for the protection of the Lender in the event any court or judge shall at any time hold with respect to (1), (2) and (3) that notice of Lender's priority of interest to be effective against a particular class of persons, including, but not limited to, the Federal Government and any subdivisions or entity of the Federal Government, must be filed in the Commercial Code records.

(b) Borrower covenants and agrees that so long as any balance remains unpaid on the Note, it will execute (or cause to be executed) and deliver to Lender any and all renewal certificates, affidavits, extension statements or other documentation in proper form so as to keep perfected the lien created by any Security Agreement and Financing Statement given to Lender by Borrower, and to keep and maintain the same in full force and effect until the entire principal indebtedness and all interest to accrue thereunder has been paid in full.

3.30 Fixtures Financing Statement. From the date of its recording, this Mortgage shall be effective as a fixture financing statement with respect to all goods constituting part of the Mortgaged Premises which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

(a) Name and Address of Borrower:

LaSalle National Bank,  
as Trustee under Trust No. 42868  
135 South LaSalle Street  
Chicago, IL 60690

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(b) Name and Address of Lender:

Bank of Chicago  
1050 West Wilson Avenue  
Chicago, Illinois 60640  
Attn: Charles Hall

(c) This document covers goods which are or are to become fixtures.

3.31 Revolving Credit Loan. Borrower acknowledges and agrees that the portion of the Loan evidenced by the Revolving Note is a revolving credit loan, pursuant to which future advances may be made from time to time in accordance with the terms of the Loan Documents. Any future advances made within twenty (20) years of the date hereof shall be secured by this Mortgage to the same extent as if such advances were made on the date hereof. Lender shall provide Borrower with statements of account at regular intervals stating the total outstanding indebtedness owed as of a date specified therein.

IV

DEFAULTS AND REMEDIES

4.01 Events Constituting Defaults. Each of the following events shall constitute a default (a "Default") under this Mortgage:

(a) Failure of Borrower to pay any sum secured hereby, including without limitation any installment of principal thereof or interest thereon, within ten (10) days of the date such sum becomes due and payable under the Note, this Mortgage or any of the other Loan Documents;

(b) Failure of Borrower to comply with any of the requirements of Paragraphs 3.09, 3.27(a) or 3.30(b) hereof;

(c) Failure of Borrower to perform or observe any other covenant, warranty or other provision contained in this Mortgage within thirty (30) days after the date on which notice of the nature of such failure is given by Lender to Borrower by certified mail, return receipt requested;

(d) The occurrence of any event of default under the terms of any of the other Loan Documents;

(e) Untruth or material deceptiveness of any representation or warranty contained in any of the Note, this Mortgage, the other Loan Documents or any other document or

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writing pertaining to the Loan submitted to Lender by or on behalf of Borrower or any guarantors of payment of the Note (hereinafter referred to as the "Guarantors");

(f) Admission by Borrower or any of the Guarantors, in writing, including without limitation an answer or other pleading filed in any court, of Borrower's or any of the Guarantors' insolvency or their inability to pay their debts generally as they fall due;

(g) Institution by Borrower or any of the Guarantors of bankruptcy, insolvency, reorganization or arrangement proceedings of any kind under the Federal Bankruptcy Code, whether as now existing or as hereafter amended, or any similar debtors' or creditors' rights law, whether federal or state, now or hereafter existing, or the making by Borrower or any of the Guarantors of a general assignment for the benefit of creditors;

(h) Institution of any proceedings described in Paragraph 4.01(g) against Borrower or any of the Guarantors that are consented to by Borrower or said Guarantors, or are not dismissed, vacated, or stayed within thirty (30) days after the filing thereof;

(i) Appointment by any court of a receiver, trustee or liquidator of or for, or assumption by any court of jurisdiction of, all or any part of the Mortgaged Property or all or a major portion of the property of Borrower or any of the Guarantors, if such appointment or assumption is consented to by Borrower or any of the Guarantors or if, within twenty (20) days after such appointment or assumption, such receiver, trustee or liquidator is not discharged or such jurisdiction is not relinquished, vacated or stayed;

(j) Declaration by any court or governmental agency of the bankruptcy or insolvency of Borrower or any of the Guarantors;

(k) The death or adjudicated incompetency of Robert J. Lonze, one of the Guarantors, or the death or adjudicated incompetency of Ervin O. Lonze, the other Guarantor, in the event the Lender, in its sole discretion, determines that the death or adjudicated incompetency of Ervin O. Lonze jeopardizes the credit position of the Lender relating to the Loan or the Lender's security for the Note in any way;

(l) Any other material adverse change in the financial condition of Borrower or any of the Guarantors which causes Lender to reasonably deem itself to be insecure.

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4.02 Acceleration of Maturity. At any time during the existence of any Default, at the option of Lender, the entire principal balance then outstanding under the Note, together with all unpaid interest accrued thereon and all other sums due from Borrower thereunder or under this Mortgage or any of the other Loan Documents, shall without notice become immediately due and payable with interest thereon at the Default Interest Rate.

4.03 Foreclosure of Mortgage. Upon the occurrence of any Default or at any time thereafter, Lender may, at its option, proceed to foreclose the lien of this Mortgage by judicial proceedings in accordance with the laws of the state of in which the Premises are located. Any failure by Lender to exercise such option shall not constitute a waiver of its right to exercise the same at any other time.

4.04 Lender's Continuing Options. The failure of Lender to exercise either or both of its options to accelerate the maturity of the indebtedness secured hereby and to foreclose the lien hereof following any Default as aforesaid, or to exercise any other option granted to Lender hereunder in any one or more instances, or the acceptance by Lender of partial payments of such indebtedness, shall neither constitute a waiver of any such Default or of Lender's options hereunder nor establish, extend or affect any grace period for payments due under the Note, but such options shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Lender, may, at Lender's option, be rescinded by written acknowledgment to that effect by Lender and shall not affect Lender's right to accelerate maturity upon or after any future Default.

4.05 Litigation Expenses. In any proceeding to foreclose the lien of this Mortgage or enforce any other remedy of Lender under any of the Note, this Mortgage or any of the other Loan Documents, or in any other proceeding whatsoever in connection with any of the Loan Documents or any of the Mortgage Property in which Lender is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting therefrom, all expenses paid or incurred in connection with such proceeding by or on behalf of Lender, including without limitation, attorney's fees, appraiser's fees, outlays for documentary evidence and expert advice, stenographers' charges, publication costs, survey costs, and costs (which may be estimated as to items to be expended after entry of such judgment or decree) of procuring all abstracts of title, title searches and examinations, title insurance policies, Torrens certificates and any similar data and assurances with respect to title to the Premises as Lender may deem reasonably necessary either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the

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Premises or the Mortgaged Property. All expenses of the foregoing nature, and such expenses as may be incurred in the protection of any of the Mortgaged Property and the maintenance of the lien of this Mortgage thereon, including without limitation the fees of any attorney employed by Lender in any litigation affecting the Note, this Mortgage or any of the Mortgaged Property, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding in connection therewith, shall be immediately due and payable by Borrower with interest thereon at the Default Interest Rate.

4.06 Performance by Lender. In the event of any Default, or in the event any action or proceeding is instituted which materially affects, or threatens to materially affect, Lender's interest in the Premises, Lender may, but need not, make any payment or perform any act on Borrower's behalf in any form and manner deemed expedient by Lender, and Lender may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any; purchase, discharge, compromise or settle any tax lien or other prior or junior lien or title or claim thereof; redeem from any tax sale or forfeiture affecting the Mortgaged Property; or contest any tax or assessment thereon. All monies paid for any of the purposes authorized herein and all expenses paid or incurred in connection therewith, including without limitation attorneys' fees and court costs, and any other monies advanced by Lender to protect the Mortgaged Property and the lien of this Mortgage, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable by Borrower to Lender without notice and with interest thereon at the Default Interest Rate. Inaction of Lender shall never be construed to be waiver of any right accruing to Lender by reason of any default by Borrower. Lender shall not incur any personal liability because of anything it may do or omit to do hereunder, nor shall any acts of Lender act as a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Mortgage or to proceed to foreclose this Mortgage.

4.07 Right of Possession. In any case in which, under the provisions of this Mortgage or the other Loan Documents, Lender has a right to institute foreclosure proceedings, whether or not the entire principal sum secured hereby becomes immediately due and payable as aforesaid, or whether before or after the institution of proceedings to foreclose the lien hereof or before or after sale thereunder, Borrower shall, forthwith upon demand of Lender, surrender to Lender, and Lender shall be entitled to take actual possession of, the Mortgaged Property or any part thereof, personally or by its agent or attorneys, and Lender, in its discretion, may enter upon and take and maintain possession of all or any part of the Mortgaged Property, together with all documents, books, records, papers and accounts of Borrower or the then owner



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of the Mortgaged Property relating thereto, and may exclude Borrower, such owner and any agents and servants thereof wholly therefrom and may, as attorney-in-fact or agent of Borrower or such owner, or in its own name as Lender and under the powers herein granted:

(a) hold, operate, manage and control all or any part of the Mortgaged Property and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, whether legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits and avails of the Mortgaged Property, including without limitation actions for recovery of rent, actions in forcible detainer and actions in distress for rent, all without notice to Borrower;

(b) cancel or terminate any lease or sublease of all or any part of the Mortgaged Property for any cause or on any ground that would entitle Borrower to cancel the same;

(c) elect to disaffirm any lease or sublease of all or any part of the Mortgaged Property made subsequent to this Mortgage or subordinated to the lien hereof;

(d) extend or modify any then existing leases and make new leases of all or any part of the Mortgaged Property, which extensions, 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 Loan and 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 Borrower, all persons whose interests in the Mortgaged Property are subject to the lien hereof and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness secured hereby, satisfaction of any foreclosure decree or issuance of any certificate of sale or deed to any such purchaser; and

(e) make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements in connection with the Mortgaged Property as may seem judicious to Lender, to insure and reinsure the Mortgaged Property and all risks incidental to Lender's possession, operation and management thereof, and to receive all rents, issues, deposits, profits and avails therefrom.

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4.08 Priority of Payments. Any rents, issues, deposits, profits and avails of the Property received by Lender after taking possession of all or any part of the Mortgaged Property, or pursuant to any assignment thereof to Lender under the provisions of this Mortgage or any of the other Loan Documents, shall be applied in payment of or on account of the following, in such order as Lender or, in case of a receivership, as the court, may determine:

(a) operating expenses of the Mortgaged Property (including without limitation reasonable compensation to Lender, any receiver of the Mortgaged Property, any agent or agents to whom management of the Mortgaged Property has been delegated, and also including lease commissions and other compensation for and expenses of seeking and procuring tenants and entering into leases, establishing claims for damages, if any, and paying premiums on insurance hereinabove authorized);

(b) taxes, special assessments, water and sewer charges now due or that may hereafter become due on the Mortgaged Property, or that may become a lien thereon prior to the lien of this Mortgage;

(c) any and all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements of the Mortgaged Property (including without limitation the cost, from time to time, of installing or replacing ranges, refrigerators and other appliances and other personal property therein, and of placing the Mortgaged Property in such condition as will, in the judgment of Lender or any receiver thereof, make it readily rentable or salable);

(d) any indebtedness secured by this Mortgage or any deficiency that may result from any foreclosure sale pursuant hereto; and

(e) any remaining funds to Borrower or its successors or assigns, as their interests and rights may appear.

4.09 Appointment of Receiver. Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, either appoint Lender as "Mortgagee-in-Possession" or appoint a receiver of the Mortgaged Property (either appointee being hereinafter referred to in this paragraph as the "receiver"). Such appointment may be made either before or after foreclosure sale, without notice; without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness secured hereby; without regard to the value of the Mortgaged Property at such time and whether or not the same is

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then occupied as a homestead; and without bond being required of the applicant. Such receiver shall have the power to take possession, control and care of the Mortgaged Property and to collect all rents, issues, deposits, profits and avails thereof during the pendency of such foreclosure suit and apply all funds received toward the indebtedness secured by this Mortgage, and in the event of a sale and a deficiency where Borrower has not waived its statutory rights of redemption, during the full statutory period of redemption, as well as during any further times when Borrower or its devisees, legatees, heirs, executors, administrators, legal representatives, successors or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, deposits, profits and avails, and shall have all other powers that may be necessary or useful in such cases for the protection, possession, control, management and operation of the Mortgaged Property during the whole of any such period. To the extent permitted by law, such receiver may be authorized by the court to extend or modify any then existing leases and to make new leases of the Mortgaged Property or any part thereof, which extensions, 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 Loan, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Borrower and all persons whose interests in the Mortgaged Property are subject to the lien hereof, and upon the purchaser or purchasers at any such foreclosure sale, notwithstanding any redemption from sale, discharge of indebtedness, satisfaction of foreclosure decree or issuance of certificate of sale or deed to any purchaser.

4.10 Foreclosure Sale. In the event of any foreclosure sale of the Mortgaged Property, the same may be sold in one or more parcels. Lender may be the purchaser at any foreclosure sale of the Mortgaged Property or any part thereof.

4.11 Application of Proceeds. The proceeds of any foreclosure sale of the Mortgaged Property, or any part thereof, shall be distributed and applied in the following order of priority: (a) on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Paragraphs 4.05 and 4.06 hereof; (b) all other items that, under the terms of this Mortgage, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon at the Default Interest Rate; (c) all principal and interest remaining unpaid under the Note, in the order of priority specified by Lender in its sole discretion; and (d) the balance to Borrower or its successors or assigns, as their interests and rights may appear.

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4.12 Application of Deposits. In the event of any Default, Lender may, at its option, without being required to do so, apply any monies or securities that constitute deposits made to or held by Lender or any depository pursuant to any of the provisions of this Mortgage toward payment of any of Borrower's obligations under the Note, this Mortgage or any of the other Loan Documents, in such order and manner as Lender may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Borrower or to the then owner or owners of the Mortgaged Property. Such deposits are hereby pledged as additional security for the prompt payment of the indebtedness evidenced by the Note and any other indebtedness secured hereby and shall be held to be applied irrevocably by such depository for the purposes for which made hereunder and shall not be subject to the direction or control of Borrower.

4.13 Waiver of Statutory Rights. Borrower shall not apply for or avail itself of any appraisal, valuation, redemption, 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 hereby waives the benefit of such laws. Borrower, for itself and all who may claim through or under it, hereby also waives any and all rights to have the Mortgaged Property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold in its entirety. BORROWER HEREBY FURTHER WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM SALE UNDER ANY ORDER OR DECREE OF FORECLOSURE OF THE LIEN HEREOF PURSUANT TO THE RIGHTS HEREIN GRANTED, FOR ITSELF AND ON BEHALF OF ANY TRUST ESTATE OF WHICH THE PREMISES ARE A PART, ALL PERSONS BENEFICIALLY INTERESTED THEREIN AND EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN THE MORTGAGED PROPERTY OR TITLE TO THE PREMISES SUBSEQUENT TO THE DATE OF THIS MORTGAGE, AND, IF THE MORTGAGED PROPERTY IS LOCATED IN ILLINOIS, ON BEHALF OF ALL OTHER PERSONS TO THE EXTENT PERMITTED BY THE PROVISIONS OF CHAPTER 77 OF THE ILLINOIS REVISED STATUTES.

4.14 Indemnification. Borrower will indemnify and hold Lender harmless from and against any and all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation attorneys' fees and court costs) incurred by or asserted against Lender by reason of (a) the ownership of the Premises or any interest therein or receipt of any rents, issues, proceeds or profits therefrom; (b) any accident, injury to or death of persons, or loss of or damage to property occurring in, on or about the Premises or any part thereof or on the adjoining sidewalks, curbs, adjacent parking areas or streets; (c) any use, nonuse or condition in, on or about the Premises or any part thereof or on the adjoining sidewalks, curbs,

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adjacent parking areas or streets; (d) any failure on the part of Borrower to perform or comply with any of the terms of this Mortgage; or (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof. Any amounts owed to Lender by reason of this Paragraph 4.14 shall constitute additional indebtedness which is secured by this Mortgage and shall become immediately due and payable upon demand therefor, and shall bear interest at the Default Interest Rate from the date such loss or damage is sustained by Lender until paid. The obligations of Borrower under this Paragraph 4.14 shall survive any termination or satisfaction of this Mortgage.

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5.01 Notices. Any notice that Lender or Borrower may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipient thereof at its address hereinabove set forth or at such other address as such intended recipient may, from time to time, by notice in writing, designate to the sender pursuant hereto. Any such notice shall be deemed to have been delivered two (2) business days after mailing by United States registered or certified mail, return receipt requested, or when delivered in person. Except as otherwise specifically required, herein, notice of the exercise of any right or option granted to Lender by this Mortgage is not required to be given.

5.02 Time of Essence. It is specifically agreed that time is of the essence of this Mortgage.

5.03 Covenants Run with Land. All of the covenants of this Mortgage shall run with the land constituting the Premises.

5.04 Governing Law. The place of negotiation, execution and delivery of this Mortgage, the location of the Mortgaged Property, and the place of payment and performance under the Loan Documents being the State of Illinois, this Mortgage shall be construed and enforced according to the laws of that State. To the extent that this Mortgage may operate as a security agreement under the Uniform Commercial Code, Lender shall have all rights and remedies conferred therein for the benefit of a secured party, as such term is defined therein.

5.05 Rights and Remedies Cumulative. All rights and remedies set forth in this Mortgage are cumulative, and the holder of the Note and of every other obligation secured hereby may recover



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judgment hereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right or remedy afforded hereby.

5.06 Severability. If any provision of this Mortgage or any paragraph, sentence, clause, phrase or word, or the application thereof, is held invalid in any circumstance, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included herein.

5.07 Non-Waiver. Unless expressly provided in this Mortgage to the contrary, no consent or waiver, whether express or implied, by any interested party referred to herein to or of any breach or default by any other interested party referred to herein regarding the performance by such party of any obligations contained herein shall be deemed a consent to or waiver of the party of any obligations contained herein or shall be deemed a consent to or waiver of the performance by such party of any other obligations hereunder or the performance by any other interested party referred to herein of the same, or of any other, obligations hereunder.

5.08 Headings. The headings of sections and paragraphs in this Mortgage are for convenience or reference only and shall not be construed in any way to limit or define the content, scope or intent of the provisions hereof.

5.09 Grammar. As used in this Mortgage, the singular shall include the plural, and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.

5.10 Deed in Trust. If title to the Mortgaged Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction contained herein against the creation of any lien on the Mortgaged Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

5.11 Successors and Assigns. This Mortgage and all provisions hereof shall be binding upon Borrower, its successors, assigns, legal representatives and all other persons or entities claiming under or through Borrower, and the word "Borrower," when used herein, shall include all such persons and entities and any others liable for the payment of the indebtedness secured hereby or any part thereof, whether or not they have executed the Note or this Mortgage. The word "Lender," when used herein, shall include Lender's successors, assigns and legal representatives, including all other holders, from time to time, of the Note.

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5.12 No Joint Venture. Borrower and Lender acknowledge and agree that under no circumstances shall Lender be deemed to be a partner or joint venturer with Borrower or any beneficiary of Borrower, including without limitation by virtue of its becoming a mortgagee in possession or exercising any of its rights pursuant to this Mortgage or pursuant to any of the other Loan Documents, or otherwise.

5.13 Trustee's Exculpation. This Mortgage is executed by LaSalle National Bank, 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 said Bank hereby warrants that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed that nothing herein shall be construed as creating any liability on said Bank personally to pay the Note or any interest that may accrue thereon or any other indebtedness accruing under the Note or to perform any other covenant contained herein, whether express or implied. Lender and every person now or hereafter claiming any right or security hereunder shall look solely to the Mortgaged Property for the payment of said indebtedness by the enforcement of the lien hereby created in the manner provided herein and in the Note, or by action against any other security given to secure the payment of the Note or by action to enforce the personal liability of the guarantors of the Note, if any.

IN WITNESS WHEREOF, Borrower has executed this Mortgage as of the date and year first above written.

ATTEST:

LASALLE NATIONAL BANK,  
as Trustee as aforesaid  
and not personally.

By: *Ernest Collins*  
Its Assistant Secretary

By: *[Signature]*  
Its Secretary

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## EXHIBIT A

### LEGAL DESCRIPTION

THE WEST 1.54 ACRES OF LOT 6 (EXCEPT THAT PART THEREOF LYING EAST OF A LINE 36.0 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF LOT 6 AND SOUTH OF THE EAST AND WEST 1/4 LINE OF SECTION 17) ALSO THAT PART OF LOT 6 WHICH LIES EAST OF THE EAST LINE OF THE WEST 1.54 ACRES OF SAID LOT 6 AND WEST OF A LINE WHICH IS 30.0 FEET EAST OF AND PARALLEL TO SAID EAST LINE OF THE WEST 1.54 ACRES OF SAID LOT, AS MEASURED AT RIGHT ANGLES TO SAID EAST LINE OF WEST 1.54 ACRES AND NORTH OF THE EAST AND WEST 1/4 LINE OF SECTION 17 ALL IN THE SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 11 IN DES PLAINES MANOR TRACT NO. 2 A SUBDIVISION OF PART OF THE WEST 1/2 OF SECTION 17, TOWNSHIP 41 NORTH, RANGE 12 EAST EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Property Address: 346 North Avenue  
Des Plaines, Illinois 60016

Permanent Tax Index No. 09-17-103-031

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Property of Cook County Clerk's Office

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STATE OF ILLINOIS )
) SS
COUNTY OF COOK )

I, Kathy Pacana, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Corinne Bek, who is personally known to me to be the ASSISTANT VICE PRESIDENT of LaSalle National Bank and Rosemary Collins, personally known to me to be the ASSISTANT SECRETARY of LaSalle National Bank, and the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such officers they signed and delivered the said instrument pursuant to authority, as their free and voluntary act, and as the free and voluntary act and deed of said Bank, as Trustee as aforesaid, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 12th day of October, 1989.

Kathy Pacana
Notary Public

My Commission Expires: 6-11-92



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CAROL MOSELEY BRAUN
REGISTRAR OF TITLES
1989 OCT 13 PM 2:15

Form with fields for Name, Address, and other details, including the number 3832536 and a CTI stamp.

Handwritten signature and initials.