

93019257

Loan No. 484 & 485
Instrument No. 14MTGB

MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

THIS MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (the "Mortgage") is made at Hodgkins, Illinois as of this 1st day of March, 1993, by and between Dick J. and Betty J. Sterk, Husband and Wife, (whether one or more, "Mortgagor"), and CERTIFIED GROCERS MIDWEST, INC., an Illinois corporation, having its principal office at One Certified Drive, in Hodgkins, Cook County, Illinois ("Mortgagee").

R E C I T A L S :

A. Mortgagor is the guarantor of the indebtedness evidenced by two (2) Secured Notes (the "Notes") of even date herewith, made by STERK'S SUPER FOODS, INC., an Indiana corporation ("Borrower"), payable to the order of Mortgagee and delivered in the amount of SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000.00). Mortgagor is the OFFICERS/DIRECTORS/SHAREHOLDERS of Borrower and as such will benefit from the Loans evidenced by the Notes (the "Loans"). As a condition to making the Loans, Mortgagee has required Mortgagor to execute a Continuing Guaranty and Subordination Agreement of even date herewith guaranteeing certain obligations of Borrower including the Notes and this Mortgage to secure the Notes. The Notes provides for interest on the unpaid balance thereof at the rate specified therein; the remaining balance of principal and accrued and unpaid interest on the Notes is payable in full on or before June 1, 1998 as provided in the Notes; and all of said principal and interest is payable in lawful money of the United States of America at the office of Mortgagee, or at such place as the legal holder of the Notes may from time to time appoint in writing.

B. The terms, conditions, provisions and covenants of the Notes are incorporated herein as if fully set forth herein.



AGREEMENTS:

NOW, THEREFORE, for the purpose of inducing Mortgagee to make the Loans, to further secure the payment of the principal of and interest on the Notes and to secure the payment of all other sums which may be due at any time under the Notes, this Mortgage, or any other of the Loan Documents (as the term is defined in Exhibit B attached hereto and incorporated herein by this reference) and the performance of the covenants and agreements herein contained to be performed by Mortgagor, Mortgagor hereby mortgages, conveys and warrants unto Mortgagee, its successors and assigns, the following described real estate situated in the County of Porter and State of Indiana, to wit:

See Exhibit A attached hereto and incorporated herein by this reference.

This Document Was Prepared By:
Kevin Ostendorf
Certified Grocers Midwest, Inc.
One Certified Drive
Hodgkins, IL 60525
(Return to Same)

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TOGETHER with all buildings, improvements, tenements, easements, fixtures and appurtenances belonging thereto, and all rents, issues and profits thereof for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily) and all apparatus, equipment or articles now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, refrigeration (whether single units or centrally controlled), and ventilation, including, without restricting the foregoing, screens, window shades, storm doors and windows, floor coverings, awnings, stoves, water heaters, built in ovens, washers, dryers and disposal units. All of the foregoing are declared to be a part of said real estate whether physically attached thereto or not, and it is agreed that all similar apparatus, equipment or articles hereafter placed in the premises shall be considered as constituting part of the real estate, and all of which together with the real estate are hereinafter sometimes referred to as the "premises" or the "mortgaged property."

TO HAVE AND TO HOLD the mortgaged property unto Mortgagee, its successors and assigns, forever for the purposes and uses herein set forth, hereby releasing and waiving all rights of Mortgagor under and by virtue of all applicable homestead exemption, valuation and appraisal laws in respect to the premises hereby conveyed.

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Mortgagor covenants and agrees to the following:

1. Mortgagor shall (i) pay all indebtedness secured hereby when due; and (ii) punctually perform and observe all of the requirements of the Notes, this Mortgage and the other Loan Documents. The terms and provisions of the Loan Documents are hereby incorporated herein by this reference as fully and with the same effect as if set forth herein at length. Mortgagor shall have the privilege of making prepayment on the principal of the Notes (in addition to the required payments thereunder) in accordance with the terms and conditions set forth in the Notes, but not otherwise.

2. Mortgagor shall (i) promptly repair, restore or rebuild any buildings or improvements now or hereafter constituting part of the premises which may become damaged or be destroyed; (ii) keep the premises in good condition and repair, without waste, and free from mechanics' or other liens or claims for liens not expressly subordinated to the lien hereof; (iii) pay, when due, any indebtedness which may be secured by a lien or charge on the premises superior to the lien hereof, and, upon request, exhibit satisfactory evidence of the discharge of such prior lien to Mortgagee; (iv) complete, within a reasonable time, any building or buildings or other improvements now or at any time in process of erection upon the above described real estate; (v) comply with all requirements of law or municipal ordinances with respect to the premises and the use thereof; (vi) make no material alterations or additions to the premises except as required by law or municipal ordinance or as consented to in writing by Mortgagee, but in no event suffer or permit any removal or demolition of any part of the premises, nor suffer or permit the premises to be

used for a purpose other than for which the premises are presently used or represented to Mortgagee to be used; (vii) appear in and defend any proceedings which, in the opinion of Mortgagee, impair the security afforded hereby; (viii) refrain from any action and correct any condition which would increase the risk or other hazard to the premises; (ix) comply with any restriction of record with respect to the premises and the use thereof and observe and comply with any condition necessary to preserve and extend any and all rights, licenses, permits (including, without limitation, zoning ordinances, special exceptions and nonconforming uses), privileges and concessions which are applicable to the premises or its use and occupancy; and (x) cause the premises to be managed in a competent and professional manner.

3. At the request of Mortgagee at any time and from time to time, Mortgagor agrees to deposit with Mortgagee on each day on which an installment payment is to be made on the Notes, until the indebtedness secured hereby shall have been fully paid, an amount equal to the amount estimated by Mortgagee to be annually payable with regard to the premises, for real estate taxes, special assessment levies, property insurance premiums, and any similar charge divided by the number of installments to be made on the Notes in each year, plus an amount equal to the theretofore accrued unpaid obligation for such taxes, assessments, premiums and other charges as estimated by Mortgagee in respect to which deposits have not been made; provided that Mortgagee shall not require any such deposits from Mortgagor as long as Mortgagor is depositing such amounts with any other mortgagee whose lien with respect to the premises is superior to the lien of this Mortgage and Mortgagor furnishes adequate evidence thereof to Mortgagee. Said sums shall be held by Mortgagee, without any allowance or payment of interest, for application for payment of taxes, special assessment levies and insurance premiums when due. Mortgagor further agrees to deposit, within ten (10) days after receipt of demand therefor, any deficiency in the aggregate of such monthly deposits, in the event the tax, special assessment levies or insurance bills when issued, shall be in excess of the aggregate of such deposit being held for payment of such charge. All such deposits are pledged as additional security for payment of the indebtedness secured hereby and, in the event of a default in any of the provisions contained in this Mortgage or in the Notes, at the option of Mortgagee, Mortgagee may, without being required to do so, apply any monies at the time on deposit to payment, in whole or in part, of any of Mortgagor's obligations herein or in the Notes contained in such order and manner as Mortgagee may elect. Mortgagee shall be under no obligation to obtain the tax, special assessment levies or insurance bills or to ascertain the correctness thereof, nor shall Mortgagee be obligated to attend to the payment thereof, except on timely presentation of such bills; provided, however, Mortgagee may make payments authorized in this Mortgage relating to taxes or assessments or insurance bills according to any bill, statement or estimate which it may elect to procure from the appropriate public office or company, as the case may be, 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. Mortgagor shall pay, before any penalty attaches, all taxes, assessments, water charges, sewer charges and other charges against the premises, for which sums as aforesaid are not deposited with Mortgagee.

4. In the event of the enactment of any law deducting from the value of the premises any mortgage lien thereon, or imposing upon Mortgagee the payment of all or part of the taxes, charges or assessments previously paid by Mortgagor pursuant to this Mortgage, or changing the law relating to the taxation of mortgages, debts secured by mortgages or Mortgagee's interest in the premises so as to impose new incidents of tax on Mortgagee, then Mortgagor shall pay such taxes or assessments or shall reimburse Mortgagee therefor; provided, however, that if in the opinion of counsel to Mortgagee such payment cannot lawfully be made by Mortgagor, then Mortgagee may, at Mortgagee's option, declare all of the sums secured by this Mortgage to be immediately due and payable without prior notice to Mortgagor.

5. Until all unpaid indebtedness secured hereby is fully paid (or in case of foreclosure, until the expiration of the period of redemption, if any) Mortgagor shall keep the buildings and improvements now or hereafter constituting part of the premises insured in an amount satisfactory to Mortgagee (but Mortgagee shall not require an amount exceeding the full insurable value of such buildings and improvements) against damage by fire, lightning and risks covered by the so-called "Extended Coverage" endorsement together with "vandalism and malicious mischief" and "sprinkler leakage" endorsements, or by the so-called "all perils" endorsement and such other risks as Mortgagee may reasonably require. Mortgagor shall also maintain comprehensive general public liability insurance against bodily injury and property damage in any way arising in connection with the premises with such limits as Mortgagee may reasonably require and in any event not less than \$1,000,000.00 single limit coverage. Mortgagor further agrees to maintain in full force and effect such other insurance as Mortgagee may require, including any required flood insurance, in such amounts as shall be adequate to protect the mortgaged property, and in companies approved by Mortgagee during said period or periods, and each shall contain the standard mortgage clause making all sums recoverable upon said policies payable to Mortgagee. Acceptance by Mortgagee of an insurance policy deposited by Mortgagor or the purchase of insurance by Mortgagee upon Mortgagor's failure so to do, will not of itself, constitute an admission that the building and improvement portions of the premises are fully, adequately or properly insured. Mortgagor covenants to sign upon demand, or Mortgagee may sign or endorse in Mortgagor's behalf, all necessary proofs of loss, receipts, releases, and other papers required of Mortgagor to be signed by the insurance companies. At the option of Mortgagee, all or part of the proceeds of any such insurance may be applied either to the restoration of the premises or to the reduction of the indebtedness secured hereby. In the event the premises are restored, Mortgagee may pay the insurance proceeds in accordance with construction loan payment procedures prescribed or approved by Mortgagee.

6. If the premises, or any part thereof, shall be taken by condemnation or eminent domain, Mortgagee is hereby empowered to collect and receive all compensation which may be paid for any mortgaged property taken or for damages to any mortgaged property not taken, and all condemnation money so received shall be forthwith applied by Mortgagee, as it may elect, to the immediate reduction of the indebtedness secured hereby or to the repair and restoration

of any mortgaged property so damaged, upon the same conditions and with the same effect as provided in paragraph 5 with reference to the application of insurance moneys recovered by Mortgagee. If any portion of or interest in the premises is taken by condemnation or eminent domain, and the remaining portion of the premises is not, in the judgment of Mortgagee, a complete economic unit having equivalent value to the premises as it existed prior to the taking, then, at the option of Mortgagee, the entire indebtedness secured hereby shall immediately become due.

7. Upon default of Mortgagor to pay or perform any agreement herein, Mortgagee may, but need not, make any payment or perform any act required by Mortgagor in this Mortgage in any form and manner deemed expedient, and, in any event, may, but need not make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture regarding the premises or contest any tax or assessment. If any part of the indebtedness secured hereby is used directly or indirectly to satisfy, in whole or in part, any prior encumbrance upon the premises or any part thereof, then Mortgagee shall be subrogated to the rights of the holder thereof in and to such other encumbrance and any security held by such holder, and shall have the benefit of the priority of the same. All monies paid for any of the purposes herein authorized or by reason of the failure of Mortgagor to perform the covenants in this Mortgage contained, and all expenses paid or incurred in connection therewith, including, without limitation, attorneys' fees, and any other monies advanced by Mortgagee to protect the premises and the lien hereof, shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at the default rate stated in the Notes. Without limiting in any way the generality of the foregoing, all expenditures and expenses when paid or incurred by Mortgagee in connection with (i) any proceeding, including, without limitation, probate and bankruptcy proceedings, to which Mortgagee shall be party, either as plaintiff, claimant, or defendant by reason of this Mortgage or any indebtedness secured hereby; or (ii) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclosure, whether or not actually commenced; or (iii) preparations for the defense of any threatened suit or proceedings which might affect the premises or the security hereof, whether or not actually commenced; or (iv) enforcement in any way of the provisions of the Notes or of this Mortgage, shall become so much additional indebtedness secured hereby and payable on demand and with interest as aforesaid. Any such action of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor under the Notes or this Mortgage. Each right, power or remedy herein conferred upon Mortgagee is cumulative with every other right of Mortgagee whether herein or by law or equity conferred.

8. Mortgagor shall comply with and observe Mortgagor's obligations as landlord under all leases of the premises or any part hereof. Mortgagor, at Mortgagee's request, shall furnish Mortgagee with executed copies of all leases

now existing or hereafter made letting all or any part of the premises, and all leases now or hereafter entered into will be in form and substance subject to the approval of Mortgagee. Mortgagor shall not, without Mortgagee's written consent, execute, modify, surrender or terminate, either orally or in writing, any lease now existing or hereafter made letting all or part of the premises providing for a term of one (1) year or more, permit an assignment or sublease of such a lease without Mortgagee's written consent, or request or consent to the subordination of any lease letting all or any part of the premises to any lien subordinate to this Mortgage. Upon Mortgagee's request, Mortgagor shall assign to Mortgagee as additional security all leases now existing or hereafter made letting all or any part of the premises.

9. As part of the consideration for the indebtedness evidenced by the Notes, Mortgagor hereby absolutely and unconditionally assigns and transfers to Mortgagee the rents and revenues of the premises, including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the premises. Mortgagor hereby authorizes Mortgagee or Mortgagee's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the premises to pay such rents to Mortgagee or Mortgagee's agents; provided, however, that prior to written notice given by Mortgagee to Mortgagor of the breach of any covenant or agreement and receive all rents and revenues of the premises as trustee for the benefit of Mortgagee and Mortgagor, to apply the rents and revenues so collected to the sums secured by this Mortgage with the balance, so long as no such breach has occurred, to the account of Mortgagor. Mortgagor agrees that each tenant of the premises shall pay such rents to Mortgagee or Mortgagee's agents on Mortgagee's written demand therefor without liability on the part of said tenant to inquire further as to the existence of a default by Mortgagor. Mortgagor hereby covenants that Mortgagor has not executed any prior assignment of said rents, that Mortgagor has not performed, and will not perform any acts or has not executed, and will not execute, any instruments which would prevent Mortgagee from exercising its rights under this paragraph, and that at the time of execution of this Mortgage there has been no anticipation or prepayment of any of the rents of the premises for more than one month prior to the due date of such rent. Mortgagor further covenants that Mortgagor will not hereafter collect or accept payment of any rents of the premises more than one month prior to the due date of such rent. If the rents of the premises are not sufficient to meet the costs of taking control of and managing the premises and collecting the rents, any funds expended by Mortgagee for such purposes shall become indebtedness of Mortgagor to Mortgagee secured by this Mortgage, payable upon demand and shall bear interest from the date of disbursement at the rate stated in the Notes. The entering upon and taking and maintaining of control of the premises by Mortgagee or a receiver and the application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Mortgagee hereunder. Upon release of this Mortgage, this assignment of rents of the premises shall terminate.

10. Mortgagor shall pay or cause to be paid each item of indebtedness herein and in the Notes, both principal and interest, when due according to the terms hereof. At the option of Mortgagee, and without notice to or demand upon Mortgagor or to any other person obligated or bound by the Notes, all unpaid indebtedness secured by this Mortgage shall become due and payable, notwithstanding anything in the Notes, this Mortgage or any other document or instrument evidencing, securing or guaranteeing the indebtedness secured hereby to the contrary, (i) upon default in making payment of any installment of principal or interest on the Notes or in the payment of any other indebtedness arising under the Notes or this Mortgage; or (ii) ten (10) days after default shall occur in the performance of any other agreement of Mortgagor herein contained and if such default shall not be cured within such ten (10) days; or (iii) upon any other default specified in the Notes or any other document or instrument securing the Notes; or (iv) upon default by Mortgagor under any other mortgage or trust deed encumbering the premises.

11. If Mortgagor or any other person liable for the payment of the indebtedness secured hereby shall voluntarily file a petition under the Federal Bankruptcy Code or under any state bankruptcy or insolvency law or an answer in an involuntary proceeding admitting insolvency or inability to pay debts, or if Mortgagor or any other person liable for the payment of the indebtedness secured hereby shall fail to obtain a vacation or stay of involuntary proceedings brought for the reorganization, dissolution or liquidation of Mortgagor or such other person, or if Mortgagor or any other person liable for the payment of the indebtedness hereby secured shall be adjudged a bankrupt, or if a trustee or receiver shall be appointed for Mortgagor or such other person or its or their property, or if Mortgagor or any other person liable for the payment of the indebtedness secured hereby shall make an assignment for the benefit of its creditors, then all of the sums secured by this Mortgage shall forthwith be and become immediately due and payable without prior notice to Mortgagor.

12. When the indebtedness secured hereby shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof in accordance with the Illinois Mortgage Foreclosure Act, Ill. Rev. Stat. ch. 110, para. 15-1101 et seq. (1987) (the "Act") and to exercise any other remedies of Mortgagee provided in the Notes, this Mortgage, the other Loan Documents, or which Mortgagee may have at law, at equity or otherwise. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness secured hereby in the decree of sale, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at

sales which may be had pursuant to such decree the true conditions of the title to or the value of the premises, and any other expenses and expenditures which may be paid or incurred by or on behalf of Mortgagee and permitted by the Act to be included in such decree. All expenditures and expenses of the nature mentioned in this paragraph, and such other expenses and fees as may be incurred in the protection of the premises and rents and income therefrom and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceedings affecting this Mortgage, the Notes or the premises, including probate and bankruptcy proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, or otherwise in dealing specifically therewith, shall be so much additional indebtedness secured hereby and shall be immediately due and payable by Mortgagor, with interest thereon at the default rate stated in the Notes until paid.

13. When the indebtedness secured hereby shall become due, whether by acceleration or otherwise, exercise by Mortgagee of its call rights under the Notes or otherwise, or if Mortgagee has a right to institute foreclosure proceedings, Mortgagor shall, forthwith upon demand of Mortgagee, surrender to Mortgagee, and Mortgagee shall be entitled to be placed in possession of the premises as provided in the Act, and Mortgagee, in its discretion and pursuant to court order, may enter upon and take and maintain possession of all or any part of the premises, together with all documents, books, records, papers, and accounts of Mortgagor or the then owner of the premises relating thereto, and may exclude Mortgagor, such owner, and any agents and servants thereof wholly therefrom and may, on behalf of Mortgagor or such owner, or in its own name as Mortgagee and under the powers herein granted: (i) hold, operate, manage, and control all or any part of the premises and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as Mortgagee may deem necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the premises, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor; (ii) cancel or terminate any lease or sublease of all or any part of the premises for any cause or on any ground that would entitle Mortgagor to cancel the same; (iii) elect to disaffirm any lease or sublease of all or any part of the premises made subsequent to this Mortgage without Mortgagee's prior written consent; (iv) extend or modify any then existing leases and make new leases of all or any part of the premises, which extensions, modifications, and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Loans evidenced by the Notes and the issuance of a deed to a purchaser at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor, all persons whose interests in the premises are subject to the lien hereof, and the purchaser at any foreclosure sale, notwithstanding any redemption from sale, reinstatement, discharge of the indebtedness secured hereby, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any

such purchaser; (v) make all necessary or proper repairs, decoration renewals, replacements, alterations, additions, betterments, and improvements in connection with the premises as may seem judicious to Mortgagee, to insure and reinsure the premises and all risks incidental to Mortgagee's possession, operation, and management thereof, and to receive all rents, issues, deposits, profits, and avails therefrom; and (vi) apply the net income, after allowing a reasonable fee for the collection thereof and for the management of the premises, to the payment of taxes or assessment, insurance premiums and other charges applicable to the premises, or in reduction of the indebtedness secured hereby in such order and manner as Mortgagee shall select. Without limiting the generality of the foregoing, Mortgagee shall have all power, authority and duties as provided in the Act. Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the premises.

14. Upon the filing of a complaint to foreclose this Mortgage or at any time thereafter, the court in which such complaint is filed may appoint upon petition of Mortgagee, and at Mortgagee's sole option, a receiver of the premises pursuant to the Act. Such appointment may be made either before or after sale, without notice, without regard to solvency or insolvency of Mortgagor at the time of appointment for such receiver, and without regard to the then value of the premises or whether the same shall be then occupied as a homestead or not; and Mortgagee hereunder or any employee or agent thereof may be appointed as such receiver. Such receiver shall have all powers and duties prescribed by the Act, including the power to make leases to be binding upon all parties, including Mortgagor, the purchaser at a sale pursuant to a judgment of foreclosure and any person acquiring an interest in the premises after entry of a judgment of foreclosure, all as provided in the Act. In addition, such receiver shall also have the power to extend or modify any then existing leases, which extensions and modifications may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Notes and beyond the date the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other provisions to be contained therein, shall be binding on Mortgagor and all the persons whose interest in the premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption, reinstatement, discharge of the indebtedness secured hereby, satisfaction of any foreclosure judgment, or issuance of any certificate of sale or deed to any purchaser. In addition, such receiver shall have the power to collect the rents, issues and profits of the premises during the pendency of such foreclosure suit and, in case of a sale and deficiency, during the full statutory period of redemption, if any, whether there be a redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collection of such rents, issues and profits, and such receiver shall have all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the premises during the whole of said period. The court may,

from time to time, authorize the receiver to apply the net income from the premises in payment in whole or in part of: (i) the indebtedness secured hereby or the indebtedness secured by a decree foreclosing this Mortgage, or any tax, special assessment, or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to the foreclosure sale; or (ii) the deficiency in case of a sale and deficiency.

15. Except to the extent otherwise required by the Act, the proceeds of any foreclosure sale of the premises shall be distributed and applied in the following order of priority: first, all items which under the terms hereof constitute indebtedness secured hereby additional to the principal and interest evidenced by the Notes in such order as Mortgagee shall elect with interest thereon as herein provided; and second, all principal and interest remaining unpaid on the Notes in such order as Mortgagee shall elect; and lastly, any surplus to Mortgagor and its successors and assigns, as their rights may appear.

16. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy, if not applied in rebuilding or restoring the premises, as aforesaid, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. The foreclosure decree may provide that the mortgagee's clause attached to each of the casualty insurance policies may be cancelled and that the decree creditor may cause a new loss clause to be attached to each of said casualty insurance policies making the loss thereunder payable to said decree creditors. In the event of foreclosure sale, Mortgagee may, without the consent of Mortgagor, assign any insurance policies to the purchaser at the sale, or take such other steps as Mortgagee may deem advisable to protect the interest of such purchaser.

17. To the full extent permitted by law, Mortgagor agrees that it will not at any time or in any manner whatsoever take any advantage of any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force, nor take any advantage of any law now or hereafter in force providing for the valuation or appraisal of the premises, or any part thereof, prior to any sale thereof to be made pursuant to any provisions herein contained, or to any decree, judgment or order of any court of competent jurisdiction; or claim or exercise any rights under any statute now or hereafter in force to redeem the property or any part thereof, or relating to the marshalling thereof, on foreclosure sale or other enforcement hereof. To the full extent permitted by law, Mortgagor hereby expressly waives any and all rights it may have to require that the premises be sold as separate tracts or units in the event of foreclosure. To the full extent permitted by law, Mortgagor hereby expressly waives any and all rights to redemption under the Act, on its own behalf, on behalf of all persons claiming or having an interest (direct or indirect) by, through or under Mortgagor and on behalf of each and every person acquiring any interest in or title to the premises subsequent to the date hereof, it being the intent hereof that any and all such rights of

redemption of Mortgagor and such other persons, are and shall be deemed to be hereby waived to the full extent permitted by applicable law. To the full extent permitted by law, Mortgagor agrees that it will not, by invoking or utilizing any applicable law or laws or otherwise, hinder, delay or impede the exercise of any right, power or remedy herein or otherwise granted or delegated to Mortgagee, but will permit the exercise of every such right, power and remedy as though no such law or laws have been or will have been made or enacted. To the full extent permitted by law, Mortgagee hereby agrees that no action for the enforcement of the lien or any provision hereof shall be subject to any defense which would not be good and valid in an action at law upon the Notes. If the Mortgagor is a trustee, Mortgagor represents that the provisions of this paragraph 17 (including the waiver of redemption rights) were made at the express direction of Mortgagor's beneficiaries and the persons having the power of direction over Mortgagor and are made on behalf of the trust estate of Mortgagor and all beneficiaries of Mortgagor, as well as all other persons named above. Mortgagor acknowledges that the premises do not constitute agricultural real estate as defined in Section 15-1201 of the Act or residential real estate as defined in Section 15-1219 of the Act.

18. This Mortgage is further intended to be a security agreement and a financing statement pursuant to the Illinois Uniform Commercial Code (the "Code") with respect to all sums at any time on deposit for the benefit of Mortgagor or held by Mortgagee (whether deposited by or on behalf of Mortgagor or anyone else) pursuant to the provisions of this Mortgage or the other Loan Documents and with respect to any personal property specified above as part of the premises (the "Collateral") which, under applicable law, may be subject to a security interest pursuant to the Code, and Mortgagor hereby grants Mortgagee a security interest in the Collateral. This is intended to be a financing statement within the purview of Section 9-402(6) of the Code with respect to the Collateral. The addresses of Mortgagor (Debtor) and Mortgagee (Secured Party) are set forth in paragraph 28. This Mortgage is to be filed for record with the Recorder of Deeds of the county or counties where the premises are located. Mortgagor agrees to execute and deliver such additional financing statements covering said goods from time to time and in such form as Mortgagee may require to perfect a security interest with respect to said goods from time to time and in such form as Mortgagee may require to perfect a security interest with respect to the Collateral. Mortgagor shall pay all costs and expenses of any record searches for financing statements Mortgagee may reasonably require. Without the prior written consent of Mortgagee, Mortgagor shall not create or suffer to be created pursuant to the Code any other security interest in the Collateral, including replacements and additions thereto. Upon Mortgagor's breach of any covenant or agreement of Mortgagor contained in this Mortgage, including the covenants to pay when due all sums secured by this Mortgage, Mortgagee shall have the remedies of a secured party under the Code. Any requirements of the Code for reasonable notice of an intended sale or disposition shall be met if such notice is given in accordance with paragraph 28 hereof at least five (5) days prior to the date of such intended sale or other disposition.

19. Mortgagor agrees to comply with the covenants and conditions of the Loan Applications, which is hereby incorporated by reference in and made a part of this Mortgage. All advances made by Mortgagee pursuant to the Loan Applications shall be indebtedness of Mortgagor secured by this Mortgage. In case of breach by Mortgagor of the covenants and conditions of the Loan Applications, Mortgagee, at Mortgagee's option, with or without entry upon the premises, (i) may invoke any of the rights or remedies provided in the Loan Applications, (ii) may accelerate the sums secured by this Mortgage, or (iii) may do both of the actions described in (i) and (ii). If the indebtedness evidenced by the Notes is intended to finance the construction of improvements to the premises, prior to completion of the improvements, sums disbursed by Mortgagee to protect the security of this Mortgage up to the principal amount of the Notes shall be treated as disbursements pursuant to the Loan Applications, and such sums disbursed by Mortgagee in excess of the principal amount of the Notes shall be additional indebtedness of Mortgagor secured by this Mortgage. All such sums shall bear interest from the date of disbursement at the rate stated in the Notes, and shall be payable upon demand.

20. Mortgagor represents that it is currently in compliance with, and covenants and agrees that, it will manage and operate the premises and will cause each tenant to occupy the premises in compliance with, all federal, state and local laws, rules, regulations and ordinances regulating, without limitation, air pollution, soil and water pollution, and the use, generation, storage, handling or disposal of hazardous or toxic substances or other materials (including, without limitation, raw materials, products, supplies or wastes) and common law doctrines of nuisance and waste. Mortgagor further covenants and agrees that it shall not install or permit to be installed in the premises asbestos or any substance containing asbestos or any other materials or substances deemed hazardous by or in violation of federal, state or local laws, rules, regulations or orders respecting such material. Mortgagor shall send to Mortgagee within five (5) days of receipt or completion thereof, any report, citation, notice or other writing including, without limitation, hazardous waste disposal manifests, by, to, or from any governmental or quasi-governmental authority empowered to regulate or oversee any of the foregoing activities. Mortgagor shall remove from the premises and dispose of any such hazardous or toxic substances or other materials in a manner consistent with and in compliance with applicable laws, rules, regulations and ordinances and shall take any and all other action to remedy, rectify, rehabilitate and correct any violation of any applicable law, rule, regulation or ordinance concerning toxic or hazardous substances or any violation of any agreement entered into between Mortgagor, Mortgagee and/or any third party with respect to hazardous or toxic materials. Mortgagor agrees to indemnify, defend with counsel reasonably acceptable to Mortgagee (at Mortgagor's sole cost), and hold Mortgagee harmless against any claim, response or other costs, damages, liability or demand (including without limitation reasonable attorney fees and costs incurred by Mortgagee) arising out of any claimed violation by Mortgagor of any of the foregoing laws, regulations or ordinances or breach of any of the foregoing covenants or agreements. The foregoing indemnity shall survive repayment of the indebtedness secured hereby.

21. At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures as part of the indebtedness secured hereby the payment of all loan commissions, service charges, liquidated damages, attorneys' fees, expenses and advances due to or incurred by Mortgagee in connection with the indebtedness secured hereby, all in accordance with the Notes, this Mortgage, and the other Loan Documents provided, however, that in no event shall the total amount of the indebtedness secured hereby, including loan proceeds disbursed plus any additional charges, exceed two hundred percent (200%) of the face amount of the Notes.

22. The proceeds of the Notes will be used for the purposes specified in Ill. Rev. Stat. ch. 17, para. 6404 (1987), and the principal obligation secured hereby constitutes a "business loan" coming within the definition and purview of said section.

23. Mortgagor shall keep full and correct books and records showing in detail the income and expenses of the premises. Mortgagee and its agents shall have the right to inspect the premises and all books, records and documents relating thereto at all reasonable times.

24. If required by Mortgagee, Mortgagor shall, within ninety (90) days after the end of each fiscal year of Mortgagor, furnish to Mortgagee financial and operating statements of the premises for such fiscal year, including, but without limitation, a balance sheet and supporting schedules, detailed statement of income and expenditures and supporting schedules, all prepared in accordance with generally accepted principles of accounting consistently applied. Such financial and operating statements shall be prepared and certified in such manner as may be acceptable to Mortgagee, and Mortgagee may, by notice in writing to Mortgagor, require that the same be audited by a firm of independent certified public accountants satisfactory to Mortgagee, in which case such accountants shall state whether, during the course of their audit, they discovered or became aware of any information which would lead them to believe that a default exists.

25. Mortgagor acknowledges that the relationship between the parties is that of mortgagor and mortgagee and that in no event shall Mortgagee be deemed to be a partner or joint venturer with Mortgagor. Mortgagee shall not be deemed to be such a partner or joint venturer by reason of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or any other of the Loan Documents.

26. Time is of the essence of the Notes, this Mortgage, and the other Loan Documents.

27. If all or any portion of any provision of this Mortgage or the other Loan Documents shall be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision hereof or thereof, and such provision shall be limited and construed in such jurisdiction as if such invalid, illegal or unenforceable provision or portion thereof were not contained herein or therein.

28. Any notice or other communication which any party hereto may desire or may be required to give to any other party hereto shall be in writing, and shall be deemed given (i) when personally delivered, (ii) upon receipt if sent by a nationally recognized overnight courier, or (iii) on the first (1st) business day after being deposited in United States registered or certified mail, postage prepaid, addressed to a party at its address set forth below, or to such other address as the party to receive such notice may have designated to all other parties by notice in accordance herewith. Except as otherwise specifically required herein, notice of the exercise of any right, power or option granted to Mortgagee by this Mortgage is not required to be given.

Mortgagee: Certified Grocers Midwest, Inc.
One Certified Drive
Hodgkins, Illinois 60525
Attention: Kevin P. Ostendorf

with copies to: Rudnick & Wolfe
203 North LaSalle Street
Chicago, Illinois 60601
Attention: Paul D. Rudnick, Esq.

Mortgagor: Dick J. and Betty J. Sferk
50 Shore Drive
Ogden Dunes, IN 46368

with copies to: Nick Katich
Lucas, Holcomb and Medrea
300 East 90th Drive
Merrillville, IN 46410

29. This Mortgage and all provisions hereof shall extend to and be binding upon Mortgagor and Mortgagor's heirs, executors, administrators, successors and assigns, and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall denote the plural as well as the singular and shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Notes or this Mortgage.

30. Mortgagor shall not, without the prior written consent of Mortgagee, effect, suffer or permit any "Prohibited Transfer" (as defined herein). Any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation (or any agreement to do any of the foregoing) of any of the following properties or interests shall constitute a "Prohibited Transfer": (i) the premises or any part thereof or interest therein, excepting only sales or other dispositions of Collateral ("Obsolete Collateral") no longer useful in connection with the operation of the premises, provided that prior to the sale or other disposition thereof, such Obsolete Collateral has been replaced by Collateral of at least equal value and utility which is subject to the lien hereof with the same priority as with respect to the Obsolete Collateral; (ii) all or any portion of the beneficial interest or

power of direction in or to the trust under which Mortgagor is acting, if Mortgagor is a Trustee; (iii) any shares of capital stock of a corporate Mortgagor, a corporation which is a beneficiary of a trustee Mortgagor, a corporation which is a general partner in a partnership Mortgagor, a corporation which is a general partner in a partnership beneficiary of a trustee Mortgagor, or a corporation which is the owner of substantially all of the capital stock of any corporation described in this subparagraph (other than the shares of capital stock of a corporate trustee or a corporation whose stock is publicly traded on a national securities exchange or on the National Association of Securities Dealer's Automated Quotation System); and (iv) all or any part of the partnership or joint venture interest, as the case may be, of a partnership Mortgagor or a partnership beneficiary of a Trustee Mortgagor if Mortgagor or such beneficiary is a partnership or a joint venture; in each case whether any such conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest, encumbrance or alienation is effected directly, indirectly (including a nominee agreement), voluntarily or involuntarily, by operation of law or otherwise, provided, however, that the foregoing provisions of this paragraph shall not apply (a) to liens securing the indebtedness secured hereby, (b) to the lien of current taxes and assessments not in default, or (c) to any transfers of the premises, or part thereof, or interest therein, or any beneficial interests or shares of stock or partnership or joint venture interests, as the case may be, by or on behalf of an owner thereof who is deceased or declared judicially incompetent, to such owner's heirs, legatees, devisees, executors, administrators, estate or personal representatives.

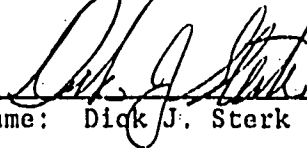
31. No delay or omission to exercise any remedy or right accruing on any default shall impair any such remedy or right, or shall be construed to be a waiver of any such default, or acquiescence therein, nor shall it affect any subsequent default of the same or of a different nature. Every such remedy or right may be exercised from time to time and as often as may be deemed expedient by Mortgagee or by the holder of the Notes. The invalidity of any one or more agreements, phrases, clauses, sentences or paragraphs of this Mortgage shall not affect the remaining portions of this Mortgage, or any part thereof, and in case of any such invalidity, this Mortgage shall be construed as if such invalid agreements, phrases, clauses, sentences or paragraphs had not been inserted. No action for the enforcement of the lien or of any provisions hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Notes. Notwithstanding any subsequent extension of the time of payment of the Notes, or any installment thereof, the liability of the maker thereof shall in no event cease until the payment in full of all indebtedness hereby secured. Mortgagee shall have the right to inspect the premises at all reasonable times and access thereto shall be permitted for that purpose. MORTGAGOR HEREBY IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ALL ACTIONS OR PROCEEDINGS IN ANY WAY, MANNER OR RESPECT ARISING OUT OF OR RELATING TO THIS MORTGAGE.

32. Mortgagor shall, at the request of Mortgagee, promptly correct any defect, error or omission which may be discovered in the contents of this Mortgage or in the execution of acknowledgment of such instrument and will execute and deliver any and all additional instruments as may be requested by Mortgagee to correct such defect, error or omission.

33. Upon payment of all sums secured by this Mortgage, Mortgagee shall release this Mortgage. Mortgagor shall pay Mortgagee's reasonable costs incurred in releasing this Mortgage.

WITNESS the hand(s) and seal(s) of Mortgagor the day and year first above written.

MORTGAGOR:


Name: Dick J. Sterk


Name: Betty J. Sterk

**Document is
NOT OFFICIAL!**

~~Mortgagor's Address:~~
**This Document is the property of
the Lake County Recorder!**

50 Shore Drive
Ogden Dunes, IN 46368

STOP

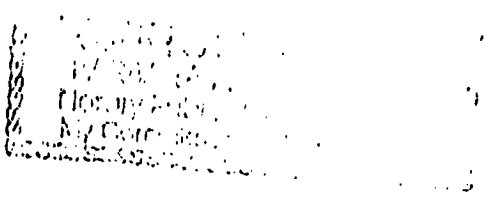
This document was prepared by
and upon recordation should be
returned to:

Certified Grocers Midwest, Inc.
One Certified Drive
Hodgkins, Illinois 60525
Attention: Kevin Ostendorf

Property Address: 217-223 Highland Street and 5970-72 Myslop Street, Hammond,
Indiana



STATE OF)
) SS:
COUNTY OF)



I, BARBARA A. HELENBERG, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Dick J. and Betty J. Sterk personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they signed and delivered the said instrument as their free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 1st day of MARCH 1993, 1993.

Document is NOT OFFICIAL!
Barbara A. Helenberg
Notary Public

My commission expires: Aug 16, 1994
This Document is the property of the Lake County Recorder!

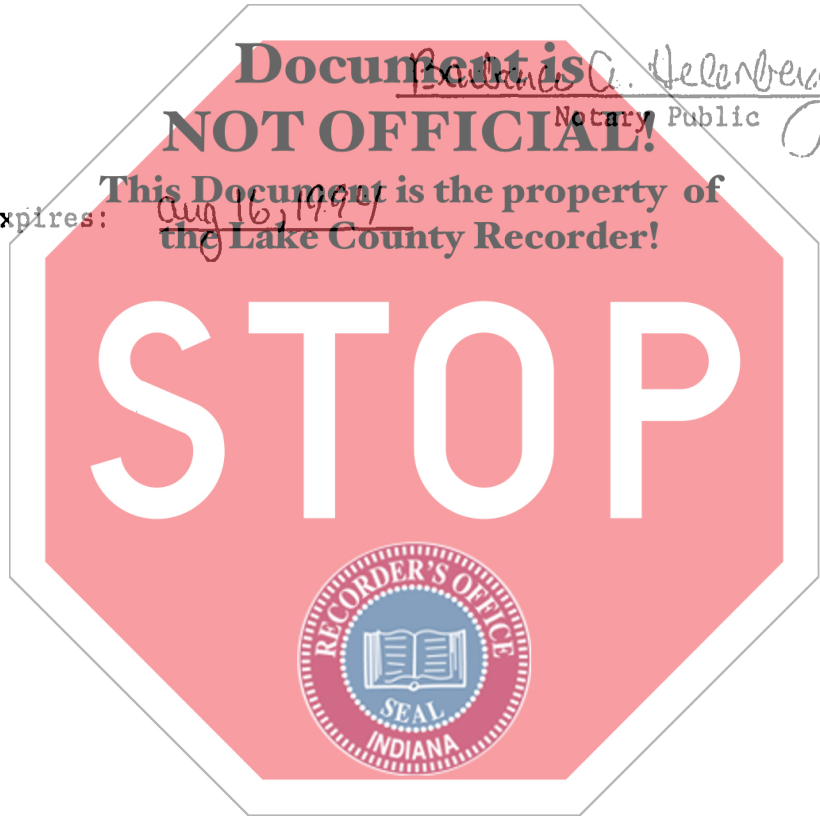


EXHIBIT A

LEGAL DESCRIPTION

Lots 24, 25, 26 and 27, Block 1, Gostlin's & Webb's Harrison Park addition to the City of Hammond, as shown in Plat Book 4, Page 21, in Lake County, Indiana.

Commonly known as : 217-223 Highland Street and 5970-72 Hyslop Street, Hammond, Indiana



A-1

EXHIBIT B.
LOAN DOCUMENTS

1. Secured Note in the original principal amount of \$500,000.00 of even date herewith from Sterk's Super Foods, Inc. ("Borrower");
2. Secured Note in the original principal amount of \$250,000.00 of even date herewith from Borrower;
3. Security Agreement of even date herewith from Borrower;
4. Security Agreement of even date herewith from STERK'S SUPER FOODS OF ILLINOIS, INC., an Illinois corporation ("Guarantor");
5. Continuing Guaranty and Subordination Agreement of even date herewith from Dick J. and Betty J. Sterk and Sterk's Super Foods of Illinois, Inc., an Illinois corporation ("Guarantors");
6. Mortgage, Assignment of Rents and Security Agreement made by Dick J. and Betty J. Sterk ("Guarantor"), encumbering the property located at 50 Shore Drive, Ogden Dunes, IN;
7. Mortgage, Assignment of Rents and Security Agreement made by Dick J. and Betty J. Sterk ("Guarantor"); encumbering the property located at 217-223 Highland Street and 5970-72 Hyslop Street, Hammond, IN; and
8. Mortgage, Assignment of Rents and Security Agreement made by Dick J. Sterk ("Guarantor"); encumbering the property located at 31 Sibley Blvd., Hammond, IN.

