

PREPARED BY AND AFTER
RECORDING RETURN TO:

98051803

LA SALLE BANK NATIONAL ASSOCIATION
4747 WEST IRVING PARK ROAD
CHICAGO, ILLINOIS 60641

LaSalle Bank National Association
4747 West Irving Park Road
Chicago, Illinois 60641
Attn: Michael D. Smith

KEY NOS: 31-46-14 and 15
TAX UNIT NO: 24
KEY NOS: 31-46-8 and 11
TAX UNIT NO: 24

PROPERTY ADDRESS:

2000 Gary Road
East Chicago, Indiana

LAWYERS TITLE INS. CO. INC.
ONE PROFESSIONAL CENTER
SUITE 215
CROWN POINT, IN 46307
63575

This Document is the property of
the Lake County Recorder.
MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT
AND FINANCING STATEMENT

THIS INDENTURE is made as of June 15, 1998, by and between
LANTECH, INC., an Illinois corporation, having an office located at
3111 W. 167th Street, Hazel Crest, Illinois 60419 Attn: Gene Larken,
Jr. (the "Mortgagor"), and LASALLE BANK NATIONAL ASSOCIATION, having
its main office at 4747 W. Irving Park Road, Chicago, Illinois (the
"Mortgagee").

WITNESSETH:

WHEREAS, Mortgagor is justly indebted to Mortgagee in the
principal sum of Four Hundred Twenty Five Thousand Dollars (\$425,000),
evidenced by that certain Note of Mortgagor of even date herewith,
made payable to the order of and delivered to Mortgagee, in and by
which Note Mortgagor promises to pay the principal sum together with
interest thereon prior to maturity or the occurrence of a Default at
the rate of eight percent per annum (8%) (the "Interest Rate") and
following maturity or the occurrence of a Default at the rate of ten
percent (10%) per annum (the "Default Rate") (such note and any and
all notes issued in renewal thereof or in substitution or replacement
therefor are hereinafter referred to as the "Note"). Each installment
shall be paid at such place as the holder of the Note may, from time
to time, in writing appoint, and in the absence of such appointment,
then at the office of LaSalle Bank National Association, 4747 West
Irving Park Road, Chicago, Illinois 60641.

68.00
CM
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lease sub # 98051804

NOW, THEREFORE, in consideration of the debt evidenced by the Note and to secure the payment of said principal sum of money and said interest in accordance with the terms, provisions and limitations of this Mortgage, and of the Note secured hereby (collectively, the Note, this Mortgage and all other documents executed in connection therewith are referred to herein as the "Loan Documents"), including any and all extensions, modifications and renewals of the foregoing indebtedness, and the performance of the covenants and agreements herein contained, by Mortgagor to be performed, and also in consideration of the sum of One Dollar (\$1.00) in hand paid, the receipt whereof is hereby acknowledged, Mortgagor does by these presents GRANT, MORTGAGE, WARRANT and CONVEY unto the Mortgagee, its successors and assigns, the following:

(a) All that certain described real estate and all of its estate, right, title and interest therein, situate, lying and being in the City of East Chicago, County of Lake, State of Indiana, which is more specifically described on Exhibit A attached hereto, which, with the property hereinafter described, is referred to herein as the "Premises";

(b) All improvements, tenements, easements, fixtures, and appurtenances thereto belonging, 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 such real estate and not secondarily);

(c) If and to the extent owned by Mortgagor, all fixtures, fittings, furnishings, appliances, apparatus, equipment and machinery including, without limitation, all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, ovens, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other air-conditioning, plumbing and heating fixtures, mirrors, mantles, refrigerating plants, refrigerators, iceboxes, dishwashers, carpeting, furniture, laundry equipment, cooking apparatus and appurtenances, and all building material, supplies and equipment now or hereafter delivered to the Premises and intended to be installed therein; all other fixtures and personal property of whatever kind and nature at present contained in or hereafter placed in any building standing on the Premises; such other goods, equipment, chattels and personal property as are usually furnished by landlords in letting other premises of the character of the Premises; and all renewals or replacements thereof or articles in substitution thereof; and all proceeds and profits thereof and all of the estate, right, title and interest of the Mortgagor in and to all property of any nature whatsoever, now or hereafter situated on the Premises or intended to be used in connection with the operation thereof;

(d) All of the right, title and interest of Mortgagor in and to any fixtures or personal property subject to a lease agreement, conditional sale agreement, chattel mortgage, or security agreement, and all deposits made thereon or therefor, together with the benefit of any payments now or hereafter made thereon;

(e) All leases and use agreements of machinery, equipment and other personal property of Mortgagor in the categories hereinabove set forth, under which Mortgagor is the lessee of, or entitled to use, such items;

(f) All rents, income (including income and receipts from the use and occupancy of any hotel rooms), profits, revenues, receipts, royalties, bonuses, rights, accounts, contract rights, general intangibles and benefits and guarantees under any and all leases, tenancies, licenses or other use agreements or arrangements now existing or hereafter created of the Premises or any part thereof (including any business conducted thereon) with the right to receive and apply the same to indebtedness due Mortgagee and Mortgagee may demand, sue for and recover such payments but shall not be required to do so;

(g) All judgments, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Premises of any part thereof or interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Premises or the improvements thereon or any part thereof or interest therein, including any award for change of grade of streets;

(h) All proceeds of the conversion, voluntary or involuntary of any of the foregoing into cash or liquidated claims;

(i) Any monies on deposit with Mortgagee for the payment of real estate taxes or special assessments against the Premises or for the payment of premiums on policies of fire and other hazard insurance covering the collateral described hereunder or the Premises, and all proceeds paid for damage done to the collateral described hereunder or the Premises;

(j) All substitutions, replacements, additions and proceeds, including insurance and condemnation award proceeds, of any of the foregoing property; it being understood that the enumeration of any specific articles of property shall in no wise exclude or be held to exclude any items of property not specifically mentioned. All of the land, estate and property hereinabove described, real, personal and mixed, whether affixed or annexed or not (except where otherwise hereinabove specified) and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared to form a part and parcel of the real estate and to be

appropriated to the use of the real estate, and shall be for the purposes of this Mortgage deemed to be real estate and conveyed and mortgaged hereby.

As to any of the property aforesaid which (notwithstanding the aforesaid declaration and agreement) does not so form a part and parcel of the real estate, this Mortgage is hereby deemed to be, as well, a Security Agreement under the Uniform Commercial Code in effect in the jurisdiction in which the Premises are located (hereinafter referred to as the "UCC") for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to Mortgagee as Secured Party (as such term is defined in the UCC), securing such indebtedness and obligations and Mortgagee shall have in addition to its rights and remedies hereunder all rights and remedies of a Secured Party under the UCC. As to above personal property which the UCC classifies as fixtures, this instrument shall constitute a fixture filing and financing statement under the UCC.

Mortgagor covenants (i) that it is lawfully seized of the Premises, (ii) that the same are subject only to the liens, encumbrances, conditions, restrictions, easements, and other matters, rights or interests disclosed in Exhibit B attached hereto and made a part hereof, and (iii) that it has good right, full power and lawful authority to convey and mortgage the same and that it will warrant and forever defend the Premises and the quiet and peaceful possession of the same against the lawful claims of all persons whomsoever.

As used in this Mortgage, the term "indebtedness" shall mean and include the principal sum evidenced by such Note, together with all interest and late charges thereon, any other payments due to the Mortgagee thereunder, and all other sums at any time secured by this Mortgage. Further, as used in this Mortgage, the term "Note" shall mean and include any renewals, modifications, extensions, amendments and replacements thereof.

TO HAVE AND TO HOLD the Premises unto Mortgagee, its successors and assigns, for the purposes and uses herein set forth.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

1. Maintenance, Repairs, Prior Liens, etc. Mortgagor shall (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed; (b) keep the Premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien not expressly subordinated to the lien hereof; (c) 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; (d) complete within a reasonable time any building or buildings now or at any time in process of erection upon the Premises; (e) comply with all requirements of law, municipal ordinances, or restrictions of record with respect to the Premises and the use thereof; (f) make no alterations in the Premises; (g) suffer or permit no change in the general nature of the occupancy of the Premises, without Mortgagee's prior written consent; (h) initiate or acquiesce in no zoning variation or reclassification, without Mortgagee's prior written consent; and (i) pay each item of indebtedness secured by this Mortgage when due according to the terms hereof or of the Note.

2. Payment of Taxes. Mortgagor shall pay, before any penalty attaches, all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the Premises when due, and shall, upon written request, furnish to Mortgagee duplicate receipts therefor.

3. Tax and Insurance Deposits. Upon the occurrence of a Default and following request by Mortgagee, Mortgagor shall deposit with Mortgagee at the office of Mortgagee set forth on the first page of this Mortgage, beginning on the first day of the calendar month following such request by Mortgagee, and continuing on the first day of each calendar month thereafter until the indebtedness secured by this Mortgage is fully paid, the following (collectively, the "Deposits"):

(a) an amount equal to one-twelfth of the last total annual taxes and general and/or special assessments, together with such additional amounts as are necessary to maintain at all times a reserve of not less than three (3) months of the estimated annual Taxes (collectively, the "Taxes") for the last ascertainable year on the Premises (unless such Taxes are based upon assessments which exclude the improvements or any part thereof now constructed or to be constructed, in which event the amount of such deposits shall be based upon the Mortgagee's reasonable estimate as to the amount of Taxes to be levied and assessed); and

(b) an amount equal to the insurance premiums that will next become due and payable on such policies which are required to be maintained under this Mortgage divided by the number of months to elapse prior to the date when such premiums become delinquent, together with such additional amounts as are necessary to maintain at all times a reserve of not less than three (3) months of the estimated annual insurance premiums (collectively, the "Insurance Premiums"). The Deposits shall be held without allowance for interest and shall be used for the payment of Taxes and Insurance Premiums on the Premises next due and payable when they become due. If the funds so deposited are insufficient to pay the Taxes or Insurance Premiums for any year when the same shall become due and payable, Mortgagor shall, within 10

days after receipt of demand therefor, deposit such additional funds as may be necessary to pay the Taxes and Insurance Premiums in full. If the funds so deposited exceed the amount required to pay the Taxes and Insurance Premiums for the year, the excess shall be applied on a subsequent deposit or deposits. The deposits need not be kept separate and apart from other funds of Mortgagee.

Anything in this Paragraph 3 to the contrary notwithstanding, if the funds so deposited are insufficient to pay the Taxes or Insurance Premiums, or any installment thereof, Mortgagor will, not later than 30 days prior to the last day on which the same may be paid without penalty or interest, deposit with Mortgagee the full amount of any such deficiency.

If any Taxes shall be levied, charged, assessed or imposed upon or for the Premises, or any portion thereof, and if such Taxes shall also be a levy, charge, assessment or imposition upon or for any other premises not covered by the lien of this Mortgage, then the computation of any amount to be deposited under this Paragraph 3 shall be based upon the entire amount of such Taxes, and Mortgagor shall not have the right to apportion the amount of any such taxes or assessments for the purpose of such computation.

4. Mortgagee's Interest In and Use of Deposits. In the event of a Default hereunder or the Note secured hereby, Mortgagee may at its option, without being required to do so, apply any monies at the time of deposit pursuant to Paragraph 3 hereof, on any of Mortgagor's obligations herein or in the Note contained, in such order and manner as Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner of the Premises. A security interest within the meaning of the UCC is hereby granted to Mortgagee in and to any monies on deposit pursuant to Paragraph 3 hereof, as additional security for the indebtedness hereunder and shall be applied by Mortgagee for the purposes made hereunder and shall not be subject to the direction or control of Mortgagor; provided, however, that Mortgagee shall not be liable for any failure to apply to the payment of taxes, assessments and insurance premiums any amount so deposited unless Mortgagor, while not in Default hereunder, shall have requested Mortgagee in writing to make application of such funds to the payment of the particular taxes, assessments and insurance premiums for payment of which they were deposited, accompanied by the bills for such taxes, assessments and insurance premiums. Mortgagee shall not be liable for any act or omission taken in good faith or pursuant to the instruction of any party but shall be liable only for its gross negligence or willful misconduct.

5. Insurance. Mortgagor shall keep all buildings and improvements now or hereafter situated on the Premises insured against loss

or damage by policies of All Risk Replacement Cost Insurance with an Agreed Amount Endorsement and such other appropriate insurance as may be required by Mortgagee, all in form and substance satisfactory to Mortgagee, including, without limitation, rent insurance, business interruption insurance, flood insurance (if and when the Premises lie within an area designated by an agency of the federal government as a flood risk area) and war risk insurance whenever in the opinion of Mortgagee such protection is necessary and such war risk insurance is obtainable from an agency of the United States Government. Mortgagor shall also provide liability insurance with such limits for personal injury and death and property damage as Mortgagee may require. All policies of insurance to be furnished hereunder shall be in forms, companies and amounts satisfactory to Mortgagee, each insurer to have a Best's rating of A+:XV, with mortgagee clauses attached to all policies in favor of and in form satisfactory to Mortgagee, including a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without 10 days' prior written notice to Mortgagee. Mortgagor shall deliver all policies including additional and renewal policies, to Mortgagee, and, in the case of insurance about to expire, shall deliver renewal policies not less than 10 days prior to their respective dates of expiration.

Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Mortgagee is included thereon under a standard mortgagee clause acceptable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies of such insurance.

6. Adjustment of Losses With Insurer and Application of Proceeds of Insurance. In case of loss or damage by fire or other casualty, Mortgagee is authorized (a) to settle and adjust any claim under insurance policies which insure against such risks, or (b) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid in regard to such loss. In either case, Mortgagee is authorized, to collect and issue a receipt for any such insurance money. At the option of Mortgagee, such insurance proceeds shall be applied either to reduce the indebtedness secured hereby or to reimburse Mortgagor for the cost of rebuilding and restoration. Irrespective of whether such insurance proceeds are used to reimburse Mortgagor for the cost of such rebuilding or restoration or not, and irrespective of whether such insurance proceeds are or are not adequate for such purpose, the buildings and improvements shall be so restored or rebuilt so as to be of at least equal value and substantially the same character as prior to such damage or destruction. If the cost of rebuilding, repairing or restoring the building and improvements can reasonably exceed the sum of \$25,000, then Mortgagee shall approve plans and specifications of such work

before such work shall be commenced. In any case, where the insurance proceeds are used for rebuilding and restoration, such proceeds shall be disbursed in the manner and under the conditions that the Mortgagee may require and upon Mortgagee being furnished with satisfactory evidence of the estimated cost of completion thereof and with architect's certificates, waivers of lien, contractor's and subcontractors' sworn statements and other evidence of cost and payments so that Mortgagee can verify that the amounts disbursed from time to time are represented by completed and in place work and that such work is free and clear of mechanics' lien claims. If the estimated cost of completion exceeds the amount of the insurance proceeds available, Mortgagor immediately shall, on written demand of Mortgagee, deposit with Mortgagee in cash the amount of such estimated excess cost. No payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of the disbursing party shall be at least sufficient to pay for the cost of completion of the work free and clear of liens. Any surplus which may remain out of such insurance proceeds after payment of such cost of building or restoration shall, at the option of the Mortgagee, be applied on account of the indebtedness secured hereby or be paid to any party entitled thereto without interest.

7. Stamp Tax. If, by the laws of the United States of America, or of any state having jurisdiction over the Mortgagor, any tax is due or becomes due in respect of the issuance of the Note hereby secured, the Mortgagor covenants and agrees to pay such tax in the manner required by any such law. The Mortgagor further covenants to reimburse the Mortgagee for any sums which Mortgagee may expend by reason of the imposition of any tax on the issuance of the Note secured hereby.

8. Assignment of Leases and Rents. (a) Mortgagor does hereby sell, assign, transfer and set over unto Mortgagee all right, title and interest of Mortgagor in and to all rents, issues, revenues, and profits of the Premises, together with all right, title and interest of Mortgagor in and to any other leases or occupancy agreements which may be hereafter entered into for all or any portion of the Premises (collectively, the "Leases"), and any and all extensions and renewals thereof, and including any security deposits or interests therein now or hereafter held by Mortgagor and the benefit of any guarantees executed in connection with any of the Leases. This Assignment is absolute and is effective immediately; however, until notice is sent by Mortgagee to the Mortgagor in writing that an event of default has occurred under the Note or under any other Loan Document (each such notice is hereinafter referred to as the "Notice"), Mortgagor may receive, collect and enjoy the rents, income and profits accruing from the Premises.

(b) Representations. Mortgagor represents and warrants that: (i) except as set forth on Exhibit B attached hereto, there is no Lease in effect with respect to the Premises; (ii) it has made no prior assignment or pledge of the rents assigned hereby or of the Mortgagor's interest in any of the Leases; (iii) no default exists in any of the Leases and there exists no state of fact which, with the giving of notice or lapse of time or both, would constitute a default under any of the Leases; (iv) Mortgagor shall fulfill and perform each and every covenant and condition of each of the Leases by the landlord thereunder to be fulfilled or performed and, at the sole cost and expense of Mortgagor, enforce (short of termination of any of the Leases) the performance and observance of each and every covenant and condition of all such Leases by the tenants thereunder to be performed and observed; (v) none of the Leases have been modified or extended; (vi) Mortgagor is the sole owner of the landlord's interest in the Leases; (vii) the Leases are valid and enforceable in accordance with their terms; and (viii) no prepayment of any installment of rent for more than one (1) month due under any of the Leases has been received by Mortgagor.

(c) Negative Covenants of Mortgagor. Mortgagor shall not without Mortgagee's prior written consent, (i) execute an assignment or pledge of the rents from the Premises or any part thereof, or of the Mortgagor's interest in any of the Leases, except to Mortgagee; (ii) modify, extend or otherwise alter the terms of any of the Leases; (iii) accept prepayments of any installments of rents to become due under any of the Leases for more than one (1) month; (iv) execute a lease for all or any portion of the Premises; (v) in any manner impair the value of the Premises; or (vi) permit the Leases to become subordinate to any lien other than a lien created by the Loan Documents or a lien for general real estate taxes not delinquent.

(d) Affirmative Covenants of Mortgagor. Mortgagor on and after title is conveyed to it shall at its sole cost and expense (i) at all times promptly and faithfully abide by, discharge or perform all of the covenants, conditions and agreements contained in the Leases; (ii) enforce or secure the performance of all of the covenants, conditions and agreements of the Leases on the part of the occupants to be kept and performed; (iii) appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the Leases of the obligations, duties or liabilities of Mortgagor, as Lessor, and of the occupants thereunder, and pay all costs and expenses of Mortgagee, including reasonable attorneys' fees in any such action or proceeding in which Mortgagee may appear; (iv) transfer and assign to Mortgagee any and all Leases subsequently entered into, upon the same terms and conditions as are herein contained, and make, execute and deliver to Mortgagee upon demand any and all instruments required to effectuate said assignment; (v) furnish to Mortgagee,

within ten (10) days after a request by Mortgagee to do so, a written statement containing the names of all occupants of the Premises or any part thereof, the terms of their respective Leases, the space occupied and the rentals payable thereunder; (vi) exercise within five (5) days of the demand therefor by Mortgagee any right to request from the lessee under any of the Leases a certificate with respect to the status thereof; (vii) furnish Mortgagee promptly with copies of any notices of default which Mortgagor may at any time forward to any lessee of the Premises of any part thereof; and (viii) pay immediately upon demand all sums expended by Mortgagee under the authority hereof, together with interest thereon at the default rate provided in the Note.

(e) Agreement of Mortgagor. (i) Should Mortgagor fail to make any payment or to do any act as herein provided for, then Mortgagee, but without obligation so to do, and without releasing Mortgagor from any obligation hereof, may make or do the same in such manner and to such extent as Mortgagee may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgagee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Mortgagor in the Leases contained, and in exercising any such powers to incur and pay necessary costs and expenses, including reasonable attorneys' fees, all at the expense of Mortgagor.

(ii) This Assignment shall not operate to place responsibility for the control, management, care and/or repair of the Premises upon Mortgagee and Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under the Leases, or under or by reason of this Assignment, and Mortgagor shall and does hereby agree to indemnify and to hold Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertaking on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases, except any such claims or demands resulting from the acts or actions of Mortgagee. Should Mortgagee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defense of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor with interest at the default rate provided in the note secured hereby immediately upon demand.

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

(iv) A demand on any lessee by Mortgagee for the payment of the rent on any default claimed by Mortgagee shall be sufficient warrant to the lessee to make future payment of rents to Mortgagee without the necessity for further consent by Mortgagor.

(v) Mortgagor does further specifically authorize and instruct each and every present and future lessee of the whole or any part of the Premises to pay all unpaid rental agreed upon in any tenancy to Mortgagee upon receipt of demand from Mortgagee to pay the same, and Mortgagor hereby waives the right, claim or demand it may now or hereafter have against any such lessee by reason of such payment of rental to Mortgagee or compliance with other requirements of Mortgagee pursuant to this Assignment.

(vi) Mortgagor hereby irrevocably appoints Mortgagee as its true and lawful attorney with full power of substitution and with full power for Mortgagee in its own name and capacity or in the name and capacity of Mortgagor, from and after the service of the Notice of any default not having been cured, to demand, collect, receive and give complete acquittances for any and all rents, income and profits accruing from the subject Premises, and at Mortgagee's discretion to file any claim or take any other action or proceeding and make any settlement of any claims, in its own name or otherwise, which Mortgagee may deem necessary or desirable in order to collect and enforce the payment of the rents, income and profits. Occupants of the subject Premises are hereby expressly authorized and directed to pay any and all amounts due Mortgagor pursuant to the Leases directly to Mortgagee or such nominee as Mortgagee may designate in writing delivered to and received by such occupants who are expressly relieved of any and all duty, liability or obligation to Mortgagor in respect of all payments so made.

(vii) In the event any lessee under the Leases should be the subject of any proceeding under the Federal Bankruptcy Code, as amended from time to time, or any other federal, state, or local statute which provides for the possible termination or rejection of the Leases assigned hereby, the Mortgagor covenants and agrees that if any of the Leases is so terminated or rejected, no settlement for damages shall be made without the prior written

consent of Mortgagee, and any check in payment of damages for termination or rejection of any such Lease shall be made payable both to Mortgagor and Mortgagee. The Mortgagor hereby assigns any such payment to Mortgagee and further covenants and agrees that upon the request of Mortgagee, it shall duly endorse to the order of Mortgagee any such check, the proceeds of which shall be applied to whatever portion of the indebtedness secured by this Assignment Mortgagee may elect.

(f) Default. Upon, or at any time after, default in the payment of any indebtedness secured hereby or in the performance of any obligation, covenant, or agreement herein or any of the Loan Documents or in the event of default under any of the Loan Documents, Mortgagee may, at its option, from and after the Notice and expiration of applicable period of grace, if any, and without regard to the adequacy of the security for the indebtedness hereby secured, either in person, or by agent with or without bringing any action or proceeding, or by receiver to be appointed by a court, enter upon, take possession of, manage and operate the Premises or any part thereof; and do any acts which Mortgagee deems proper to protect the security hereof; and, either with or without taking possession of said Premises, in the name of Mortgagor or in its own name sue for or otherwise collect and receive such rents, issues, profits, and advances, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including, but not being limited to, reasonable attorneys' fees, management fees and broker's commissions, upon any indebtedness secured hereby, and in such order as Mortgagee may determine. Mortgagee reserves, within its own discretion, the right to determine the method of collection and the extent to which enforcement of collection of delinquent rents shall be prosecuted, and shall not be accountable for more monies than it actually receives from the Premises. The entering upon and taking possession of said Premises or the collection of such rents, issues, profits and advances and the application thereof, as aforesaid, shall not cure or waive any default under the Loan Documents or the Note. Mortgagor agrees that it shall facilitate in all reasonable ways Mortgagee's collection of said rents, and shall, upon request by Mortgagee, promptly execute a written notice to each lessee directing the lessee to pay rent to Mortgagee.

(g) Mortgagee's Right to Exercise Remedies. No remedy conferred upon or reserved to Mortgagee herein or in the Loan Documents or the Note or in any other agreement is intended to be exclusive of any other remedy or remedies, and each and every such remedy, and all representations herein and in the Note or the Loan Documents, contained shall be cumulative and concurrent, and shall be in addition to every other remedy given hereunder and thereunder or now or hereafter existing at law or in equity or by statute. The remedies may be pursued singly, successively or together against the Mortgagor

and/or the Premises at the sole discretion of Mortgagee. No delay or omission of Mortgagee to exercise any right or power accruing upon any default shall impair any such right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or any acquiescence therein, and every power an remedy given by this Assignment to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee.

(h) Right to Collect Rents. As long as Mortgagor shall not have defaulted in the payment of any indebtedness secured hereby or in the performance of any obligation, covenant, or agreement herein, or in the Note or Loan Documents, Mortgagor shall have the right to collect upon, but not prior to accrual, all rents, issues, profits and advances from the Premises and to retain, use and enjoy the same.

9. Effect of Extensions of Time. If the payment of such indebtedness or any part thereof is extended or varied or if any part of any security for the payment of the indebtedness is released or additional security is taken, all persons now or at any time hereafter liable therefor, or interested in the Premises, shall be held to assent to such extension, variation, or taking of additional security or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such persons being expressly reserved by the Mortgagee, notwithstanding such extension, variation, taking of additional security or release.

10. Effect of Changes in Laws Regarding Taxation. In the event of the enactment after this date of any law of the state in which the Premises are located deducting from the value of the land for the purpose of taxation any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holders thereof, then, and in any event, the Mortgagor, upon demand by the Mortgagee, shall pay such taxes or assessments, or reimburse the Mortgagee therefor; provided, however, that if in the opinion of counsel for the Mortgagee (a) it might be unlawful to require Mortgagor to make such payment or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, the Mortgagee may elect, by notice in writing given to the Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

11. Mortgagee's Performance of Defaulted Acts. In the event of a Default hereunder, Mortgagee may, but need not, make any payment or perform any act herein required of Mortgagor in any form and manner

deemed expedient, and 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 affecting the Premises or consent to any tax or assessment or cure any default of landlord in any lease of the Premises. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other monies advanced by Mortgagee in regard to any stamp tax or any leases of the Premises or 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. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any Default hereunder.

12. Mortgagee's Reliance on Tax Bills, Etc. Mortgagee in making any payment hereby authorized: (a) relating to taxes and 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; or (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted.

13. Acceleration of Indebtedness in Case of Default. The occurrence of any one or more of the following shall constitute a default under this Mortgage (herein, a "Default"):

(a) default shall be made in the due and punctual payment of the Note secured hereby, or any payment due in accordance with the terms thereof, either of principal or interest; or

(b) default shall be made in the due observance or performance of any of the other covenants, agreements or conditions contained in the Note or any other Loan Document; or

(c) default shall be made in the due payment, observance or performance of any of the covenants and agreements or conditions contained in any other agreements or financing arrangements now existing or hereafter entered into between Mortgagor and Mortgagee; or

(d) Mortgagor or any guarantor of the Note secured hereby (herein a "Guarantor") shall file a petition seeking relief under the Federal Bankruptcy Code (11 U.S.C. 101 et seq.) or any similar law, state or federal, whether now or hereafter existing, or any answer admitting insolvency or inability to pay its or their debts; or

(e) an order for relief shall be entered in an involuntary case against the Mortgagor or a Guarantor, or a trustee or a receiver shall be appointed for the Mortgagor or a Guarantor, or for all of the property of Mortgagor or a Guarantor, or the major part thereof, in any involuntary proceeding, or any court shall have taken jurisdiction of the property of the Mortgagor or a Guarantor, or the major part thereof, in any voluntary or involuntary proceeding for the reorganization, dissolution, liquidation or winding up of the Mortgagor or a Guarantor; or

(f) the Mortgagor or a Guarantor shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof; or

(g) any event occurs or condition exists which constitutes a default under any of the Loan Documents; or

(h) an unpermitted transfer as described in Section 30 of this Mortgage shall occur.

Upon the occurrence of a Default, the whole of the indebtedness hereby secured shall, at once, at the option of Mortgagee, become immediately due and payable without notice to Mortgagor. If, while any insurance proceeds or condemnation awards are being held by Mortgagee to reimburse Mortgagor for the cost of rebuilding or restoration of buildings or improvements on the Premises, as set forth in Paragraph 6 or 21 hereof, Mortgagee shall be or become entitled to, and shall accelerate the indebtedness secured hereby, then and in such event, Mortgagee shall be entitled to apply all such insurance proceeds and condemnation awards then held by it in reduction of the indebtedness hereby secured (less the amount thereof, if any, which is then currently payable for work completed and in place in connection with such rebuilding or restoration), and any excess held by it over the amount of indebtedness then due hereunder shall be returned to Mortgagor or any party entitled thereto without interest.

14. Foreclosure; Expense of Litigation. When the indebtedness hereby secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof, for such indebtedness or part thereof. In any civil action to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the order or judgment for sale all reasonable expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the order or judgment) of procuring all such

abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and similar data and assurances with respect to title as Mortgagee may deem reasonably necessary either to prosecute such civil actions or to evidence to bidders at any sale which may be had pursuant to such order or judgment the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of the Premises and maintenance of the lien of this Mortgage including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Note or the Premises, including probate, bankruptcy and appellate proceedings, or in preparations for the commencement or defense of any proceeding or threatened civil actions or proceeding shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate, and shall be secured by this Mortgage.

15. Application of Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, all other items which may under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Note; and fourth, any overplus to Mortgagor, its successors or assigns, as their rights may appear.

16. Appointment of Receiver. Upon, or at any time after the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application 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 the Mortgagee hereunder or any holder of the Note may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit and during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and 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 such period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the indebtedness secured hereby, or by any judgment or order 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 foreclosure sale; (b) the deficiency in case of a sale and deficiency.

17. Mortgagee's Right of Possession in Case of Default. In the event of a Default, whether before or after the whole principal sum secured hereby is declared to be immediately due, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder, forthwith, upon demand of Mortgagee, Mortgagor shall surrender to Mortgagee and Mortgagee shall be entitled to take actual possession of the Premises or any part thereof personally, or by its agent or attorneys. In such event Mortgagee in its discretion may, in accordance with law, 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 then owner of the Premises relating thereto, and may exclude Mortgagor, its agents or servants, wholly therefrom and may as attorney in fact or agent of Mortgagor, or in its own name as Mortgagee and under the powers herein granted, hold, operate, manage and control the Premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the Premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent, and with full power: (a) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same; (b) to elect to disaffirm any lease or sublease which is then subordinate to the lien hereof; (c) to extend or modify any then existing leases and to make new leases, 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 indebtedness hereunder and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from a foreclosure of this Mortgage, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; (d) to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Premises as to it may seem judicious; (e) to insure and reinsure the same and all risks incidental to Mortgagee's possession, operation and management thereof; and (f) to receive all of such avails, rents, issues and profits; hereby granting full power and authority to exer-

cise each and every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to Mortgagor.

Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases. Mortgagor shall and does hereby agree to indemnify and hold Mortgagee harmless of and from any and all liability, loss or damage which Mortgagee may or might incur under such leases or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in such leases, excepting any of the foregoing which result from the gross negligence or willful misconduct of Mortgagee. Should Mortgagee incur any such liability, loss or damage, under such leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand.

18. Application of Income Received by Mortgagee. Mortgagee, in the exercise of the rights and powers conferred herein and upon the occurrence of a Default, shall have full power to use and apply the avails, rents, guest room receipts and income, issues and profits of the Premises to the payment of or on account of the following, in such order as Mortgagee may determine:

(a) to the payment of the operating expenses of the Premises, including cost of management and leasing thereof (which shall include appropriate compensation to Mortgagee and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized;

(b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises; and, if this is a leasehold mortgage, of all rents due or which may become hereafter due under the underlying lease;

(c) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Premises and of placing the Premises in such condition as will, in the reasonable judgment of Mortgagee, make it readily rentable and otherwise in a condition which is comparable to the condition of the Premises preceding the occurrence of the Default;

(d) to the payment of any indebtedness secured hereby or any deficiency which may result from any foreclosure sale.

19. Rights Cumulative. No right, power or remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other right, power or remedy, and each right, power and remedy herein conferred upon the Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the Mortgagee, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of the Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

20. Mortgagee's Right of Inspection. Mortgagee shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

21. Condemnation. Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the entire proceeds of any award or any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation. At the option of Mortgagee, such condemnation proceeds shall be applied either to reduce the indebtedness secured hereby or to reimburse Mortgagor for the cost of rebuilding and restoration. Irrespective of whether such proceeds are made available for restoration or rebuilding, and irrespective of whether such proceeds are adequate for such purpose, the buildings and improvements shall be restored or rebuilt in accordance with plans and specifications to be submitted to and approved by the Mortgagee. In the event such proceeds are used for rebuilding or restoration, the proceeds of the award shall be disbursed in the manner and under the conditions that the Mortgagee may require and paid out in the same manner as provided in Paragraph 6 hereof for the payment of insurance proceeds toward the cost of rebuilding or restoration. In such event, if the estimated cost to complete rebuilding or restoration exceeds the proceeds of the condemnations awards, Mortgagor immediately shall, on written demand of the Mortgagee, deposit with the Mortgagee in cash the amount of such excess cost. Any surplus which may remain out of such award after payment of such cost of building or restoration shall, at the option of the Mortgagee, be applied on account of the indebtedness secured hereby or be paid to any party entitled thereto without interest.

22. Release upon Payment and Discharge of Mortgagor's Obligations. Mortgagee shall release this Mortgage and the lien

thereof by proper instrument upon payment and discharge of all indebtedness secured hereby or in the Note.

23. Giving of Notice. Any notice which either party hereto may desire or be required to give to the other party shall be in writing and the mailing thereof by certified mail addressed to the addresses set forth below:

If to Mortgagor: Lantech, Inc.
 3111 W. 167th Street
 Hazel Crest, IL 60429
 Attn: Gene Larken, Jr.

If to Mortgagee: LaSalle Bank National Association
 4747 W. Irving Park Road
 Chicago, Illinois 60641
 Attn: Michael Smith

or at such other place as any party hereto may by notice in writing designate as a place for service of notice, shall constitute service of notice hereunder.

24. Waiver of Certain Rights. Mortgagor shall not apply for or avail itself of any appraisal, 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 Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. Mortgagor does hereby expressly waive any and all rights of redemption from any sale or from any order, judgment or decree of foreclosure of this Mortgage on behalf of Mortgagor, and each and every person acquiring any interest in or title to the Premises subsequent to the date of this Mortgage. No action for the enforcement of the lien or of any provision 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 Note hereby secured.

25. Furnishing of Financial Statements to Mortgagee. Mortgagor shall keep and maintain books and records of account in which full, true and correct entries shall be made of all dealings and transactions relative to the Premises, which books and records of account shall be open to the inspection of Mortgagee and its accountants and other duly authorized representatives during business hours. Such books of record and account shall be kept and maintained in accordance with generally accepted accounting practice consistently applied.

26. Filing and Recording Fees. Mortgagor shall pay all filing, registration or recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage and all federal, state, county, and municipal taxes, and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Note and this Mortgage.

27. Compliance with Laws; Environmental. The Premises and their present use complies, and at all times shall comply, with all applicable laws and governmental regulations including, without limitation, all federal, state and local laws pertaining to air and water quality, hazardous waste, waste disposal, air emissions and other environmental matters, all zoning and other land use matters, and utility availability.

Mortgagor shall take all actions necessary to cause the Premises to be kept free of any "Hazardous Materials". For the purposes of this Mortgage, the phrase Hazardous Materials shall mean any (a) petroleum product, (b) toxic or hazardous chemical, material, substance, pollutant, contaminant or waste or (c) any chemical, material or substance, exposure to which is prohibited, limited or regulated by any federal, state, county, regional or local authority or which, even if not so prohibited, limited or regulated, may or could pose a hazard to the health and safety of the occupants of the Premises or the occupants or owners of property near the Premises.

Mortgagor shall not cause or permit the Premises to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce, or process Hazardous Materials, except in compliance with all applicable federal, state, and local laws and regulations, nor shall Mortgagor cause or permit, as a result of any intentional or unintentional act or omission on the part of Mortgagor or any tenant, subtenant, occupant or other entity or person, a release of Hazardous Materials onto the Premises or onto any other property.

Mortgagor shall conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, under, from or affecting the Premises in accordance with all applicable federal, state, and local laws, ordinances, rules, regulations and policies, to the reasonable satisfaction of Mortgagee, and in accordance with the orders and directives of all federal, state and local governmental authorities.

Neither Mortgagor nor, to the best of Mortgagor's knowledge, any previous owner, occupier, or user of the Premises, has used, generated, stored or disposed of, on, under or about the Premises any

Hazardous Materials. Further, the Premises do not contain, and, to the best of Mortgagor's knowledge, have not in the past contained, any asbestos containing material in friable form and there is no current or potential airborne contamination that would be caused by maintenance or tenant finish activities in any building located on the Premises. Mortgagor shall protect, indemnify and hold harmless Mortgagee, its directors, officers, employees, agents, successors and assigns, from and against any and all loss, damage, cost, expense or liability (including reasonable attorneys' fees and costs) directly or indirectly arising out of or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of Hazardous Materials or asbestos on, under or about the Premises including without limitation (i) all foreseeable consequential damages; and (ii) the costs of any required or necessary repair, cleanup or detoxification of the Premises and the preparation and implementation of any closure, remedial or other plans as required by applicable law, regulation or ordinance or by any court or administrative order. This indemnity shall survive the reconveyance of the lien of this Mortgage, or the extinguishment of the lien by foreclosure or action in reconveyance or extinguishment or deed in lieu of foreclosure.

28. Security Agreement. In the event of a Default hereunder, Mortgagee, pursuant to the appropriate provisions of the UCC, shall have the option of proceeding as to both real and personal property in accordance with its rights and remedies with respect to the real property, in which event the default provisions of the UCC shall not apply. The parties agree that, in the event the Mortgagee shall elect to proceed with respect to the personal property collateral securing the indebtedness separately from the real property, five (5) days notice of the sale of the personal property collateral shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Mortgagee shall include, but not be limited to, reasonable attorneys' fees and legal expenses incurred by Mortgagee. Mortgagor agrees that, without the written consent of Mortgagee, the Mortgagor will not remove or permit to be removed from the Premises any of the personal property or fixtures securing the indebtedness except that so long as Mortgagor is not in Default hereunder, Mortgagor shall be permitted to sell or otherwise dispose of such property when obsolete, worn out, inadequate, unserviceable or unnecessary for use in the operation of the Premises, upon replacing the same or substituting for the same other property at least equal in value to the initial value to that disposed of and in such a manner so that such other property shall be subject to the security interest created hereby and so that the security interest of the Mortgagee shall always be perfected and first in priority, it being expressly understood and agreed that all replacements, substitutions and additions to the property securing the indebtedness shall be and become immediately subject to the security

interest of this Mortgage and covered hereby. The Mortgagor shall, from time to time, on request of the Mortgagee, deliver to the Mortgagee in reasonable detail an inventory of the personal property securing the indebtedness. The Mortgagor covenants and represents that all personal property securing the indebtedness now is, and that all replacements thereof, substitutions therefor or additions thereto, unless the Mortgagee otherwise consents, will be free and clear of liens, encumbrances or security interest of others.

29. Indemnity. Mortgagor agrees to indemnify and hold harmless Mortgagee from and against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, costs and expenses (including reasonable attorneys' fees and disbursements) which may be imposed on, incurred or paid by or asserted against Mortgagee by reason or on account of, or in connection with, (i) any willful misconduct of Mortgagor or any event of Default hereunder or under the other Loan Documents given at any time to secure the payment of the Note secured hereby, (ii) Mortgagee's good faith and commercially reasonable exercise of any of its rights and remedies, or the performance of any of its duties, hereunder or under the other Loan Documents to which Mortgagor is a party, (iii) the construction, reconstruction or alteration of the Premises, (iv) any negligence of Mortgagor, or any negligence or willful misconduct of any lessee of the Premises, or any of their respective agents, contractors, subcontractors, servants, employees, licensees or invitees or (v) any accident, injury, death or damage to any person or property occurring in, on or about the Premises or any street, drive, sidewalk, curb or passageway adjacent thereto. Any amount payable to Mortgagee under this Paragraph shall be due and payable within ten (10) days after demand therefor and receipt by Mortgagor of a statement from Mortgagee setting forth in reasonable detail the amount claimed and the basis therefor, and such amounts shall bear interest at the Default Rate from and after the date such amounts are paid by Mortgagee until paid in full by Mortgagor.

Mortgagor's obligations under this Paragraph shall not be affected by the absence or unavailability of insurance covering the same or by the failure or refusal by any insurance carrier to perform any obligation on its part under any such policy of covering insurance. If any claim, action or proceeding is made or brought against Mortgagor and/or Mortgagee which is subject to the indemnity set forth in this Paragraph, Mortgagor shall resist or defend against the same, if necessary in the name of Mortgagee, by attorneys for Mortgagor's insurance carrier (if the same is covered by insurance) or otherwise by attorneys approved by Mortgagee. Notwithstanding the foregoing, Mortgagee, in its reasonable discretion, may engage its own attorneys to resist or defend, or assist therein, and Mortgagor shall pay, or, on demand, shall reimburse Mortgagee for the payment of, the reasonable fees and disbursements of such attorneys.

30. Prohibition on Sale or Financing. Any sale, conveyance, assignment, pledge, hypothecation, mortgage, encumbrance, lease or other transfer of title to, or any interest in, the Premises, or any portion thereof, or of any entity or any person owning, directly or indirectly, any interest therein (whether voluntary or by operation of law) without the Mortgagee's prior written consent shall be a Default hereunder.

It is understood and agreed that the indebtedness secured hereby was created solely due to the financial sophistication, creditworthiness, background and business sophistication of Mortgagor, and Mortgagee continues to rely upon same as the means of maintaining the value of the Premises. It is further understood and agreed that any junior financing placed upon the Premises or the improvements located thereon, or upon the interests of Mortgagor may divert funds which would otherwise be used to pay the indebtedness secured hereby, and could result in acceleration and/or foreclosure by any such junior lienor. Any such action would force the Mortgagee to take measures, and incur expenses, to protect its security, and would detract from the value of the Premises mortgaged hereby, and impair the rights of the Mortgagee granted hereunder. Without limitation by the foregoing, the Mortgagor shall not incur any additional indebtedness, whether secured or unsecured, without the prior written consent of Mortgagee.

Any consent by Mortgagee to, or any waiver of any event which is prohibited under this Paragraph shall not constitute a consent to, or waiver of, any right, remedy or power of Mortgagee upon a subsequent event of Default.

31. Future Advances. Without limiting the generality of any other provision hereof, the indebtedness of Mortgagor hereunder shall include (a) all existing indebtedness of Mortgagor to Mortgagee evidenced by the Note and all renewals, extensions, modifications and replacements thereof, and (b) all future advances that may be subsequently made by Mortgagee and all renewals, extensions, modifications and replacements thereof. Mortgagor hereby agrees to execute any and all supplemental notes, agreements or other documents as Mortgagee may reasonably request to evidence such future advances, which such supplemental notes, agreements or other documents shall be similar in form and substance to the existing notes, agreements and other documents from Mortgagor in favor of Mortgagee.

32. Enforceability. This Mortgage and the indebtedness arising hereunder shall be governed by, and construed in accordance with, the internal laws of the State of Indiana applicable to contracts made and performed in such State and any applicable laws of the United States of America.

33. Miscellaneous. This Mortgage and all provisions hereof, shall extend to and be binding upon Mortgagor and its successors, grantees and assigns, any subsequent owner or owners of the Premises, and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein 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 Note or this Mortgage. The word "Mortgagee" when used herein shall include the successors and assigns of the Mortgagee named herein, and the holder or holders, from time to time, of the Note secured hereby.

In the event one or more of the provisions contained in this Mortgage or the Note secured hereby or in any other security documents given to secure the payment of the Note secured hereby shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Mortgagee, not affect any other provision of this Mortgage, and this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

No offset or claim that Mortgagor now has or may have in the future against Mortgagee shall relieve Mortgagor from paying any amounts due under the Note secured hereby or from performing any other obligations contained herein or secured hereby.

At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures (in addition to any loan proceeds disbursed from time to time) the payment of any and all expenses and advances due to or incurred by Mortgagee in connection with the indebtedness secured hereby; provided, however, notwithstanding anything to the contrary herein, the total aggregate indebtedness secured by this Mortgage shall not exceed an amount equal to 500% of the face amount of the Note.

Mortgagor shall not by act or omission permit any building or other improvement on any premises not subject to the lien of this Mortgage to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Mortgagor hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the Premises or any interest therein to be used. Similarly, no building or other improvement on the Premises shall rely on any premises not subject to the lien of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. Mortgagor shall not by act or omission impair the integrity of the Premises as a single zoning lot separate and apart from all other premises. Any act or omission by Mortgagor which would result in a violation of any of the provisions of this paragraph shall be void.

Mortgagor on written request of the Mortgagee will furnish a signed statement of the amount of the indebtedness secured hereby and whether or not any Default then exists hereunder and specifying the nature of any such Default.

Mortgagee shall have the right at its option to foreclose this Mortgage, and the failure to make any such tenant or tenants a party defendant to any such civil action or to foreclose their rights will not be asserted by the Mortgagor as a defense in any civil action instituted to collect the indebtedness secured hereby, or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Premises, any statute or rule of law at any time existing to the contrary notwithstanding.

At the option of the Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any award in condemnation) to any and all leases of all or any part of the Premises upon the execution by Mortgagee and recording or registering thereof, at any time hereafter, in the Office wherein this Mortgage was recorded or registered, of a unilateral declaration to that effect.

Any property management agreement for the Premises, whether now in effect or entered into hereafter by Mortgagor with a property manager, shall contain a "no lien" provision whereby the property manager waives and releases, to the extent permitted by law, any and all mechanics' lien rights, if any, that it or anyone claiming through or under it may have pursuant to applicable law. Such property management agreement or a short form thereof shall, at Mortgagee's request, be recorded with the Office of the Recorder of Deeds for the county in which the Premises are located. In addition, Mortgagor shall cause the property manager to enter into a subordination agreement with Mortgagee, in recordable form, whereby the property manager subordinates, to the extent permitted by law, its present and future lien rights and those of any party claiming by, through or under it, to the lien of this Mortgage. Mortgagor's failure to require the "no lien" provision or the subordination agreement described herein shall constitute a Default hereunder.

The terms "Mortgage," "Security Agreement" and "Mortgage and Security Agreement" wherever used herein or in the Note secured hereby or in any other instrument evidencing or securing the Note secured hereby shall mean this Mortgage and the Security Agreement herein contained or any other security agreement securing the Note, as the context may so require.

IN WITNESS WHEREOF, Mortgagor executed this Mortgage the day and year first above written.

ATTEST:

LANTECH, INC.

By:
Its:

Eugene A. Larken, Jr.
Controller

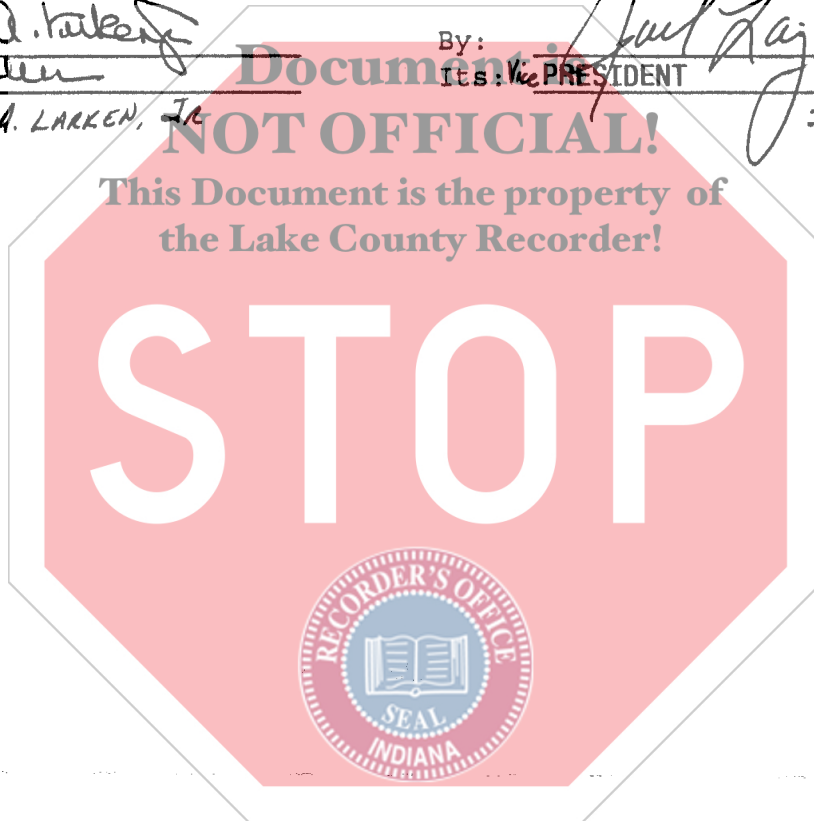
EUGENE A. LARKEN, JR.

By:

Its: Vice PRESIDENT

John J. Lanigan, Jr.

JOHN J. LANIGAN JR.



60844.1

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, CINDY A. BETTEGA, a Notary Public in and for said County in the State aforesaid, do hereby certify that EUGENE A. LARKEN, JR. and JOHN J. LANIGAN, JR., personally known to me and known by me to be the CONTROLLER ~~President~~ and Vice President ~~Secretary~~, respectively, of LANTECH, INC., in whose name the above and foregoing instrument is executed, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 18TH day of JUNE, 1998.

Document is NOT OFFICIAL!
This Document is the property of the Lake County Recorder

Cindy A. Bettega
Notary Public

My Commission Expires:

60844.1

“OFFICIAL SEAL”
Cindy A. Bettega
Notary Public, State of Illinois
My Commission Exp 11/16/2000



LEGAL DESCRIPTION

Parcel 1: A portion of the North half of the Northwest Quarter of Section 34, Township 37 North, Range 9 West of the 2nd P.M., in the City of East Chicago, Lake County, Indiana, more particularly described as follows:

Commencing at the point of intersection of a line parallel to and 90 feet North of the One Hundred (100) foot right of way of the Elgin Joliet and Eastern Railway Company, (as conveyed to C.H. Ackert, Trustee, by deed dated August 14, 1899, and recorded in Book 89, Pages 325 to 329, in the office of the recorder of Lake County, Indiana) with the center-line of Gary Avenue; thence Westerly a distance of 72.19 feet to the Southwesterly right of way line of said Gary Avenue; thence Southeasterly on and upon said Southwesterly right of way line of Gary Avenue a distance of 162.42 feet to the North line of said 100 foot right of way; thence Westerly on and upon said North line of the 100 foot right of way a distance of 635.00 feet; thence Northerly at right angles to said 100 foot right of way distance of 90.00 feet to a point on the line parallel to and 90 feet North of said 100 foot right of way, said point being 571.99 feet West of the place of commencement herein; thence continuing Northerly at right angles to said 100 foot right of way a distance of 180.75 to the intersection of the center line of Gary Avenue; thence Southeasterly on and upon said center line of Gary Avenue to the place of commencement.

Excepting therefrom the following: That portion of land commencing at the point of intersection of a line parallel to and 90 feet North of 100 foot right of way of the Elgin, Joliet and Eastern Railway Company, (as conveyed to C.H. Ackert, Trustee, by deed dated August 4, 1899, and recorded in Book 89, Pages 325 to 329), with the center line of Gary Avenue, thence Westerly a distance of 161.74 feet on said described parallel line; thence Northerly at right angles from said described parallel line 240.39 feet to its intersection with the aforesaid center line of Gary Avenue; thence Southeasterly on said center line of Gary Avenue to the place of beginning.

Parcel 2: A portion of the Northwest Quarter of Section 34, Township 37 North, Range 9 West of the Second Principal Meridian, Lake County, Indiana, more particularly described as follows: Commencing at a point on a line parallel with and 90 feet North of the 100 foot right of way of Elgin Joliet and Eastern Railway Company (as conveyed to C.H. Ackert, Trustee, by deed dated August 14, 1899 and recorded in Lake County, Indiana Recorder's Deed Book 89 at Pages 325 to 329), said point being 571.99 feet West of the intersection of said described parallel line with the center line of Gary Avenue; thence Westerly on and upon said parallel line a distance of 996.9 feet to the West line of the Northwest Quarter of Section 34, Township 37 North, Range 9 West, Lake County, Indiana, said West line further being the center line of Parrish Avenue at this point; thence Southerly on and upon said West line of the Northwest Quarter a distance of 90.07 feet to the North line of the 100 foot right of way of the E.J. and E. Railway Company; thence Easterly on and upon North line of the 100 foot right of way a distance of 993.94 feet; thence Northerly at right angles to said North line a distance of 90.00 feet to the place of commencement.

Parcel 3: Part of the Northwest Quarter of Section 34, Township 37 North, Range 9 West of the Second Principal Meridian, East Chicago, Lake County, Indiana, described as follows: Beginning at a point, said point being on a line parallel with and 90.0 feet North of the 100.0 foot right of way of the E.J. and E. Railway Company a distance of 571.99 feet West of the intersection of said described parallel line with the center line of Gary Avenue; thence Westerly along said described parallel line a distance of 195.44 feet; thence Northerly along a line that is at right angles to said described parallel line a distance of 510.85 to the center line of Gary Avenue; thence Southeasterly along said center line of Gary Avenue a distance of 234.78 feet; thence Southerly along a line which intersects the said described parallel line at right angles a distance of 380.75 feet to the place of beginning.

PROPERTY ADDRESS: 2000 GARY ROAD, EAST CHICAGO, INDIANA

KEY NOS: 31-46-14 AND 15, TAX UNIT NO. 24
KEY NOS: 31-46-8 AND 11, TAX UNIT NO. 24

Exhibit B

Permitted Exceptions

1. Real estate taxes not yet due and payable.
2. Lease dated September 8, 1997 between Mortgagor and Mi-Jack Products, Inc.

60844-1

