

Coffield, Ungaretti, Harvis + Slaven
3500 Three Pointe Plaza
Chgo, Ill

B-431015
5-5000

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10/30/87

MORTGAGE AND SECURITY AGREEMENT WITH ASSIGNMENT OF RENTS

This Mortgage and Security Agreement with Assignment of Rents dated as of October 30, 1987 from East Chicago Investors Limited Partnership, an Illinois limited partnership, with its principal place of business at 333 North Michigan Avenue, 30th Floor, Chicago, Illinois 60601 (hereinafter referred to as "Mortgagor") to Exchange National Bank of Chicago, a national banking association, with its principal place of business at LaSalle and Monroe Streets, Chicago, Illinois 60603 (hereinafter referred to as "Mortgagee");

W I T N E S S E T H T H A T:

WHEREAS, Mortgagor has executed and delivered to Mortgagee certain Promissory Note bearing even date herewith in the principal amount of Five Million and No/100 (\$5,000,000.00) payable to the order of Mortgagee, in and by which Mortgagor promises to pay said principal sum (or so much thereof as may be outstanding at the maturity thereof) on May 1, 1989, subject to the rights of the Mortgagor to extend such date for three successive six (6) month periods on the terms hereinbelow provided; together with interest on the balance of principal remaining from time to time outstanding and unpaid thereon at the rates and at the times specified in said Promissory Note (said Promissory Note and any and all extensions and renewals thereof and any note issued in replacement or substitution therefor being herein collectively referred to as the "Note"); and

WHEREAS, the Note has been issued under and subject to the provisions of a Loan Agreement bearing even date herewith (the "Loan Agreement") between Mortgagor and Mortgagee; and

WHEREAS, as a condition precedent to disbursement of the Loan to Mortgagor, Mortgagee is requiring, inter alia, that Mortgagor grant and mortgage to Mortgagee the Mortgaged Premises, subject to the terms and conditions hereof.

NOW, THEREFORE, to induce Mortgagee to make the Loan and to secure (i) the payment when and as due and payable of the principal of and interest on the Note or so much thereof as may be advanced from time to time under and pursuant to the Loan Agreement, (ii) the payment of all other indebtedness which this Mortgage by its terms secures, and (iii) the performance and observance of the covenants and agreements contained in this Mortgage, the Loan Agreement, the Note and any other instrument or document securing the Note (all of such indebtedness,

JULIAN BLASTICK
L.C. RECORDER
STATE OF ILLINOIS
LAKE COUNTY
FILED FOR RECORD
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obligations and liabilities identified in (i), (ii), and (iii) above being hereinafter referred to as the "indebtedness hereby secured"), the Mortgagor does hereby grant, sell, convey, mortgage, assign and warrant unto the Mortgagee, its successors and assigns, and does hereby grant to Mortgagee, its successors and assigns, a security interest in all and singular the properties, rights, interests and privileges described in Granting Clauses I, II, III, IV, V and VI below, all of same being collectively referred to herein as the "Mortgaged Premises":

GRANTING CLAUSE I

That certain real estate lying and being in the County of Lake and State of Indiana, more particularly described in Schedule I attached hereto and made a part hereof.

GRANTING CLAUSE II

All buildings and improvements of every kind and description heretofore or hereafter erected or placed on the property described in Granting Clause I and all materials intended for construction, reconstruction, alteration and repairs of the buildings and improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the premises immediately upon the delivery thereof to the said real estate, and all fixtures, machinery, cranes, apparatus, equipment, fittings and articles of personal property of every kind and nature whatsoever now or hereafter attached to or contained in or used in connection with said real estate and the buildings and improvements now or hereafter located thereon and the operation, maintenance and protection thereof (but excluding any of such items as are owned by tenants), including but not limited to all machinery, motors, fittings, radiators, awnings, shades, screens, all gas, coal, steam, electric, oil and other heating, cooking, power and lighting apparatus and fixtures, all fire prevention and extinguishing equipment and apparatus, all cooling and ventilating apparatus and systems, all plumbing, incinerating, sprinkler equipment and fixtures, all elevators and escalators, all communication and electronic monitoring equipment, all window and structural cleaning rigs and all other machinery and other equipment of every nature and fixtures and appurtenances thereto and all items of furniture, appliances, draperies, carpets, other furnishings, equipment and personal property used or useful in the operation, maintenance and protection of the said real estate and the buildings and improvements now or hereafter located thereon and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to said buildings or improvements in any manner; it being mutually agreed, intended and declared that all the aforesaid property shall, so far as permitted by law, be deemed to form a part and parcel of the real estate and for the purpose of this Mortgage to be real estate and covered by this Mortgage; and as to the

(c) Effect of Condemnation and Application of Awards.

In the event that any proceedings are commenced by any governmental body or other person to take or otherwise affect the Mortgaged Premises, the improvements thereon or any easement therein or appurtenance thereto the same standards provided for in paragraph 10 as to the disposition of insurance proceeds following a casualty loss to the Mortgaged Premises shall apply to the disposition of the proceeds of any award made in such proceedings.

12. Construction, Repair, Waste, Etc. Mortgagor agrees that except as contemplated by the Loan Agreement no building or other improvement on the Mortgaged Premises and constituting a part thereof shall be materially altered, removed or demolished nor shall any fixtures or appliances on, in or about said buildings or improvements be severed, removed, sold or mortgaged, without the consent of Mortgagee 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 hereby, Mortgagor covenants that 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 security interest in or encumbrance thereon or reservation of title thereto; to permit, commit or suffer no waste, impairment or deterioration of the Mortgaged Premises or any part thereof; to keep and maintain said Mortgaged Premises and every part thereof in good repair and condition (ordinary wear and tear excepted); to effect such repairs as Mortgagee may reasonably require and from time to time; to make all needful and proper replacements and additions so that said buildings, fixtures, machinery and appurtenances shall, at all times, be in good condition, fit and proper for the respective purposes for which they are presently erected or installed; to comply with all statutes, orders, requirements or decrees relating to said Mortgaged Premises by any Federal, State or Municipal authority; to observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, but not limited to, zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions which are applicable to the Mortgage Premises or which have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the Mortgaged Premises or any part thereof and not to initiate or acquiesce in any changes to or terminations of any of the foregoing or of zoning classifications affecting the use to which the Mortgaged Premises or any part thereof may be put without the prior written consent of Mortgagee; and to make no material alterations in or improvements or additions to the Mortgaged Premises except as contemplated by the Loan Agreement or required by governmental authority. For purposes of this Section 12, the word "materially" shall mean in excess of \$100,000.00

13. Liens and Encumbrances. Except as provided in Paragraph 18(c) hereof, Mortgagor shall not, without the prior written consent of Mortgagee, directly or indirectly, create or suffer to be created or remain, and shall discharge or promptly cause to be discharged, any mortgage, lien, encumbrance or charge on, pledge or conditional sale or other title retention agreement with respect to the Mortgaged Premises or any part thereof, whether superior or subordinate to the lien hereof, except for this instrument, the lien of the security documents executed pursuant to the Loan Agreement, provided the lien thereof is always junior and subordinate to the lien hereof and of the lien of all other documents given to secure the indebtedness hereby secured, and mechanic's liens arising during the course of construction over which Mortgagor has obtained title insurance coverage; provided, however, that Mortgagor may contest the validity of any such lien, charge or encumbrance (other than the lien of this Mortgage or of any other document securing payment of the Note) upon giving Mortgagee timely notice of its intention to contest the same and making and thereafter either (i) maintaining with Mortgagee a deposit of cash or negotiable securities reasonably satisfactory to Mortgagee in an amount sufficient in the opinion of Mortgagee to pay and discharge or to assure compliance with the matter under contest in the event of a final determination thereof adversely to Mortgagor or (ii) obtaining title insurance coverage over such lien on Mortgagee's title insurance policy. If Mortgagor and Mortgagee are unable to agree upon the securities to be deposited pursuant to subparagraph (i), then Mortgagor shall obtain the title insurance described in subparagraph (ii). Mortgagor agrees to prosecute any contests diligently and by appropriate legal proceedings which shall prevent the enforcement of the matter under contest and shall not impair the lien of this Mortgage or interfere with the normal conduct of business on the Mortgaged Premises. On final disposition of such contest, any cash or securities in Mortgagee's possession not required to pay or discharge or assure compliance with the matter contested shall be returned to Mortgagor.

14. Right of Mortgagee to Perform Mortgagor's Covenants, Etc. If Mortgagor shall fail to make any payment or perform any act required to be made or performed hereunder, Mortgagee, without waiving or releasing any obligation or default, may (but shall be under no obligation to) at any time thereafter upon not less than fifteen (15) days prior written notice to Mortgagor and failure of Mortgagor to make such payment or perform such act within any applicable cure period provided herein make such payment or perform such act for the account and at the expense of Mortgagor, and may enter upon the Mortgaged Premises or any part thereof for such purpose and take all such action thereon as, in the opinion of Mortgagee, may be necessary or appropriate therefor. All sums so paid by Mortgagee and all costs and expenses (including without limitation reasonable attorneys' fees and expenses) so incurred, together with interest thereon from the date of payment or incurrence at the interest rate applicable

to the Note on such date, shall constitute so much additional indebtedness hereby secured and shall be paid by Mortgagor to Mortgagee on demand. Mortgagee in making any payment authorized under this Section relating to taxes or assessments may do so according to any bill, statement or estimate procured from the appropriate public office, without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien or title or claim thereof. The performance by Mortgagee of any act hereunder, shall be prima facie evidence that Mortgagor is required to perform same under the terms of this Mortgage.

15. After-Acquired Property. Any and all property hereafter acquired which is of the kind or nature herein provided and related to the premises described in Granting Clause I hereof, or intended to be and become subject to the lien hereof, shall ipso facto, and without any further conveyance, assignment or act on the part of Mortgagor, become and be subject to the lien of this Mortgage as fully and completely as though specifically described herein; but nevertheless Mortgagor shall from time to time, if requested by Mortgagee, execute and deliver any and all such further assurances, conveyances and assignments as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting to the lien of this Mortgage all such property.

16. Inspection by Mortgagee. Mortgagee and its agents shall have the right, upon reasonable notice to Mortgagor, which need not be written, to inspect the Mortgaged Premises at all reasonable times, and access thereto shall be permitted for that purpose.

17. Subrogation. Mortgagor acknowledges and agrees that Mortgagee shall be subrogated to any lien discharged out of the proceeds of the Loan evidenced by the Note or out of any advance by Mortgagee hereunder or under the Loan Agreement, irrespective of whether or not any such lien may have been released of record.

18. Transfer of the Mortgaged Premises.

(a) Mortgagor shall not permit or suffer to occur any sale, assignment, conveyance, mortgage (except as provided in Paragraph 18(c) hereof), lease (other than leases made in accordance with the provisions of the Assignment of Leases and Rents executed in connection herewith), pledge, encumbrance or other transfer of, or the granting of any option in, or any contract for any of the foregoing (on an installment basis or otherwise) pertaining to:

(i) the Mortgaged Premises, any part thereof, or any interest therein other than to an entity controlled and managed by Capital and Regional Properties Corporation, a Delaware corporation ("CRPC") or C&R USA Corporation, an Illinois corporation;

(ii) any general partnership interest in Mortgagor except in the case where CRPC is irrevocably designated as managing general partner; or

(iii) stock in CRPC constituting voting control thereof;

whether by operation of law or otherwise, without the prior written consent of Mortgagee having been obtained to such sale, written assignment, conveyance, mortgage, lease option, pledge, encumbrance or other transfer. Mortgagor agrees that in the event the ownership of the Mortgaged Premises, said general partnership interest or such stock, any interest therein or any part thereof becomes vested in a person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal in any way with such successor or successors in interest with reference to this Mortgage, the Note, the Loan Agreement and any other document evidencing the indebtedness secured hereby, without in any way vitiating or discharging Mortgagor's liability hereunder or under any other document evidencing the indebtedness secured hereby. No sale of the Mortgaged Premises, forbearance to any person with respect to this Mortgage, or extension to any person of the time for payment of the Note given by Mortgagee shall operate to release, discharge, modify, change or affect the liability of Mortgagor, either in whole or in part, except to the extent specifically agreed in writing by Mortgagee. Without limitation of the foregoing, in any event in which the written consent of Mortgagee is required in this Paragraph 18, Mortgagee may condition its consent upon any combination of (i) the payment of compensation to be determined by Mortgagee, (ii) the increase of the interest rate payable under the Note, (iii) the shortening of maturity of the Note, and (iv) other modifications of the terms of the Note or the other instruments evidencing the indebtedness secured hereby.

(b) Without limitation of the foregoing, (i) in any event in which Mortgagee's consent is requested in accordance with the terms of this Paragraph 18, Mortgagor shall pay all expenses incurred by Mortgagee, including attorneys' fees, in connection with the processing of such request, and (ii) the consent of Mortgagee to any transfer of the Mortgaged Premises shall not operate to release, discharge, modify, change or affect the liability of Mortgagor, either in whole or in part.

(c) Notwithstanding anything to the contrary contained herein, Mortgagor shall have the right to encumber the Mortgaged Premises with a junior mortgage or mortgages subordinated in all respects to the lien of this Mortgage provided (i) Mortgagor shall first negotiate in good faith with Mortgagee to permit Mortgagee to make the loan for any such junior mortgage; (ii) the debt service ratio of the total aggregate debt secured by such junior mortgage and this

Mortgage shall not be less than 1.25:1. For purposes of this paragraph 18(c) the term "debt service ratio" shall mean the projected net operating income of the Mortgaged Premises, as is reasonably approved by the Mortgagee, (without deduction for depreciation, debt service and capital expenditures) for the twelve (12) month period commencing with a month which is within three months of the proposed month of funding of such junior financing divided by the sum of the annual payments of principal and interest due with respect to such junior financing and this Mortgage, assuming the prime rate of interest, or other similar rates to which the interest of such indebtedness is based upon, in effect on the last day of the month preceding the date that such junior financing is to be borrowed will remain constant; and (iii) the form of any such junior mortgage or other security document shall be subject to approval by Mortgagee which shall not unreasonably be withheld. Mortgagor shall deliver copies of all security documents relating to any such junior mortgage upon execution thereof. The general partner of Mortgagor shall be permitted to secure loans to Mortgagor with a junior mortgage provided that Mortgagee shall approve the form of such junior mortgage or other security document.

19. Events of Default. Any one or more of the following shall constitute an event of default hereunder:

(a) Default in payment when due (whether by lapse of time, acceleration, or otherwise) of the principal of or interest on the Note or of any other indebtedness hereby secured which is not cured within fifteen (15) days after written notice to Mortgagor by Mortgagee; or

(b) The occurrence of any unpermitted transfer under paragraph 18 hereof; or

(c) The Mortgaged Premises are abandoned;

(d) Default in the observance or performance of any other covenant, condition, agreement or provisions hereof or of the Note, or any other instrument or document evidencing or securing the indebtedness secured hereby, or the Loan Agreement, which is not remedied within thirty (30) days after written notice thereof to Mortgagor by Mortgagee or, if such default is incapable of being cured within such thirty (30) day period, Mortgagor shall have undertaken within such period, and shall be diligently carrying forward, all steps which are necessary or desirable to remedy such condition as are approved by the Mortgagee in its sole discretion, such default in any event to be remedied within ninety (90) days after such written notice.

(e) Any representation or warranty made by the Mortgagor or Mortgagor herein or in the Note, Loan Agreement or any other instrument or document, evidencing or securing

the indebtedness secured hereby, or in any statement or certificate furnished pursuant hereto or thereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within thirty (30) days after notice to Mortgagor by Mortgagee;

(f) Mortgagor, or any general partner of Mortgagor or any of them becomes insolvent or bankrupt or admits in writing its or their inability to pay its or their debts as they mature or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for any of them or for the major part of the property of any of them;

(g) Bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or laws for the relief of debtors are instituted by or against Mortgagor, or any general partner of Mortgagor, or any of them and if instituted against Mortgagor, or any general partner of Mortgagor, or any of them, are not dismissed within ninety (90) days after such institution;

(h) Any judgment or judgments, writ or writs or warrant or warrants of attachment or any similar process or processes in an aggregate amount in excess of \$100,000 shall be entered or filed against Mortgagor or any general partner of Mortgagor, or any of them, or against any of their respective properties or assets and remains unsatisfied, unvacated, unbonded or unstayed for a period of sixty (60) days; or

(i) The title company refuses to issue any endorsements provided for in the Loan Agreement hereof because of a change in the state of title or a survey exception and Mortgagor is not able to correct the condition giving rise to the refusal and procure such insurance within thirty (30) days of any such refusal given to Mortgagor by Mortgagee, provided that Mortgagor shall be entitled to an additional period of time not exceeding sixty (60) days within which to correct such condition if such condition cannot be cured within thirty (30) days so long as Mortgagor has promptly commenced and is diligently attempting to effect the correction thereof.

20. Remedies. When any event of default which is not cured within the applicable grace period, if any, has occurred and is continuing (regardless of the pendency of any proceeding which has or might have the effect of preventing Mortgagor from complying with the terms of this instrument) and in addition to such other rights as may be available under applicable law or under the Loan Agreement, but subject at all times to any mandatory legal requirements:

(a) Acceleration. Mortgagee may, by written notice to Mortgagor, declare the Note and all unpaid indebtedness of

Mortgagor hereby secured, including interest then accrued thereon, to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without other notice or demand of any kind.

(b) Uniform Commercial Code. Mortgagee shall, with respect to any part of the Mortgaged Premises constituting property of the type in respect of which realization on a lien or security interest granted therein is governed by the Uniform Commercial Code, have all the rights, options and remedies of a secured party under the Uniform Commercial Code of Indiana, including without limitation, the right to the possession of any such property or any part thereof, and the right to enter without legal process onto any premises where any such property may be found. Any requirement of said Code for reasonable notification shall be met by mailing written notice to Mortgagor at its address above set forth at least ten (10) days prior to the sale or other event for which such notice is required. The expenses or retaking, selling and otherwise disposing of said property, including reasonable attorneys' fees and legal expenses incurred in connection therewith, shall constitute so much additional indebtedness hereby secured and shall be payable upon demand with interest at the Default Rate.

(c) Foreclosure. Mortgagee may proceed to protect and enforce the rights of Mortgagee hereunder (i) by any action at law, suit in equity or other appropriate proceedings, whether for the specific performance of any agreement contained herein, or for an injunction against the violation of any of the terms hereof, or in aid of the exercise of any power granted hereby or by law, or to be placed in possession of the Mortgaged Premises or (ii) by the foreclosure of this Mortgage.

(d) Appointment of Receiver. Mortgagee shall, as a matter of right, without notice and without giving bond to Mortgagor or anyone claiming by, under or through it, and without regard to the solvency or insolvency of Mortgagor or the then value of the Mortgaged Premises, be entitled to have a receiver appointed for all or any part of the Mortgaged Premises and the rents, issues and profits thereof, with such power as the court making such appointment shall confer, and Mortgagor hereby consents to the appointment of such receiver and shall not oppose any such appointment. Any such receiver may, to the extent permitted under applicable law, without notice, enter upon and take possession of the Mortgaged Premises or any part thereof by force, summary proceedings, ejectment or otherwise, and may remove Mortgagor or other persons and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, rents, issues and proceeds accruing with respect thereto or

any part thereof, whether during the pendency of any foreclosure or until any right of redemption shall expire or otherwise.

(e) Taking Possession, Collecting Rents, Etc.

Mortgagee may enter and take possession of the Mortgaged Premises or any part thereof and manage, operate, insure, repair and improve the same and take any action which, in Mortgagee's reasonable judgment, is necessary or proper to conserve the value of the Mortgaged Premises. Mortgagee may also take possession of, and for these purposes use, any and all personal property contained in the Mortgaged Premises and used by Mortgagor in the operation, rental or leasing thereof or any part thereof. Mortgagee shall be entitled to collect and receive all earnings, revenues, rents, issues and profits of the Mortgaged Premises or any part thereof (and for such purpose Mortgagor does hereby irrevocably constitute and appoint Mortgagee its true and lawful attorney-in-fact for it and in its name, place and stead to receive, collect and receipt for all of the foregoing, Mortgagor irrevocably acknowledging that any payment made to Mortgagee hereunder shall be a good receipt and acquittance against Mortgagor to the extent so made) and to apply same to the reduction of the indebtedness hereby secured or, at its option, to completion of the improvements contemplated by the Loan Agreement to the extent provided for in paragraph 5 hereof. The right to enter and take possession of the Mortgaged Premises and use any personal property therein, to manage, operate, conserve and improve the same, and to collect the rents, issues and profits thereof, shall be in addition to all other rights or remedies of Mortgagee hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The expenses (including any receiver's fees, reasonable counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby which expenses Mortgagor promises to pay upon demand together with interest at the rate applicable to the Note at the time such expenses are incurred. Mortgagee shall not be liable to account to Mortgagor for any action taken pursuant hereto other than to account for any rents actually received by Mortgagee. Without taking possession of the Mortgaged Premises, Mortgagee may, in the event the Mortgaged Premises become vacant or are abandoned, take such steps as it deems appropriate to protect and secure the Mortgaged Premises (including hiring watchmen therefor) and all costs incurred in so doing shall constitute so much additional indebtedness hereby secured payable upon demand with interest thereon at the Default Rate.

21. Waiver of Right to Redeem From Sale - Waiver of Appraisalment, Valuation, Etc. Mortgagor shall not and will not apply for or avail itself of any appraisalment, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted in order to prevent or hinder

the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Mortgaged Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Premises sold as an entirety. In the event of any sale made under or by virtue of this instrument, the whole of the Mortgaged Premises may be sold in one parcel as an entirety or in separate lots or parcels at the same or different times, all as the Mortgagee may determine. Mortgagee shall have the right to become the purchaser at any sale made under or by virtue of this instrument and Mortgagee so purchasing at any such sale shall have the right to be credited upon the amount of the bid made therefor by Mortgagee with the amount payable to Mortgagee out of the net proceeds of such sale. In the event of any such sale, the Note and the other indebtedness hereby secured, if not previously due, shall be and become immediately due and payable without demand or notice of any kind. Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure pursuant to rights herein granted, on behalf of Mortgagor, and each and every person acquiring any interest in, or title to, the Mortgaged Premises described herein subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by applicable law.

22. Costs and Expenses of Foreclosure. In any suit to foreclose the lien hereof there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographic charges, publication costs and costs (which may be estimated as the items to be expended after the entry of the decree) of procuring all such abstracts of title, title searches and examination, guarantee policies, and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute any foreclosure action or to evidence to the bidder at any sale pursuant thereto the true condition of the title to or the value of the Mortgaged Premises, and all of which expenditures shall become so much additional indebtedness hereby secured which Mortgagor agrees to pay and all of such shall be immediately due and payable with interest thereon from the date of expenditure until paid at the Default Rate.

23. Application of Proceeds. The proceeds of any foreclosure sale of the Mortgaged Premises or of any sale of property pursuant to Section 20(b) hereof shall be distributed in the following order of priority: First, on account of all costs and expenses incident to the foreclosure or other proceedings including all such items as are mentioned in Sections 20(b) and 22 hereof; Second, to all other items which under the terms

hereof constitute indebtedness hereby secured in addition to that evidenced by the Note with interest thereon as herein provided; Third, to all interest on the Note; Fourth, to all principal on the Note with any overplus to whomsoever shall be lawfully entitled to same.

24. Extension of Maturity Date. Provided that an event of default has not occurred under the terms and provisions of this Mortgage, the Note, the Loan Agreement or any other document evidencing or securing the indebtedness evidenced hereby, and the following conditions precedent have been satisfied, Mortgagor shall have the right to extend the maturity date of this Note for three successive extension periods (each of which is individually referred to herein as an "Extension Period") the first Extension Period to commence May 1, 1989 and expire October 31, 1989, the Second Extension Period to commence November 1, 1989 and expire April 30, 1990 and the third Extension Period to commence May 1, 1990 and expire October 31, 1990. Each such extension shall be exercised by delivery to Bank, not later than thirty (30) days prior to the date of commencement of each respective Extension Period of the following:

(a) Written notification of Mortgagor's election to extend the maturity date to the end of the applicable Extension Period; and

(b) A non-refundable extension fee in the amount of \$25,000.00.

25. Mortgagee's Remedies Cumulative - No Waiver. No remedy or right of Mortgagee shall be exclusive of, but shall be cumulative and in addition to, every other remedy or right now or hereafter existing at law or in equity or by statute or provided for in the Loan Agreement. No delay in the exercise or omission to exercise any remedy or right accruing on any default shall impair any such remedy or right or be construed to be a waiver of any such default or acquiescence therein, nor shall it affect any subsequent default of the same or different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by Mortgagee.

26. Mortgagee Party to Suits. If Mortgagee shall be made a party to or shall intervene in any action or proceeding affecting the Mortgaged Premises or the title thereto or the interest of Mortgagee under this Mortgage (including probate and bankruptcy proceedings), or if Mortgagee employs an attorney to collect any or all of the indebtedness hereby secured or to enforce any of the terms hereof or realize hereupon or to protect the lien hereof, or if Mortgagee shall incur any costs or expenses in preparation for the commencement of any foreclosure proceeding or for the defense of any threatened suit or proceeding which might affect the Mortgaged Premises or the security hereof, whether or not any such foreclosure or other suit or proceeding shall be actually commenced, then in any such case, Mortgagor agrees to

balance of the property aforesaid, this Mortgage is hereby deemed to be as well a Security Agreement under the provisions of the Uniform Commercial Code for the purpose of creating hereby a security interest in said property, which is hereby granted by Mortgagor to Mortgagee as secured party, securing the indebtedness hereby secured. The addresses of Mortgagor and Mortgagee appear at the beginning hereof.

GRANTING CLAUSE III

All right, title and interest of Mortgagor now owned or hereafter acquired in and to all and singular the estates, tenements, hereditaments, privileges, easements, licenses, franchises, appurtenances and royalties, mineral, oil and water rights belonging or in any wise appertaining to the property described in the preceding Granting Clause I and the buildings and improvements now or hereafter located thereon and the reversions, rents, issues, revenues and profits thereof, including all interest of Mortgagor in all rents, issues and profits of the aforementioned property and all rents, issues, profits, revenues, royalties, bonuses, rights and benefits due, payable or accruing (including all deposits of money as advanced rent or for security) under any and all leases and renewals thereof or under any contracts or options for the sale of all or any part of, said property (including during any period allowed by law for the redemption of said property after any foreclosure or other sale), together with the right, but not the obligation, to collect, receive and receipt for all such rents and other sums and apply them to the indebtedness hereby secured and to demand, sue for and recover the same when due or payable; provided that the assignments made hereby shall not impair or diminish the obligations of Mortgagor under the provisions of such leases or other agreements nor shall such obligations be imposed upon Mortgagee. By acceptance of this Mortgage, Mortgagee agrees that until an event of default (as hereinafter defined) shall occur giving Mortgagee the right to foreclose this Mortgage, Mortgagor may collect, receive (but not more than 30 days in advance except for the first month's and last month's rent received upon execution of leases) and enjoy such rents.

GRANTING CLAUSE IV

All judgments, awards of damages, settlements and other compensation hereafter received or made resulting from condemnation proceedings or the taking of the property described in Granting Clause I or any part thereof or any building or other improvements now or at any time hereafter located thereon or any easement or other appurtenance thereto under the power of eminent domain, or any similar power or right (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for the payment thereof), whether permanent or temporary, or for any damage (whether caused by such taking or otherwise) to said property or any part thereof or the

pay to Mortgagee all reasonable costs, charges, expenses and attorneys' fees incurred by Mortgagee in any such case, and the same shall constitute so much additional indebtedness hereby secured payable upon demand with interest at the Default Rate.

27. Modifications Not To Affect Lien. Mortgagee, without notice to anyone, and without regard to the consideration, if any, paid therefor, or the presence of other liens on the Mortgaged Premises, may in its discretion release any part of the Mortgaged Premises or any person liable for any of the indebtedness hereby secured, may extend the time of payment of any of the indebtedness hereby secured and may grant waivers or other indulgences with respect hereto and thereto, without in any way affecting or impairing the liability of any party liable upon any of the indebtedness hereby secured or the priority of the lien of this Mortgage upon all of the Mortgaged Premises not expressly released, and may agree with Mortgagor to modifications to the terms and conditions contained herein or otherwise applicable to any of the indebtedness hereby secured (including modifications in the rates of interest applicable thereto).

28. Notices. All communications provided for herein shall be in writing and shall be deemed to have been given when delivered personally or mailed by first class mail, postage prepaid, addressed to the parties hereto at their addresses as shown at the beginning of this Mortgage (with a copy to Mortgagor and Coffield, Ungaretti, Harris & Slavin, Attention: James B. Smith, Three First National Plaza, Chicago, Illinois 60602 in the case of notices to Mortgagor) or to such other and different address as Mortgagor or Mortgagee may designate pursuant to a written notice sent in accordance with the provisions of this Section 26. Notices shall be deemed effective on the date of receipt or refusal of delivery.

29. Partial Invalidity. All rights, powers and remedies provided herein are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Mortgage shall be held to be invalid or unenforceable, the validity and enforceability of the other terms of this Mortgage shall in no way be affected thereby.

30. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Mortgage contained by or on behalf of Mortgagor, or by or on behalf of Mortgagee, shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

31. Default Rate. For purposes of this Mortgage, "Default Rate" shall mean the rate per annum determined by adding 3% to the rate of interest provided in the Note.

32. Headings. The headings in this instrument are for convenience of reference only and shall not limit or otherwise affect the meaning of any provision hereof.

33. Changes, Etc. This instrument and the provisions hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

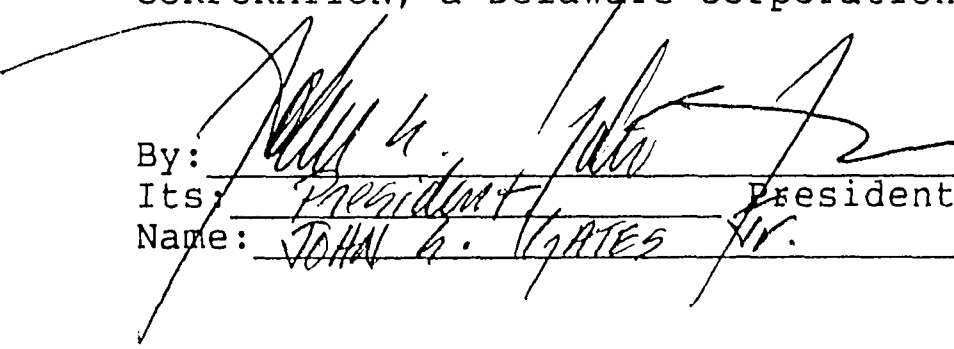
34. Limited Liability. The Mortgagor and its partners shall not be liable personally for payment of any sums or performance of any obligations provided for herein, all such personal liability being hereby expressly waived, and Mortgagee shall look solely to the Mortgaged Premises and other collateral described herein and in the other documents securing the Note, and to any guarantors, if any, in respect to such payments and performance.


35. Governing Law. This Mortgage shall be governed by the laws of the State of Indiana.

IN WITNESS WHEREOF, Mortgagor has caused these presents to be executed as of the day and year first above written.

EAST CHICAGO INVESTORS LIMITED
PARTNERSHIP, an Illinois limited
partnership

By: CAPITAL AND REGIONAL PROPERTIES
CORPORATION, a Delaware corporation

By: 
Its: President President
Name: JOHN H. GATES JR.

Attest: 
Its: Assistant Secretary
Name: MARK L. HOFFMAN

Schedule "I"
Legal Description

PARCEL 1:

DESCRIPTION: Part of Government Lot No. 2 of the original United States Survey of Section 32, Township 37 North, Range 9 West of the Second Principal Meridian, in the City of East Chicago, Lake County, Indiana and being described as follows: Beginning at a 4 inch iron pipe, found, 814.73 feet east of the centerline of Indianapolis Boulevard and 181.0 feet south of the centerline of 151st Street, said point of beginning being on the south line of a 16.0 foot wide public alley as shown on the plat of Champion Addition and being recorded in Record Book No. 10, Page 30 in the Lake County Recorder's Office, thence east along the south line of said alley 422.65 feet to a 3/4 inch re-bar, set, on the west line of Railroad Avenue, a dedicated public street, thence south along the west line of said Railroad Avenue, the intersection of said west line of said Railroad Avenue with said south line of said public alley forming an interior angle of 90 degrees 58 minutes 08 seconds, a distance of 498.00 feet to a 1 inch re-bar, set, on the north right-of-way line of the Indiana Harbor Belt Railroad as formerly conveyed to the East Chicago Belt Railroad Company, as shown in Deed Record Book No. 79, Pages 150-153 and recorded in the Lake County Recorder's Office July 30, 1896, thence west, along the north right-of-way line of said railroad, the intersection of said north right-of-way line with the west line of said Railroad Avenue forming an interior angle of 89 degrees 02 minutes 24 seconds a distance of 431.07 feet to a 1 inch pipe, found, thence north along a line, said line forming an interior angle of 89 degrees 59 minutes 28 second with the preceding described line, also said line, projected north, being parallel with and 5.0 feet west of an existing 80 foot by 300 foot concrete block building, a distance of 498.00 feet to the point of beginning of this description.

PARCEL 2:

DESCRIPTION: All that certain piece or parcel of land lying south of the south line of 151st Street and west of the west line of Waterway of that part of Lot 1 of the original United States Survey of Section 32, Township 37 North, Range 9 West of the Second Principal Meridian in the City of East Chicago, Lake County, Indiana lying north of the 66 foot right-of-way conveyed to the East Chicago Belt Railroad Company (now Indiana Harbor Belt Line) by deed dated July 11, 1896 and recorded in the Recorder's Office of Lake County, Indiana July 30, 1896 in Book 79 Pages 150-153 excepting the west 76 feet of said Lot 1 lying north of said right of way and excepting also a strip of land 66 feet wide situated in the northeast quarter of said Section 32 being 33 feet on each side of a center line described as follows: Beginning at a point on the centerline of the above mentioned railroad right-of-way which is 917.7 feet westerly from the east line of said Section 32, thence northeasterly on a curve convex to the southeast with a radius of 674.7 feet to a point on the north line of the southeast quarter of the northeast quarter of said Section 32, which is 233 feet west of the east line of said Section 32 and by which the last mentioned 66 foot strip was also conveyed to the East Chicago Belt Railroad by said above mentioned deed dated July 11, 1896 Deed Record 187, Page 336.

improvements thereon or any part thereof, or to any rights appurtenant thereto, including severance and consequential damage, and any award for change of grade of streets (collectively "Condemnation Awards").

GRANTING CLAUSE V

All property and rights, if any, which are by the express provisions of this instrument required to be subjected to the lien hereof and any additional property and rights that may from time to time hereafter by installation or writing of any kind, be subjected to the lien hereof.

GRANTING CLAUSE VI

All rights in and to common areas and access roads on adjacent properties heretofore or hereafter granted to Mortgagor and any after-acquired title or reversion in and to the beds of any ways, roads, streets, avenues and alleys adjoining the property described in Granting Clause I or any part thereof.

TO HAVE AND TO HOLD the Mortgaged Premises and the properties, rights and privileges hereby granted, bargained, sold, conveyed, mortgaged, pledged and assigned, and in which a security interest is granted, unto Mortgagee, its successors and assigns, forever; provided, however, that this instrument is upon the express condition that if the principal of and interest on the Note shall be paid in full and all other indebtedness hereby secured shall be fully paid and performed and any commitment to advance funds contained in the Loan Agreement shall have been terminated, then this instrument and the estate and rights hereby granted shall cease, determine and be void and this instrument shall be released by Mortgagee upon the written request and at the expense of Mortgagor, otherwise to remain in full force and effect.

Mortgagor hereby covenants and agrees with Mortgagee as follows:

1. Payment of the Indebtedness. The indebtedness hereby secured shall be promptly paid as and when the same becomes due.

2. Further Assurances. Mortgagor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this instrument and, without limiting the foregoing, to make subject to the lien hereof any property agreed to be subjected hereto or covered by the Granting Clauses hereof or intended so to be.

3. Mortgage Constitutes Construction Mortgage. This Mortgage, in part, secures an obligation for the construction of improvements on the real property herein described, and constitutes a construction mortgage for the purpose of Article

Nine of the Uniform Commercial Code of Indiana and is entitled to all of the benefits afforded construction mortgages thereunder.

4. Compliance with the Loan Agreement. Mortgagor shall abide by and comply with and be governed and restricted by all of the terms, covenants, provisions, restrictions and agreements contained in the Loan Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns.

5. Provisions of Loan Agreement. The proceeds of the Loan are to be disbursed by the Mortgagee in accordance with the terms contained in the Loan Agreement, the provisions of which are incorporated herein by reference to the same extent as if fully set forth herein. Mortgagor covenants that any and all disbursements of the Loan made in accordance with the Loan Agreement shall constitute adequate consideration for the enforceability of this Mortgage, and that all advances and indebtedness arising and accruing under the Loan Agreement from time to time, whether or not the total amount thereof may exceed the face amount of the Note, shall be secured by this Mortgage. Upon default in any of the terms, provisions or covenants in the Loan Agreement contained, which default is not cured within the time permitted by the Loan Agreement, the Mortgagee may (but need not): (i) declare the entire principal indebtedness and interest thereon due and payable and pursue all other remedies by this Mortgage conferred upon Mortgagee or conferred upon Mortgagee by law as in the case of default; or (ii) complete the construction of improvements in progress or improvements required by the terms of leases approved by Mortgagee and enter into the necessary contracts therefor. All monies so expended shall be so much additional indebtedness secured by this Mortgage, and any monies expended in excess of the Note shall be payable on demand with interest at the Default Rate (as herein defined). Mortgagee may exercise either or both of the aforesaid remedies. The provisions, rights, powers and remedies contained in the Loan Agreement are in addition to, and not in substitution for, those contained herein.

6. Payment of Taxes. Mortgagor shall pay before any penalty attaches, all general taxes and all special taxes, special assessments, water, drainage and sewer charges and all other charges, of any kind whatsoever, ordinary or extraordinary, which may be levied, assessed, imposed or charged on or against the Mortgaged Premises or any part thereof and which, if unpaid, might by law become a lien or charge upon the Mortgaged Premises or any part thereof, and shall exhibit to Mortgagee official receipts evidencing such payments, except that, unless and until foreclosure, distraint, sale or other similar proceedings shall have been commenced, no such charge or claim need be paid if being contested (except to the extent any full or partial payment shall be required by law), after notice to Mortgagee, by appropriate proceedings which shall operate to prevent the

collection thereof or the sale or forfeiture of the Mortgaged Premises or any part thereof to satisfy the same, conducted in good faith and with due diligence and if Mortgagor shall have furnished such security, if any, as may be required in the proceedings or required by Mortgagee's title insurer to insure over the lien of such taxes. In the event of an event of default hereunder or under any of the documents securing the indebtedness secured hereby, Mortgagee reserves the right to thereafter require Mortgagor to deposit monthly tax deposits with Mortgagee to insure the timely payment of taxes when due. Mortgagor shall receive interest on the funds so deposited at then current insured money market rates.

7. Payment of Taxes on Notes, Mortgage or Interest of Mortgagee. Mortgagor agrees that if any tax, assessment or imposition upon this Mortgage or the indebtedness hereby secured or the Note or the interest of Mortgagee in the Mortgaged Premises or upon Mortgagee by reason of any of the foregoing (including, without limitation, corporate privilege, franchise and excise taxes, but excepting therefrom any income tax on interest payments on the principal portion of the indebtedness hereby secured imposed by the United States or any State) is levied, assessed or charged, then, unless all such taxes are paid by Mortgagor to, for or on behalf of Mortgagee as they become due and payable (which Mortgagor agrees to do upon demand of Mortgagee, to the extent permitted by law), or Mortgagee is reimbursed for any such sum advanced by Mortgagee, all sums hereby secured shall become immediately due and payable, at the option of Mortgagee upon thirty (30) days' notice to Mortgagor, notwithstanding anything contained herein or in any law heretofore or hereafter enacted, including any provision thereof forbidding Mortgagor from making any such payment. Mortgagor agrees to exhibit to Mortgagee, upon request, official receipts showing payment of all taxes and charges which Mortgagor is required to pay hereunder.

8. Recordation and Payment of Taxes and Expenses Incident Thereto. Mortgagor will cause this Mortgage, all mortgages supplemental hereto and any financing statement or other notices of a security interest required by Mortgagee at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law for the recording and filing or for the rerecording and refiling of a mortgage, security interest, assignment or other lien or charge upon the Mortgaged Premises, or any part thereof, in order fully to preserve and protect the rights of Mortgagee hereunder, and, without limiting the foregoing, Mortgagor will pay or reimburse Mortgagee for the payment of any and all taxes, fees or other charges incurred in connection with any such recordation or rerecording, including any documentary stamp tax or tax imposed upon the privilege of having this instrument or any instrument issued pursuant hereto recorded.

9. Insurance. Mortgagor shall, at its expense, maintain or cause to be maintained the following insurance with good and responsible insurance companies satisfactory to Mortgagee:

(a) Builder's Risk. During any period when construction is taking place, insurance on all improvements on the Mortgaged Premises, all property (whether real, personal or mixed) incorporated therein and all materials and supplies delivered to the Mortgaged Premises for incorporation into improvements and all equipment to be incorporated therein under insurance policies in builders' risk form with standard non-contributory mortgage clauses providing that any loss is to be adjusted with, and any recovery payable to, the Mortgagee as its interest may appear. All such policies shall be in such amounts, contain such coverages and insure against such risks as shall be reasonably satisfactory to the Mortgagee. Without limiting the generality of the foregoing, all improvements and all materials, supplies and equipment shall be insured to an amount equal to at least 100% of the outstanding principal balance under the Note at all times against loss or damage by fire, lightning, windstorm, explosion, theft and such other risks as are usually included under extended coverage. Following completion of construction, the foregoing insurance shall be carried under a fire and extended coverage insurance policy with broad form coverage.

(b) Other Insurance. Insurance with respect to the Mortgaged Premises against such other perils and risks (exclusive of the perils and risks insured against under the coverage provided in subsection (a) of this Section 9) as the Mortgagee shall reasonably request and, without any such request, including comprehensive general liability insurance, and during any construction period statutory workmen's compensation and occupational disease insurance, and insurance against statutory structural work act liability. All such insurance shall be maintained under policies containing such provisions and coverages and being in such amounts as are approved by the Mortgagee, which policies shall name the Mortgagee as a coinsured thereunder.

(c) Policy Provisions. All insurance maintained by Mortgagor shall be maintained with good and responsible insurance companies, shall provide that no cancellation thereof shall be effective until at least 30 days after receipt by the Mortgagee of written notice thereof, shall provide that losses are payable notwithstanding any acts or omissions of Mortgagor, shall contain no deductible provisions in excess of \$5,000 without the consent of Mortgagee and shall be satisfactory to Mortgagee in all other respects.

(d) Renewal Policies. Mortgagor shall deliver to the Mortgagee the original of any policy required under the

provisions of this Section 9 (or, if coverage is provided under a master policy, a photocopy of such policy and an assigned certificate of insurance) and will cause renewal policies or evidence of renewal to be delivered thereto at least 15 days prior to the expiration of any such policies.

(e) Adjustment of Loss. Mortgagor is hereby authorized to adjust and compromise any losses under any insurance afforded, subject to final approval of the Mortgagee, in the case of losses exceeding \$50,000.00.

(f) Additional Policies. Mortgagor shall not take out or maintain separate insurance concurrent in kind or form or contributing in the event of loss with any insurance required hereinabove.

In the event of foreclosure, Mortgagor authorizes and empowers Mortgagee to effect insurance upon the Mortgaged Premises in the amounts aforesaid, for a period covering the time of redemption from foreclosure sale provided by law, and if necessary therefor, to cancel any or all existing insurance policies.

10. Damage to and Destruction of the Improvements.

(a) Notice. In the case of any material damage to or destruction of the improvements on the Mortgaged Premises or any part thereof, Mortgagor shall promptly give notice thereof to Mortgagee generally describing the nature and extent of such damage or destruction. Material damage shall mean damages in excess of \$25,000.00.

(b) Restoration. Upon the occurrence of any damage to or destruction of the improvements on the Mortgaged Premises, provided Mortgagee permits the proceeds of insurance to be used for repairs, Mortgagor shall cause same to be restored, replaced or rebuilt as nearly as possible to their value, condition and character immediately prior to such damage or destruction. Such restoration, replacement or rebuilding shall be effected promptly and Mortgagor shall notify the Mortgagee if it appears that such restoration, replacement or rebuilding may unduly delay completion of any improvements. Any amounts required for repairs in excess of insurance proceeds shall be paid by Mortgagor.

(c) Application of Insurance Proceeds. Net insurance proceeds received by the Mortgagee under the provisions of this Mortgage or any instrument supplemental hereto or any policy or policies of insurance covering the improvements on the Mortgaged Premises or any part thereof shall be applied by the Mortgagee at its option as and for a prepayment on the Note (whether or not the same is then due or otherwise adequately secured) or shall be disbursed for restoration of such improvements (in which event the Mortgagee shall not be obligated to supervise restoration work, nor shall the amount

so released or used be deemed a payment of the indebtedness evidenced by the Note). If Mortgagee elects to permit the use of insurance proceeds to restore such improvements, it may do all necessary acts to accomplish that purpose including using funds deposited by Mortgagor with it for any purpose related to restoration and advancing additional funds, all such additional funds to constitute part of the indebtedness secured by the Mortgage. If Mortgagee elects to make the insurance proceeds available to Mortgagor for the purpose of effecting such a restoration, or, following an event of default, elects to restore such improvements, any excess of insurance proceeds above the amount necessary to complete such restoration shall be applied as and for a prepayment on the Note. Notwithstanding the foregoing provisions Mortgagee agrees that net insurance proceeds shall be made available for the restoration of the portion of the Mortgaged Premises damaged or destroyed if written application for such use is made within thirty (30) days after receipt of such proceeds and the following conditions are satisfied: (i) no uncured event of default (as hereinafter defined), shall have occurred or be continuing (and if such an event shall occur during restoration Mortgagee may, at its election, apply any insurance proceeds then remaining in its hands to the reduction of the indebtedness evidenced by the Note and the other indebtedness hereby secured), (ii) if the cost of repairs exceeds \$100,000, Mortgagor shall have submitted to Mortgagee plans and specifications for the restoration which shall be satisfactory to it in Mortgagee's reasonable judgment, (iii) if the cost of repairs exceeds \$100,000 Mortgagor shall have submitted to Mortgagee fixed price contracts with good and responsible contractors and materialmen covering all work and materials necessary to complete restoration and providing for a total completion price not in excess of the amount of insurance proceeds available for restoration, or, if a deficiency shall exist, Mortgagor shall have deposited the amount of such deficiency with Mortgagee or at Mortgagor's election, provide to Mortgagee evidence reasonably satisfactory to Mortgagee of the availability of said funds, (iv) Mortgagor shall have obtained a waiver of the right of subrogation from any insurer under such policies of insurance which at that time claim that no liability exists as to Mortgagor or the assured under such policies, (v) all repairs, in Mortgagee's reasonable judgment, can be completed prior to the date on which the Note (as may be extended hereunder) is due, and (vi) either (a) Mortgagor is maintaining at least one year's rent loss insurance or (b) leases accounting for not more than 30% of the gross rentals from the Mortgaged Premises provide either for rent abatement or cancellation by the tenants as a result of such casualty. Any insurance proceeds to be released pursuant to the foregoing provisions may at the option of Mortgagee be disbursed from time to time as restoration progresses to pay for restoration work completed and in place and such

disbursements shall be disbursed in the same manner as provided in the Loan Agreement for disbursement of the Loan. Mortgagor shall receive interest on insurance proceeds held by Mortgagee at insured money market rates. Mortgagee may impose such further conditions upon the release of insurance proceeds (including the receipt of title insurance) as are customarily imposed by prudent construction lenders to insure the completion of the restoration work free and clear of all liens or claims for lien. All necessary and reasonable title insurance charges and other costs and expenses paid to or for the account of Mortgagee in connection with the release of such insurance proceeds shall constitute so much additional indebtedness secured by this Mortgage to be payable upon demand and if not paid upon demand shall bear interest at the Default Rate. Mortgagee may deduct any such costs and expenses from insurance proceeds at any time standing in its hands.

11. Eminent Domain.

(a) Notice. Mortgagor shall give Mortgagee immediate written notice of the actual or threatened commencement of any proceedings by any governmental body for the purpose of taking or otherwise affecting by condemnation, eminent domain or otherwise all or any part of the Mortgaged Premises or the improvements thereon, including any easement therein or appurtenance thereto or severance of any part thereof and consequential damage and change in grade of streets and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceedings.

(b) Assignment of Claim, Power of Attorney to Collect, Etc. Any and all awards heretofore or hereafter made or to be made to the present and all subsequent owners of the Mortgaged Premises by any governmental body for taking or affecting the whole or any part of said Mortgaged Premises, the improvements on the Mortgaged Premises or any easement therein or appurtenance thereto (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the award for payment thereof) are hereby assigned by Mortgagor to Mortgagee to the extent of the existing principal balance and other outstanding charges owed by Mortgagor to Mortgagee and Mortgagor hereby irrevocably constitutes and appoints Mortgagee its true and lawful attorney in fact with full power of substitution for it and in its name, place and stead to collect and receive the proceeds of any such award granted by virtue of any such taking and to give proper receipts and acquittances therefor. Mortgagee shall not settle any condemnation award with the condemning party without the consent of the Mortgagor which will not be unreasonably withheld. Mortgagor shall have the right to participate in any proceedings which determine the award to be granted.