

REAL ESTATE MORTGAGE AND SECURITY AGREEMENT

825101

THIS INDENTURE made on SEPTEMBER 30, 1985
between BROADMOOR ASSOCIATES, LTD., an Illinois Limited Partnership
("Mortgagor") and FREDERICK OLTHOFF ("Mortgagee"),

WITNESSES: That Mortgagor hereby mortgages to Mortgagee all that real estate located in the County of Lake, State of Indiana, more particularly described in Exhibit "A" attached hereto and made a part hereof,

TOGETHER WITH: All the right, title and interest, in said real estate which Mortgagor now has or may hereafter acquire, including, but not limited to: (a) all right, title and interest which Mortgagor now has or may hereafter acquire in an to all easements and rights of way used in connection therewith, (b) all buildings, structures, improvements, fixtures and appurtenances now or hereafter located thereon, (c) all classes of property owned by Mortgagor attached or unattached, including, without limitation, all personal property, and all replacements thereof, now or hereafter located in or upon or used in connection with said premises, it being the intention of the parties that all classes of property used in connection therewith shall be covered by this Mortgage, which property shall include but shall not be limited to all plumbing, heating, lighting and cooking fixtures, air conditioning fixtures and units, ranges, refrigerators, dishwashers, hot water heaters and equipment, boiler, bathroom and kitchen cabinets, washers and dryers, and to the extent located on the premises, mantels, door mirrors, Venetian blinds, shades, drapes, screens, awnings, window boxes, storm doors, mailboxes, pumps, shrubbery, outdoor stanuary, cleaning supplies, office and maintenance equipment, swimming pool equipment, carpeting and all licenses and permits together with all right, title and interest, if any, of Seller in and to any land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the project to the center line thereof, and together with all right, title and interest of Seller in and to any award made or to be made in lieu thereof, and in and to any unpaid award for damage to said premises by reason of change of grade of any street; together with all right, title and interest of Seller to the use of strips and rights-of-way abutting or adjoining the Project, if any, and (d) all rents, issues and profits of said real estate, improvements, appurtenances and other property, which rents, issues and profits are now and hereby assigned to Mortgagee as of the date of any default in the performance of any of Mortgagor's obligations herein. Said real estate, improvements, appurtenances and other property are hereinafter referred to as the "Mortgaged Premises".

See list of rents see Doc # 825102 0881-84-D-10

TICOR TITLE INSURANCE
Crown Point, Indiana

SEP 21 9 21 AM '85
RUBOLPH CLAY
RECORDER

3053

FOR THE PURPOSE OF SECURING:

A. Payment of an indebtedness in the principal amount of TWO MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$2,250,000.00) together with interest thereon according to the terms of a Real Estate Note ("Note") of even date herewith, with a final maturity date of June 1, 1994, an unexecuted copy of which is attached hereto as Exhibit "B", payable to Mortgagee or order, the terms of which are hereby incorporated herein by reference as if set forth in full, any extensions, modifications or renewals thereof (including, without limitation, extensions or renewals at a different rate of interest and/or evidenced by a new or additional or substitute promissory note);

B. Payment of any prepayment penalty provided for in the Note;

C. Payment of any further or additional sums or advances as the then record owner of the Mortgaged Premises may hereafter borrow from Mortgagee when said borrowing is evidenced by a promissory note or other writing specifically providing that said obligation is secured by this Mortgage and all modifications, extensions or renewals thereof;

D. Payment of all sums of money, with interest thereon, which may be paid out or advanced, or may otherwise be due to Mortgagee under any provision of this Mortgage; and

E. Performance of every covenant of Mortgagor herein contained or incorporated herein by reference or contained in any other agreement, document or security agreement securing the indebtedness represented by the Note ("Loan Documents").

TO PROTECT THE SECURITY OF THIS MORTGAGE, MORTGAGOR COVENANTS WITH MORTGAGEE THAT:

1. Mortgagor will pay the indebtedness secured hereby with interest in accordance with the terms of the Note.

2. Mortgagor warrants that it will preserve the Mortgagor's title, and will forever warrant and defend the same to the Mortgagee and will forever warrant and defend the validity and priority of the lien of this Mortgage against the claims of all persons, subject only to the rights of the holders of the First Mortgage as hereinafter described.

3. Mortgagor warrants that it has full power and lawful authority to mortgage the Mortgaged Premises as performed herein.

4. The Note in the original principal amount of TWO MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS AND NO/100 (\$2,250,000.00) includes the unpaid principal balance of one Real Estate Note ("Underlying Note"), in the original principal amount of \$2,250,000.00

EXHIBIT A

Lots 1 to 18, both inclusive, in Broadmoor, a Planned Unit Development, in the Town of Merrillville, as per plat thereof, recorded in Plat Book 51 page 39, in the Office of the Recorder of Lake County, Indiana.

REAL ESTATE NOTE

FOR VALUE RECEIVED, the undersigned promises to pay to the order of FREDERICK OLTHOF (hereinafter referred to as "Payee"; or any subsequent holder(s) hereof, being referred to as "Holder"); at Payee's address, 3944 W. 77th Place, Merrillville, Indiana 46410 or at such other place as the Holder shall designate from time to time in writing, the principal sum of TWO MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS AND NO/100 (\$2,250,000.00) or so much thereof as may have been advanced, together with interest on the unpaid principal balance of such indebtedness from time to time outstanding from the date hereof at the rate hereinafter set forth, in lawful money of the United States of America, such principal and interest being due and payable as follows:

A. INTEREST RATE

1. Initial Interest Rate: From and after the date hereof, and continuing thereafter through and including September 30, 1985, interest shall accrue on the unpaid principal balance of the indebtedness evidenced hereby outstanding from time to time at the rate of thirteen and one-quarter percent (13 1/4 %) per annum (the "Initial Interest Rate").

2. Adjusted Interest Rate: Commencing on October 1, 1985, and continuing thereafter through and including December 31, 1985, interest shall accrue at a rate per annum (the "Adjusted Interest Rate") which is sixty (60) Basis Points (as hereinafter defined) below the Index (as hereinafter defined), which Adjusted Interest Rate shall thereafter be adjusted on the first (1st) day of each calendar quarter during the term of this Note.

B. PAYMENT TERMS

1. Payment of accrued but unpaid interest only in the amounts computed as hereinbelow provided shall be due and payable monthly, in arrears, commencing October 1, 1985, and continuing on the first (1st) day of each and every month thereafter during the term of this Note. The entire outstanding principal balance of the indebtedness evidenced hereby, plus all accrued but unpaid interest thereon, shall be due and payable on June 1, 1994.

2. Notwithstanding the rate at which interest shall accrue on the unpaid principal balance of the indebtedness evidenced hereby, interest shall be paid at the Initial Interest Rate until final maturity of this Note, except as follows:

(a) If the total amount of Deferred Interest (as hereinafter defined) and accrued interest thereon shall at any time exceed ten percent (10%) of the original principal balance of this Note, then commencing on the first (1st) day of the next calendar month following, the undersigned shall make monthly interest payments at the Adjusted Interest Rate (which monthly interest payments at the Adjusted Interest Rate shall adjust as the Adjusted Interest Rate adjusts quarterly, so that the total amount of Deferred Interest and accrued interest thereon shall not increase further), until such time, if such time should occur, as the Adjusted Interest Rate is less than the Initial Interest Rate, at which

EXHIBIT "B"

time the undersigned shall make monthly payments of interest in the manner hereinabove provided at the Initial Interest Rate until all accrued interest, including Deferred Interest and interest thereon, has been paid; or

(b) If, at any time during the period within which interest under this Note accrues at the Adjusted Interest Rate, the Adjusted Interest Rate is less than the Initial Interest Rate, the undersigned shall continue to make monthly interest payments at the Initial Interest Rate until all accrued interest on this Note, including Deferred Interest and interest thereon, has been paid; thereafter, commencing on the first (1st) day of the next calendar month following, the undersigned shall make monthly payments of interest at the Adjusted Interest Rate until such time, if such time should occur, as the Adjusted Interest Rate exceeds the Initial Interest Rate, at which time monthly payments shall again be made at the Initial Interest Rate, except as provided in subparagraph (a) above.

3. DEFERRED INTEREST: If, at any time during the period within which interest accrues under this Note at the Adjusted Interest Rate, the Adjusted Interest Rate is greater than the Initial Interest Rate, the difference in the amount of interest accruing at the Adjusted Interest Rate each month and the amount of interest that would accrue at the Initial Interest Rate during such month shall constitute "Deferred Interest" and shall accrue and bear interest each day from and after the end of such month until paid, at the Adjusted Interest Rate.

INDEX: As used in this Note, the term "Index" shall mean, as of any relevant date, the rate on "New Issue: Utilities" corporate bonds having "Long-Term AAA" rates, as reported by Salomon Brothers, Inc. in its weekly "Bond Market Roundup" report issued in the last full calendar week of the calendar quarter ending immediately prior to such date, or, if such index is no longer published, a substantially comparable index, which is then in use and acceptable to Holder.

BASIS POINT: As used in this Note, the term "Basis Point" shall mean one-hundredth (1/100th) of one percent (1%).

CALCULATION OF INTEREST: All interest on any indebtedness evidenced by this Note shall be calculated on the basis of a three hundred sixty (360)-day year composed of twelve (12) thirty (30)-day months.

APPLICATION OF PAYMENTS: All payments and other charges under this Note shall be applied first in reduction of any late charges, next in reduction of any sums advanced by Holder to cure undersigned's defaults; next in reduction of accrued but unpaid interest on any Deferred Interest, then to Deferred Interest, then in reduction of accrued but unpaid interest on the outstanding principal hereof, and thereafter in reduction of said outstanding principal balance.

COLLATERAL: The indebtedness evidenced by this Note and the obligations created hereby are secured by, among other things, that certain security instrument (hereinafter referred to as the "Mortgage") between the undersigned, as "Mortgagor" and Payee, as "Mortgagee" conveying the undersigned's right, title and interest in property lying and being in Lake County, Indiana, as the same is more particularly described in the Mortgage, to Payee as security for the performance by the undersigned of its obligations hereunder.

INTEREST UPON FAULT; ACCELERATION: In the event that any payment of principal and/or interest under this Note is not paid within ten (10) days from the date when due and/or the undersigned defaults under the Mortgage, or in or under any other document or instrument evidencing, securing, or otherwise relating to the indebtedness evidenced hereby (the Note, the Mortgage, and such other documents and instruments are hereinafter sometimes referred to as "Loan Documents"); which default is not cured within the applicable notice and/or grace period, if any, expressly provided therefor, Holder may, at its option, in addition to any other remedies to which it may be entitled, declare the total unpaid principal balance of the indebtedness evidenced hereby, together with all accrued but unpaid interest thereon (including, without limitation, Deferred Interest and any interest thereon) and all other sums owing, immediately due and payable, said sum (which shall include the "Default Prepayment Premium" set forth in the paragraph below so entitled, in the event the acceleration of this Note occurs at any time during the first (1st) "Loan Year", as hereinafter defined) shall bear interest from day to day at the per annum rate which is three hundred (300) Basis Points above the then effective interest rate from time to time.

LATE CHARGE: The undersigned shall pay to Holder a late charge equal to four percent (4%) of any amount, including any interest, not paid when due without regard to the grace period herein provided, not as a penalty, but as compensation to Holder for the cost of collecting such late payment. Holder shall have no obligation to accept any late payment not accompanied by said late charge.

PREPAYMENT: The undersigned shall not be entitled to prepay all or any portion of the indebtedness evidenced hereby during the first (1st) Loan Year. For purposes of this Note, a "Loan Year" shall refer to each twelve (12)-month period during the term of this Note commencing on the date hereof, and each anniversary thereof. Commencing with the first (1st) day of the second (2nd) Loan Year, and at any time thereafter, the undersigned may prepay the indebtedness evidenced by this Note in whole or in part, at any time and from time to time, provided (i) each such prepayment is accompanied by the applicable prepayment premium set out below, (ii) notice of prepayment is given to Holder at least sixty (60) days prior to any such prepayment, (iii) no partial prepayment shall entitle the undersigned to the release of any collateral securing this indebtedness, and (iv) any partial prepayment must be made in multiples of \$100,000. All partial prepayments shall be applied in the manner provided in the paragraph entitled "Application of Payments", above.

PREPAYMENT PREMIUM: Commencing with the first (1st) day of the second (2nd) Loan Year and continuing thereafter through and including the final maturity of this Note the undersigned shall pay to Holder with each prepayment, a prepayment premium of one and one-half percent (1 1/2 %) of the outstanding principal amount of this Note so then prepaid. ~~which prepayment premium will be reduced by _____ percentage point(s) each Loan Year thereafter through the Loan Year in which the prepayment is made until no prepayment premium is due or the final maturity of the Loan, as the case may be, at which time the indebtedness evidenced hereby may be paid at par.~~

DEFAULT PREPAYMENT PREMIUM: If, at any time during the first (1st) Loan Year, the maturity of this Note is accelerated due to the undersigned's default under this Note or any of the other Loan Documents, in addition to all other amounts due, the undersigned shall pay to Holder a prepayment premium of ten percent (10%) of the outstanding principal amount of this Note on the date of acceleration.

ATTORNEYS' FEES: If this Note is placed in the hands of an attorney for collection or is collected through any legal

administrative proceedings including bankruptcy or any similar insolvency proceedings, the undersigned promises to pay in addition to costs and disbursements otherwise allowed, to the extent permitted by law, a reasonable attorneys' fee, including fees incurred for appellate procedures, in no event to exceed ten percent (10%) of the amount (including, without limitation, interest) owing on this Note.

WAIVER: THE UNDERSIGNED HEREBY WAIVES PRESENTMENT FOR PAYMENT, DEMAND, PROTEST, NOTICE OF DEMAND, NOTICE OF DISHONOR, NOTICE OF PROTEST AND NOTICE OF NONPAYMENT.

FOREBEARANCE: Holder shall not be deemed to have waived any of Holder's rights or remedies under this Note unless such waiver is express and in a writing signed by Holder, and no delay or omission by Holder in exercising, or failure by Holder on any one or more occasions to exercise, any of Holder's rights hereunder or under the Loan Documents, or at law or in equity, including, without limitation, Holder's right, after any default by the undersigned, to declare the entire indebtedness evidenced hereby immediately due and payable, shall be construed as a novation of this Note or shall operate as a waiver or prevent the subsequent exercise of any or all of such rights. Acceptance by Holder of any portion of all of any sum payable hereunder whether before, on or after the due date of such payment, shall not be a waiver of Holder's right either to require prompt payment when due of all other sums payable hereunder or to exercise any of Holder's rights, powers and remedies hereunder or under the Loan Documents. A waiver of any right in writing on one occasion shall not be construed as a waiver of Holder's right to insist thereafter upon strict compliance with the terms hereof without previous notice of such intention being given to the undersigned, and no exercise of any right by Holder shall constitute or be deemed to constitute an election of remedies by Holder precluding the subsequent exercise by Holder of any or all of the rights, powers and remedies available to it hereunder, under any of the other Loan Documents, or at law or in equity. The undersigned expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to, or in conflict with, the foregoing. The undersigned consents to any and all renewals and extensions in the time of payment hereof without in any way affecting the liability of the undersigned or any person liable or to become liable with the respect to any indebtedness evidenced hereby. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of the undersigned under this Note, either in whole or in part, unless Holder agrees otherwise in writing.

RENUNCIATION AND ASSIGNMENT OF EXEMPTIONS: The undersigned hereby waives and renounces for itself, its legal representatives, successors and assigns, all rights to the benefits of any statute of limitations and any moratorium, reinstatement, marshalling, forbearance, valuation, stay, extension, redemption, appraisement, exemption and homestead now provided, or which may hereafter be provided, by the Constitution or laws of the United States of America or of any state thereof, both as to itself and in and to all of its property, real and personal, against the enforcement and collection of the obligations evidenced by this Note. The undersigned hereby transfers, conveys and assigns to Holder a sufficient amount of such homestead or exemption as may be set apart in bankruptcy, to pay this Note in full, with all costs of collection and does hereby direct any trustee in bankruptcy having possession of such homestead or exemption to deliver to Holder a sufficient amount of property or money set apart as exempt to pay the indebtedness evidenced hereby, or any renewal thereof, and does hereby appoint Holder the attorney-in-fact for the undersigned to claim any and all homestead or other exemptions allowed by law.

APPLICABLE LAW: This Note shall be governed by, enforced under and interpreted in accordance with the laws of the State of Indiana.

LIMIT OF VALIDITY: If, from any circumstances whatsoever fulfillment of any provision of this Note, at the time performance of such provision shall be due, shall involve transcending the limit of validity presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then Holder may, at its option (i) declare the entire indebtedness evidenced hereby, together with all accrued but unpaid interest thereon (including, without limitation, Deferred Interest and interest thereon) and all other sums owing, immediately due and payable, (ii) reduce the obligations to be fulfilled to the limit of such validity, or (iii) apply the amount that would exceed the maximum rate of interest prescribed by any applicable usury statute or any other applicable law to the reduction of the outstanding principal balance of this Note or on account of any of the principal indebtedness of the undersigned to Holder, and not to the payment of interest with the same force and effect as though the undersigned had specifically designated such sums to be so applied to principal and Holder had agreed to accept such extra payment(s) as a premium-free prepayment, so that in no event shall any exaction be possible under this Note that is in excess of the applicable limit of validity. It is the intention of the undersigned and Holder not to create any obligation in excess of the amount allowable by applicable law. The provisions of this Paragraph shall control every other provision of this Note.

NOTICES: Whenever any notice or request is required or permitted to be given hereunder, same shall be in writing and shall be delivered in person or sent by registered or certified United States mail, postage prepaid, return receipt requested, to the addresses set out below or to such other addresses as are specified in no less than thirty (30) days' prior written notice delivered in accordance herewith:

If to the undersigned:

c/o The Chrisken Group
345 North Canal, Suite #700
Chicago, Illinois 60606

If to Holder:

Mr. Frederick Olthof
c/o The First Bank of Whiting
Trust #1511
1500 - 119th Street
Whiting, IN 46394

All such notices and requests shall be deemed effectively given and delivered on the postmark date of mailing, or, if delivered personally, when received. Rejection or other refusal to accept or the inability to deliver because of a changed address of which no notice was given in accordance with the time period hereinabove provided, shall be deemed to be receipt of the notice sent.

EXCULPATION: Notwithstanding anything to the contrary in this Note or in any other of the Loan Documents, in any action or proceeding brought to enforce the obligation of the undersigned to pay the indebtedness evidenced by this Note, to enforce the obligation of the undersigned to pay any indebtedness or obligation created or arising under the Loan Documents, or any of them, or to exercise any right of foreclosure or power of sale contained in the Loan Documents, the judgment or decree shall be enforceable against the undersigned only to the extent of the interest of the undersigned in the property described in the Loan Documents, and any such judgment shall not be subject to the execution on, nor be a lien on, any assets of the undersigned other than its interest in such property, it being specifically understood and agreed that the undersigned shall have no personal liability for the payment of this Note, and the

Holder shall look only to the property described in the Loan Documents for the payment of the indebtedness evidenced hereby; PROVIDED, HOWEVER, that, notwithstanding the foregoing provisions of this paragraph, the undersigned shall be fully and personally liable at all times for (a) fraud or misrepresentations and (b) the misapplication of (i) proceeds paid under any insurance policies by reason of damage, loss or destruction to all or any portion of such property encumbered by the Loan Documents, to the full extent of such proceeds, (ii) proceeds or awards resulting from the condemnation or other taking in lieu of condemnation of all or any portion of such property encumbered by the Loan Documents to the full extent of such proceeds or awards or (iii) income, rents, issues, profits and revenues arising or issuing from or out of all or any part of such property encumbered by the Loan Documents. Nothing contained in this paragraph shall (i) be deemed to be a release or impairment of the indebtedness evidenced by this Note or the lien of the Loan Documents upon the Property, or (ii) preclude Holder in the case of any default from foreclosing the Loan Documents or exercising any power of sale contained in the Loan Documents, or except as expressly limited in this paragraph, from enforcing any of the other rights of Holder.

TIME IS OF ESSENCE: TIME IS OF THE ESSENCE in complying with all of the terms, provisions and conditions of this Note.

AMENDMENT: This Note may not be waived, changed, modified or discharged orally, but only by an agreement in writing signed by the party against whom the enforcement of waiver, change, modification or discharge is sought.

UNDERSIGNED: The term "undersigned" as used herein shall include the maker(s) of this Note and all person(s) or entity(ies) now or hereafter liable with respect to this Note, whether as maker, principal, ~~surety, guarantor,~~ endorser or otherwise, each of whom shall be jointly and severally liable for all of the obligations of the maker(s) hereunder.

UNDERLYING NOTE AND MORTGAGE: The total principal amount of the Note includes the unpaid principal balance of one promissory note ("Underlying Note") in the original principal amount of \$2,250,000.00, due on June 1, 1994 and secured by a First Mortgage of the subject property held by NATIONAL HOME LIFE ASSURANCE CORPORATION, A MISSOURI CORPORATION ("First Mortgage").

MAKING PAYMENTS ON UNDERLYING NOTE AND MORTGAGE. The Payee shall make all payments and otherwise perform all obligations under the First Mortgage and all replacements thereof so long as there is no default by the undersigned under this Note, the Mortgage securing this Note, or any other document relating thereto. In the event the undersigned shall be in default under the terms of this Note, Payee shall not be obligated to make any payments required by the terms of the Underlying Note until such default is cured. If Payee fails timely to pay any installment of principal or interest on the Underlying Note at the time when the undersigned is not in default hereunder, the the undersigned may make such payments directly to the holder of such Underlying Note, in which event the undersigned shall be entitled to a credit against the next installment(s) of principal and interest due under the terms of this Note equal to the amount so paid and including, without limitation, any penalty, charges and expenses paid by the undersigned to the holder of the Underlying Note on account of Payee failing to make such payment. The obligations of the Payee hereunder shall terminate upon the earlier of (i) foreclosure of the Real Estate Mortgage and Security Agreement

securing this Note, or (ii) cancellation of this Note. Should the undersigned be in default under the terms of this Note, and Payee consequently incurs any penalties, charges or other expenses on account of the Underlying Note during the period of such default, the amount of such penalties, charges and expenses shall be immediately added to the principal amount of this Note and shall be immediately payable by the undersigned to the Payee.

WAIVER OF PRESENTMENT AND NOTICE. The undersigned hereby waives presentment for payment, protest and demand, and notice of protest, demand, dishonor, nonpayment and nonperformance, including notice of dishonor with respect to any check or draft used in payment of any sum due hereunder.

SIGNED, SEALED AND DELIVERED by the undersigned, the day month and year first above written.

BROADMOOR II ASSOCIATES, LTD.
an Illinois Limited Partnership

BY: _____
General Partner

BY: _____
General Partner

due on June 1, 1994 secured by a First Mortgage of the Mortgaged Premises held by NATIONAL HOME LIFE ASSURANCE COMPANY, a Missouri Corporation ("First Mortgage") recorded in the Recorder's Office of Lake County, Indiana on August 30, 1985 as document 818017. This mortgage is specifically subordinate, junior and inferior to the First Mortgage.

5. Mortgagee shall make all payments and otherwise perform all obligations under the First Mortgage and all replacements thereof so long as there is no default by Mortgagor under the Note, this Mortgage, or any other Loan Document related thereto. In the event Mortgagor shall be in default under the terms of the Note, Mortgagee shall not be obligated to make any payments required by the terms of the Underlying Note until such default is cured. In the event Mortgagee fails timely to pay any installment of principal or interest on the Underlying Note at the time when Mortgagor is not in default hereunder, Mortgagor may make such payments directly to the holder of such Underlying Note, in which event Mortgagor shall be entitled to a credit against the next installment(s) of principal and interest due under the terms of the Note equal to the amount so paid and including, without limitation, any charges paid by Mortgagor to the holder of the Underlying Note on account of Mortgagee failing to make such payment. The obligations of Mortgagee hereunder shall terminate upon the earlier of (a) foreclosure of this Mortgage, or (b) cancellation of the Note. Should Mortgagor be in default under the terms of the Note, and Mortgagee consequently incurs any charges on account of the Underlying Note during the period of such default, the amount of such charges shall be secured hereby and shall be payable immediately by Mortgagor to Mortgagee.

6. Any default in the First Mortgage or in any replacements thereof, resulting from a default by the Mortgagor under the Note, this Mortgage or any Loan Document relating thereto shall be a further event of default under the terms of the Note provided that if Mortgagee is aware of such default, Mortgagee shall give Mortgagor notice of such default whereupon this Mortgage shall be in default if Mortgagor fails to correct such default within the time period required by the First Mortgage, or any replacements thereof. In the event the holder of the Underlying Note should, under any provision of the Underlying Note or First Mortgage exercise a right to demand immediate payment of the indebtedness secured by the First Mortgage, the holder of the Note secured by this Mortgage shall have the option, without notice, to declare the indebtedness secured by this Mortgage to be immediately due and payable.

7. Mortgagor shall maintain all buildings, building equipment, fixtures or articles of personal property and other improvements now or hereafter erected upon any portion of the Mortgaged Premises, and the sidewalks and curbs abutting the same, in good order and condition, and in rentable and tenantable state of repair, and shall make all repairs and replacements necessary to that end, free of any liens or claims; Mortgagor shall complete and restore promptly and in workmanlike manner any improvement which may be constructed, damaged or destroyed on the Mortgaged Premises and shall pay when due all claims for labor performed or materials

furnished therefore. Mortgagor shall comply promptly with all provisions of any encumbrance and all governmental requirements affecting the Mortgaged Premises or requiring any alterations to be made thereon; Mortgagor shall comply promptly with all requirements of all governmental authorities whatsoever having jurisdiction of the Mortgaged Premises. Mortgagor shall not commit, suffer or permit any act upon any part of the Mortgaged Premises in violation of law; Mortgagor shall not commit or permit waste of the Mortgaged Premises; Mortgagor shall not alter or demolish any building on the Mortgaged Premises without the written consent of Mortgagee; Mortgagor shall not suffer or permit liens of mechanics or materialmen to attach to the Mortgaged Premises; Mortgagee shall permit Mortgagee or its agents to enter onto the Mortgaged Premises at all reasonable times for the purpose of inspecting the same; and Mortgagor will execute and, where appropriate, acknowledge and deliver such further instruments as Mortgagee deems necessary or appropriate to perfect or maintain the security hereunder, including assignment of leases of the Mortgaged Premises.

8. Mortgagor shall provide and maintain in force at all times insurance against loss or damage by fire and such other risks as shall from time to time be required by and with loss payable to Mortgagee and the holder of the Underlying Note by means of a mortgage clause or endorsement satisfactory to Mortgagee and the holder of the Underlying Note and which shall provide that such insurance shall not be vitiated by any act or neglect of Mortgagor. All such insurance shall be maintained in such form, amounts, type of coverage and in companies satisfactory to Mortgagee and the holder of the Underlying Note. The original of all such policies, together with receipts evidencing payment of the premiums therefor, shall be delivered to and held by Mortgagee as further security for Mortgagor's faithful performance of these obligations, which delivery shall constitute an assignment by Mortgagor to Mortgagee of all rights thereunder, including return of premiums. Each policy shall provide that it cannot be terminated or the terms modified as to Mortgagee except upon thirty (30) days' prior written notice to Mortgagee. Mortgagor shall deliver to Mortgagee a policy or policies renewing or extending any expiring insurance with a receipt showing premiums paid at least thirty (30) days before expiration. If said policy (or policies) of insurance with evidence of payment or premium are not delivered to Mortgagee as herein specified, Mortgagee may obtain such insurance as it may elect on behalf of Mortgagor and pay the premiums thereon. All sums so expended shall be secured hereby and shall be repayable upon demand. Mortgagee shall not be responsible for obtaining or maintaining any insurance required under the provisions of this paragraph, nor shall Mortgagee by reason of accepting, rejecting, proving or obtaining insurance incur any liability for the existence, nonexistence, form or legal sufficiency thereof, or solvency of any insurer, or the payment of losses, and

Mortgagor hereby expressly assumes full responsibility therefore and liability, if any, thereunder. In the event of loss, Mortgagor shall give immediate written notice to Mortgagee and Mortgagee may, but is not obligated to, make proof of loss if not promptly made by Mortgagor. Each insurance carrier is hereby authorized and directed to make payment for such loss directly to Mortgagee or the holder of the Underlying Note notwithstanding the fact that such loss of payment may occur or be made after the institution or conclusion of foreclosure proceedings. All or any part of the amount collected under any fire or other insurance policy may, at the option of Mortgagee, be applied by Mortgagee upon any obligations secured hereby whether or not then due and payable (including arrearages thereunder) and in such order as Mortgagee may determine, or said amount or any portion thereof may be used in replacing or restoring improvements partially or totally destroyed to the condition satisfactory to Mortgagee, or said amount or any portion thereof may be released to Mortgagor upon condition as Mortgagee may impose for its application. Any insurance proceeds in excess of all obligations secured hereby shall be paid to Mortgagor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Mortgagee is hereby authorized (but shall not be obligated) to settle, adjust and compromise all claims under the insurance policies required hereunder, provided Mortgagor does not settle within ninety (90) days after the occurrence at an amount mutually agreeable between Mortgagor and Mortgagee. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Mortgaged Premises at any foreclosure sale held hereunder.

9. Mortgagor shall pay to Mortgagee, on the first day of every month during the term of the Note, in addition to any other payments required thereby or hereby, an amount determined by the Mortgagee as a reasonable estimate of the monthly costs of real estate and personal property taxes, special assessments and insurance premiums for the Mortgaged Premises. To the extent that the holder of the First Mortgage requires the establishment of an escrow for these same items, the amount determined by the holder of the First Mortgage shall be the amount which Mortgagor shall be required to pay hereunder. Mortgagee agrees that all amounts currently on deposit in escrow with the holder of the First Mortgage for these items shall be utilized to pay the next tax bills, without charge to Mortgagor. The amount which Mortgagor is obligated to pay Mortgagee hereunder shall not be required to be held in escrow by Mortgagee but shall be utilized by the Mortgagee to fund all escrow requirements imposed upon Mortgagee by the holder of the Underlying Note. If Mortgagor is not in default under the Note, Mortgagee will arrange for the payment of all taxes, special assessments and insurance premiums required hereunder to the extent of available funds produced by virtue of the foregoing provisions and submit receipts therefor to Mortgagor upon demand. If the total of such escrow payments made by Mortgagor shall exceed the amount of payments actually made by Mortgagee for taxes and insurance premiums, such excess shall

be credited by Mortgagee to subsequent payments. If the total of such payments made by Mortgagor shall not be sufficient to pay such taxes and insurance premiums when the same shall become due and payable, then Mortgagor shall pay to Mortgagee any amount necessary to make up the deficiency on or before the date when such taxes and or insurance premiums become due and payable, and there shall be no liability on the part of Mortgagee to pay or make up any such deficiency. However, Mortgagee may make up any such deficiency in order to pay taxes and insurance premiums when the same shall become due and payable, and all payments made by the Mortgagee to make up such deficiency shall be secured hereby and shall be repaid to Mortgagee on demand with interest thereon as hereinafter provided. If Mortgagor shall tender to Mortgagee the total indebtedness the Mortgagee shall, in computing the amount of any such indebtedness, credit to the account of the Mortgagor any balance remaining in the funds accumulated under the provisions of this paragraph 9.

10. Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of any portion of the Mortgaged Premises shall notify the Mortgagee of the pendency of such proceedings. Mortgagee may participate in any such proceedings and Mortgagor will deliver to Mortgagee all instruments requested by it to permit such participation. In the event of such condemnation proceedings, the award or compensation payable (including settlement proceeds) is hereby assigned to and shall be paid to Mortgagee. Mortgagee shall be under no obligation to question any amount of any such award or compensation and may accept the same in any amount in which the same shall be paid. In any such condemnation proceedings, Mortgagee may be represented by counsel it selects. Mortgagee shall have the option in applying the net proceeds of any award of any compensation so received to the payment of the indebtedness on account of the last maturing installments of such indebtedness secured hereby or to apply such proceeds for repair and restoration of the Mortgaged Premises; provided, however, Mortgagee's obligation shall be only to the extent of such proceeds. All causes of action for damage to the Mortgaged Premises whether accrued before or after the date of this Mortgage, and all proceeds (including settlement proceeds) paid in connection therewith are hereby assigned to and shall be paid to Mortgagee. Mortgagee may, after deducting therefrom all its expenses, including reasonable attorney's fees, apply or release any monies so received by it in such manner and with the same effect as herein provided for the disposition of proceeds of insurance under paragraph 8 above. Mortgagee may commence or appear in any action or proceeding to enforce any such cause of action and may make any compromise or settlement thereof. Mortgagor agrees to execute such further assignments of any proceeds or causes of action as Mortgagee shall request to better evidence the transfer and assignment described above. All rights of mortgagee to any award or compensation for a taking in exercise of the power of eminent domain shall be subject to the rights of the holder of the Underlying Note.

11. Mortgagor shall, within five (5) days of delivery to the Mortgagee under the the First Mortgage deliver to the Mortgagee copies of any statements or accounts required to be delivered to said First Mortgagee under paragraph 1.16 of the First Mortgage.

12. Mortgagor, within ten (10) days, upon request from Mortgagee, shall furnish a written statement, duly acknowledged, of the amount due on this Mortgage, and whether any offsets or defenses exist against the mortgage debt, and if such offsets or defenses are alleged to exist, the nature and extent thereof.

13. In the event any one or more of the terms of this Mortgage, the Note or any of the Loan Documents shall for any reason be held to be invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid or unenforceable provision had never been contained herein or therein.

14. All notices under this Mortgage shall be in writing and shall be effective upon personal delivery to the authorized representatives of either party or upon being sent by certified mail, return receipt requested, postage prepaid, addressed to the respective parties as follows:

Mortgagor:

BROADMOOR^{II} ESTATES, LTD.
c/o The Chrisken Group
345 North Canal Street
Suite 700
Chicago, IL 60606

Mortgagee:

Mr. Frederick Olthof
c/o The First Bank of Whiting
Trust #1511
1500 - 119th Street
Whiting, IN 46394

Either party may change its address for notice by notice to the other given in the manner provided herein.

15. Should Mortgagor fail to make any payment or do any act as herein provided, then Mortgagee (but without obligation so to do and without notice to or demand upon Mortgagor, and without releasing Mortgagor from any obligation hereof, and without liability for anything done or omitted while performing the same) may make such payment or perform such act herein agreed to be performed by Mortgagor, and may pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgement of Mortgagee adversely affects the Mortgaged Premises, or any part thereof, whether senior or subordinate to this Mortgage, and in exercising any such powers, incur any

liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred by Mortgagee, including reasonably attorney's fees, shall be secured hereby and, without notice or demand, shall be immediately due and payable by Mortgagor, together with interest thereon at the same rate of interest as is then applicable to the principal sum in the Note from the date of expenditure thereof until paid.

16. Mortgagee, without affecting the lien of this Mortgage on the remainder of the property for the full amount of any indebtedness then remaining unpaid, may without notice from time to time: (a) extend the time or otherwise alter the terms of payment of any of the indebtedness; (b) accept additional security therefore of any kind; (c) alter, substitute or release any property securing the indebtedness; (d) consent to the making and recording of any map or plat of the property; (e) join in granting any easement or creating any restriction thereon; or (f) join in any subordination or other agreement affecting this Mortgage or the lien or charge thereof.

17. A waiver by Mortgagee of any term, of this Mortgage shall apply to the particular instance and no such waiver shall be a continuing waiver. The failure or delay of Mortgagee to assert in any instance any of its rights shall not be construed a waiver of any such rights.

18. This instrument shall constitute a Security Agreement under the provisions of the Uniform Commercial Code of Indiana. Mortgagor further agrees that Mortgagee may file any financing statements or continuation financing statements necessary to perfect or maintain its security interest in the aforementioned personal property, signed solely by the Mortgagee as secured party. The rights and remedies of Mortgagee under the Indiana Uniform Commercial Code shall be cumulative and in addition to all other rights and remedies of Mortgagee arising under the common law or any other laws of the State of Indiana.

19. This instrument shall be construed according to the laws of the State of Indiana.

20. No offset or claim which Mortgagor now has or may in the future have against Mortgagee shall relieve Mortgagor from paying any indebtedness secured hereby according to its terms or performing any other obligations contained herein or secured hereby.

21. This Mortgage is being executed and delivered by Mortgagor upon the condition that the holder of this Mortgage and the Note secured hereby agrees by the acceptance of the delivery of this Mortgage, that the holder of this Mortgage and the Note secured hereby, its successors and assigns, shall look solely to the property covered by this Mortgage and the Assignment

of Rents collateral thereto for the satisfaction of the sums secured hereby, and any and all sums payable by the Mortgagor because of any term of this Mortgage, the Note or the Assignment of Rents, and agrees that in any action to foreclose this Mortgage or to enforce any of the terms of this Mortgage including any provision requiring any payment by the Mortgagor, or to recover under the Note secured hereby, such holders shall not enter any deficiency or personal judgement against Mortgagor or the individual partners of Mortgagor.

22. After notice of the occurrence of a default under the Note, this Mortgage or any of the loan documents relating thereto, Mortgagor agrees that all rents collected by it shall be held by it as trustee and shall only be used by it for the following purposes:

- (a) Payment of current expenses of operating the Mortgaged Premises; and
- (b) Payment of the then unpaid balance owing under the Note.

23. Upon the commencement of any proceeding to foreclose of this Mortgage or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Mortgagee, the Mortgagee shall be entitled, as a matter of right, if it shall so elect, without the giving of notice of any other party and without regard to the adequacy or inadequacy of any security for the mortgage indebtedness, forthwith to the appointment of a receiver of the Mortgaged Premises and of all the earnings, revenues, rents, issues, profits and income thereof.

24. In the event it should become necessary to employ counsel to collect the debt secured by this Mortgage, or to foreclose this Mortgage, or if any action or proceeding is commenced in which Mortgagee is made a party or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by Mortgagee for the expense of any such litigation to prosecute or defend the rights and lien created by this Mortgage (including reasonable counsel fees) shall be paid on demand by Mortgagor, together with interest thereon at the rate then specified in the Note.

25. Mortgagor covenants and agrees not to exercise any right or privilege of prepayment of the First Mortgage and further covenants and agrees not to enter into any agreement with the holder of the Underlying Note modifying or amending any of the provisions of the Underlying Note or the First Mortgage without the prior written consent of the Mortgagee thereto.

26. In the event the Underlying Note is prepaid in full for any reason, including but not limited to the application of insurance proceeds or condemnation awards but excluding a prepayment made by the Mortgagee, then in such event, the Mortgagee shall have the right and option to declare all sums secured by this instrument to be immediately due and payable, without further demand or notice. Any prepayment of a portion of the Underlying Note from the proceeds of a letter of credit under which the Mortgagee is liable shall not constitute a reduction of the balance of the Note secured by this Mortgage.

NOW, if Mortgagor its successors and assigns, shall well and truly pay the Note and the interest thereon, taxes, insurance and assessments and all advances which may be made by Mortgagee, its successors or assigns, as above provided, according to the tenor of this instrument, then the above Mortgage shall be void; otherwise the same shall remain in full force and effect.

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly executed on the date first above written. ASSOCIATES, BROADMOOR ESTATES, LTD. (C)(U) an Illinois Limited Partnership

BY: John F. Kennedy
General Partner - JOHN F. KENNEDY
BY: Robert W. Christoph
General Partner - ROBERT W. CHRISTOPH

STATE OF Illinois)
COUNTY OF Cook) SS

Before me, the undersigned, a Notary Public in and for said County and State, this 16TH day of OCTOBER, 1985, personally appeared R. W. CHRISTOPH AND ASSOCIATES (C)(U) AND JOHN F. KENNEDY General Partner(s) of BROADMOOR ESTATES, LTD. and acknowledged the execution of the foregoing instrument on behalf of such partnership.

Witness my hand and notarial seal, this 16TH day of OCTOBER, 1985.

Signature Pamela Blevins
Printed PAMELA BLEVINS
Notary Public

MY COMMISSION EXPIRES DEC. 7, 1987

My Commission Expires: _____
My County of Residence is: _____

This instrument was prepared by RONALD KIEDAISCH, a member of the Indiana Bar, 3330-181st Place, P.O. Box 246, Lansing, IL 60438.