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STATE OF INDIANA
LAKE COUNTY
PUBLIC RECORDS

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HOWARD W. CARTER
RECORDER

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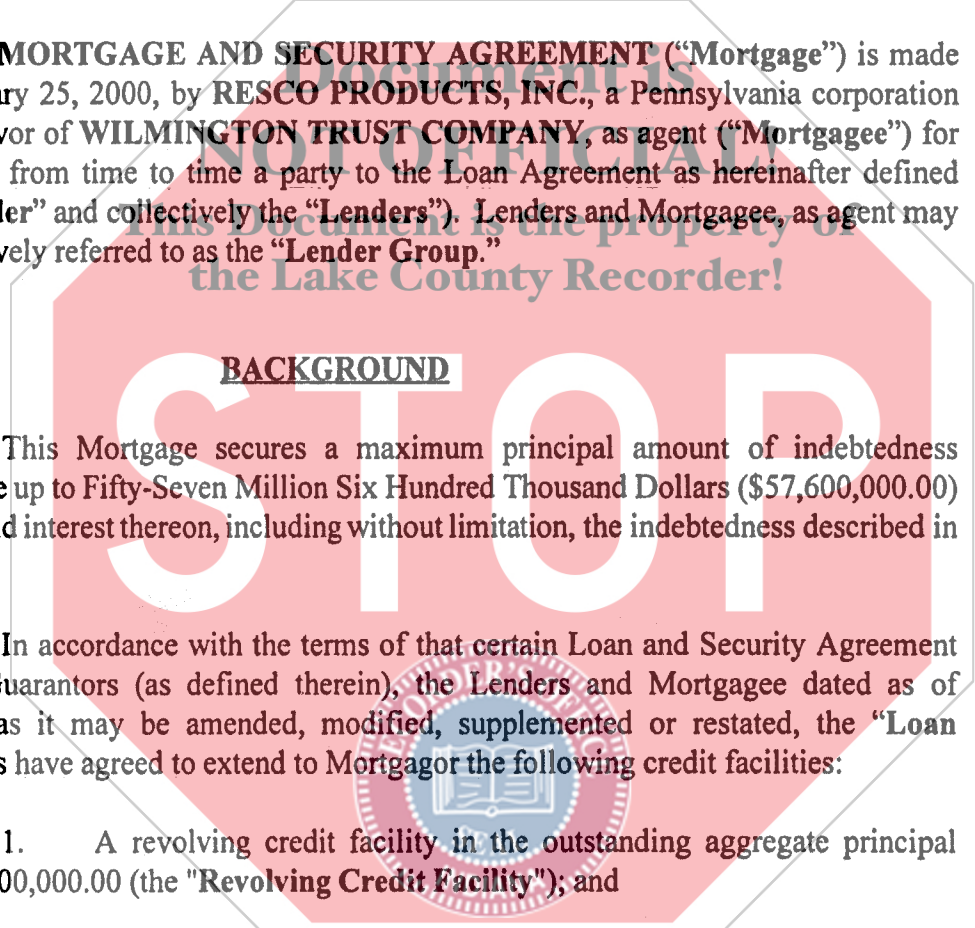
Chicago Title Insurance Company

MORTGAGE AND SECURITY AGREEMENT

[THIS MORTGAGE SECURES FUTURE ADVANCES]

19900653340

THIS MORTGAGE AND SECURITY AGREEMENT ("Mortgage") is made effective as of February 25, 2000, by **RESCO PRODUCTS, INC.**, a Pennsylvania corporation ("Mortgagor"), in favor of **WILMINGTON TRUST COMPANY**, as agent ("Mortgagee") for itself and the lenders from time to time a party to the Loan Agreement as hereinafter defined (individually, a "Lender" and collectively the "Lenders"). Lenders and Mortgagee, as agent may hereinafter be collectively referred to as the "Lender Group."



BACKGROUND

A. This Mortgage secures a maximum principal amount of indebtedness outstanding at any time up to Fifty-Seven Million Six Hundred Thousand Dollars (\$57,600,000.00) plus accrued and unpaid interest thereon, including without limitation, the indebtedness described in **Recital B** below.

B. In accordance with the terms of that certain Loan and Security Agreement among Mortgagor, Guarantors (as defined therein), the Lenders and Mortgagee dated as of February 25, 2000 (as it may be amended, modified, supplemented or restated, the "Loan Agreement"), Lenders have agreed to extend to Mortgagor the following credit facilities:

1. A revolving credit facility in the outstanding aggregate principal amount of up to \$30,000,000.00 (the "Revolving Credit Facility"); and
2. A term loan in the outstanding aggregate principal amount of \$18,000,000.00.

C. Mortgagor's obligation to repay the above-described credit facilities is evidenced by Mortgagor's promissory notes of even date herewith in the original aggregate principal

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25 x 10

amounts of Thirty Million Dollars (\$30,000,000.00) and Eighteen Million Dollars (\$18,000,000.00), respectively (as the same may be amended, modified, supplemented, extended and/or renewed from time to time, collectively, the "Notes").

D. The Loan Agreement, Notes, Surety Agreements, all documents executed in connection with the Future Advances or any of the other Secured Indebtedness, this Mortgage and all other documents executed and delivered in connection with or collateral to any of the foregoing, as any of the same may be amended, modified, supplemented, extended and/or renewed from time to time, are sometimes referred to collectively as the "Loan Documents", and the terms and conditions thereof are incorporated herein by reference as though set forth herein in full.

E. References to defined terms in this Mortgage may be found in Section 37 hereof.

NOW, THEREFORE, Mortgagor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, agrees as follows:

1. **Granting Clause.** As security for the Secured Indebtedness, Mortgagor mortgages and warrants, transfers, assigns, pledges, grants, bargains, sells, conveys, aliens, releases and confirms unto Mortgagee, and grants a security interest in all that certain lot or parcel of ground located in Hammond, Indiana, as more fully described in Exhibit A attached hereto (the "Premises"), together with all of Mortgagor's right, title and interest in and to all present and future:

1.1 buildings and improvements erected thereon, and alterations, additions and improvements thereto (collectively, the "Improvements") and all cash and non-cash proceeds thereof;

1.2 easements, rights of way, streets, alleys, passage ways, water, water courses, mineral rights, rights, liberties, hereditaments and the appurtenances belonging or in any way appertaining thereto (collectively, the "Appurtenances");

1.3 reversions, remainders, rents, leases, income, proceeds, issues, profits, fees, payments, grants, franchises, rights, concessions and operating privileges derived from or received in connection with all purposes for which the Premises and Improvements might be employed and all cash and non-cash proceeds thereof (collectively, the "Rents");

1.4 building materials, machinery, apparatus, equipment, fittings, furniture, fixtures and articles of personal property located on, about, under or in the Premises or the Improvements, without regard to whether the same may be affixed to the Premises or Improvements, and used or usable in connection with any present or future operation of the Improvements, including but not limited to all heating, electrical, air conditioning, ventilating, lighting, laundry, incinerating and power equipment, computers, computer equipment and all other property incidental thereto,

engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing, lifting, cleaning, fire prevention, fire extinguishing, communications apparatus, appliances, furnishings, carpeting, cabinets, partitions, ducts and compressors and all parts and accessories therefor and all substitutions and replacements thereof (collectively, the "Building Equipment"), and the cash and non-cash proceeds of all of the foregoing, including but not limited to the proceeds of any policy or policies of insurance thereon;

1.5 subject to Section 18 below, awards, decrees, condemnation or other proceeds and settlements made to or for the benefit of Mortgagor by reason of any damage to, destruction of or taking of the Premises or any part thereof or any Improvements or any Building Equipment, whether such award shall be made by reason of the exercise of the right of eminent domain or otherwise, or by any public or private authority, tribunal, corporation or other entity or by any natural person and all cash and non-cash proceeds thereof (collectively, the "Awards"); and

1.6 to the extent permitted by applicable law, contracts, licenses, permits, approvals, product and manufacturer warranties, guarantees and service agreements, including all manuals, policies, instructions and other documents in connection with the same in favor of Mortgagor or by and between Mortgagor and any and all boards, agencies, departments, governmental or other parties of any kind, relating, directly or indirectly to the Premises, Building Equipment, Improvements, Appurtenances, Rents or Awards (collectively, the "Licenses") and all cash and non-cash proceeds thereof.

Mortgagee, its successors and assigns shall have and hold the Premises with the Improvements, Appurtenances, Rents, Building Equipment, Awards, Licenses, and all other property hereby mortgaged, with all appurtenances thereto forever. All of the property of whatever kind described in or covered by this Mortgage may be hereinafter referred to collectively as the "Mortgaged Property".

2. **Defeasance.** Mortgagee agrees that if Mortgagor shall promptly pay or cause to be paid to Mortgagee the Secured Indebtedness, and shall perform or cause to be performed all of the other terms, conditions, agreements and provisions contained in the Loan Documents, all without fraud or delay or deduction or abatement of anything or for any reason and Lenders shall no longer have any obligation, agreement or commitment to advance any sums to Mortgagor, then this Mortgage and the estate hereby granted shall cease, terminate and become void.

3. **Obligations Secured.** This Mortgage secures a maximum principal amount of indebtedness outstanding at any time up to \$57,600,000.00, plus accrued and unpaid interest and further secures the full and timely payment and performance of all obligations of Mortgagor to the Lender Group, whether now or hereinafter owing or existing, including, without limitation, all obligations under the Loan Documents and all Future Advances and the full and timely payment, performance and discharge of all other obligations or undertakings now or hereafter made by or for the benefit of Mortgagor, including any guaranty or surety obligations of Mortgagor and the undertakings of Mortgagor to immediately pay to any member of the Lender Group the amount of

any overdraft on any deposit account maintained with Lenders (all of such obligations, indebtedness and undertakings being sometimes hereinafter referred to as the "Secured Indebtedness"). **IT IS THE EXPRESS INTENT OF MORTGAGOR THAT THE MORTGAGED PROPERTY SHALL SECURE NOT ONLY THE OBLIGATIONS UNDER THE LOAN DOCUMENTS, BUT ALSO ALL OTHER PRESENT AND FUTURE OBLIGATIONS OF MORTGAGOR TO THE LENDER GROUP.**

4. **Future Advances.** As used herein, the term "Future Advances" shall mean (a) any and all future loans, extensions of credit or other financial accommodations to or for the credit of Mortgagor or to third parties upon the surety, guaranty, endorsement or other accommodation of Mortgagor, regardless of the amount, the purpose for which such debt may be created and whether any reference is made to this Mortgage therein; (b) any and all future obligations, indebtedness and/or liabilities of Mortgagor to the Lender Group hereafter incurred, due or owing under the provisions of any of the Loan Documents; (c) any and all obligations, costs or expenses assumed or incurred by the Lender Group in connection with any of the Secured Indebtedness; (d) all advances the Lender Group may make or become obligated to make for the protection of the security hereby given, including, without limitation, the unpaid balances of advances made with respect to the Mortgaged Property for the payment of taxes, assessments, maintenance, charges, insurance premiums and costs incurred for the protection of the Mortgaged Property or the lien of this Mortgage, and all expenses incurred by the Lender Group by reason of an Event of Default by Mortgagor hereunder; and (e) all advances the Lender Group may make to pay toward all or part of the cost of completing any erection, construction, alteration or repair of any part of the Mortgaged Property.

5. **Default Rate.** As used herein, the term "Default Rate" shall mean the Default Rate applicable to the Revolving Credit Facility as set forth in the Loan Agreement.

6. **Warranty of Title.** Mortgagor represents, to the best of Mortgagor's knowledge, that (a) Mortgagor lawfully holds indefeasible fee simple title to the Premises and the Improvements, free of any liens, claims, encumbrances and/or restrictions, except for those title exceptions (if any) approved by Mortgagee in writing; (b) this Mortgage creates a valid and enforceable lien against and security interest in the Mortgaged Property subject only to the aforesaid title exceptions (if any); and (c) Mortgagee, subject to Mortgagor's right of possession prior to an Event of Default, shall quietly enjoy and possess the Mortgaged Property. Mortgagor covenants to preserve such title and the validity and priority of the lien and security interest hereof and shall forever warrant and defend the same unto Mortgagee against the claims of all persons and parties whatsoever.

7. **Security Agreement.** This Mortgage constitutes a security agreement under the Uniform Commercial Code as adopted and existing from time to time in the State of Indiana (the "Code"). Mortgagor grants to Mortgagee a security interest in and lien upon all that property included within the term "Mortgaged Property" which might otherwise be deemed personal property under the Code, together with all cash and non-cash proceeds of such personal property. Upon filing

this Mortgage in the appropriate offices, this Mortgage shall also be effective as a financing statement filed in such offices with respect to such personal property.

8. **Payment of Secured Indebtedness.** Mortgagor will pay, or cause to be paid, when due the Secured Indebtedness, together with interest thereon, at the times and in the manner as provided in and by the Loan Documents.

9. **Compliance with Terms.** Mortgagor will promptly and faithfully observe and perform, or cause to be observed and performed, all the terms, covenants and provisions contained herein and in any of the Loan Documents.

10. **Taxes, Rents and Other Charges.** Mortgagor will pay, prior to the time when interest or penalties commence to accrue thereon, all taxes, sewer and water rents, other claims and charges, including charges in lieu of taxes, owing to all federal, state and local agencies, boards, bureaus and departments (collectively, the "Governmental Authority"). Upon the request of Mortgagee, Mortgagor will produce to Mortgagee receipts or other satisfactory evidence of such payment. However, if Mortgagor (a) in good faith and by appropriate legal action shall contest the validity of any such item or the amount thereof after notice thereof to Mortgagee, and (b) shall have furnished and deposited security as reasonably required by Mortgagee, then Mortgagor shall not be required to pay the item (except for all real estate taxes which must be paid regardless of any challenge) or to produce the required receipts so long as the contest operates to prevent collections, does not jeopardize the lien of this Mortgage, is maintained and prosecuted with diligence and shall not have been terminated or discontinued adversely to Mortgagor.

11. **Insurance.** Mortgagor shall maintain insurance on the Mortgaged Property as required by **Section 14.6** of the Loan Agreement.

12. **Escrow Deposits.** After and during an Event of Default, Mortgagor will deposit with Mortgagee monthly, if so requested by Mortgagee in writing, (a) a sum equal to one-twelfth (1/12) of the annual taxes sewer and water rents, and such other claims and charges as may be assessed or levied by any Governmental Authority on or against the Mortgagor or the Mortgaged Property, including charges in lieu of taxes; and (b) such amounts as shall be necessary to create a fund adequate to pay the premiums on all insurance required herein prior to expiration of the current policies. Unless otherwise required by law, Mortgagee shall have no obligation to pay interest to Mortgagor on such escrow deposits. Mortgagee may, at its option, apply the amounts deposited with Mortgagee, or any part thereof, (a) in payment of the Secured Indebtedness, or (b) to the payment of the item or items in respect of which such amounts were deposited in such order of priority as Mortgagee shall determine and Mortgagor shall make available to Mortgagee proper bills therefor. If Mortgagor is required to have deposited such sums with Mortgagee and the amounts then held by Mortgagee on deposit shall be insufficient to pay such premiums or taxes, Mortgagor, upon demand, shall pay to Mortgagee any amounts necessary to make up such deficiency. Nothing contained in this section shall be deemed to affect any right or remedy of Mortgagee under any other provisions of this Mortgage or of any statute or rule of law to pay any such items and to add the amount of the payment,

with interest, as herein provided, to the Secured Indebtedness, and to require payment thereof on demand. If, when making any assignment of this Mortgage, the then mortgagee shall pay over to its assignee the then balance of the deposits made by Mortgagor under this section, such assigning mortgagee shall have no further obligation to Mortgagor for the proper application of such deposits.

13. Maintenance of Mortgaged Property. Mortgagor (a) shall maintain the Mortgaged Property in good repair and order; (b) shall not remove from the Premises or Improvements, any Building Equipment or any other property of any nature covered by the lien or security interest granted by this Mortgage, unless such Building Equipment is replaced with comparable Building Equipment of equal or greater value acceptable to Mortgagee; (c) shall not make, install or permit to be made or installed any alterations, additions or improvements of any nature to or in the Mortgaged Property that negatively affect the value of the Mortgaged Property or are structural in nature without obtaining the prior written consent of Mortgagee, which consent shall not be unreasonably withheld, conditioned or delayed and without obtaining insurance thereon; and (d) shall not commit or suffer any waste of the Mortgaged Property or make any change in the use thereof which will in any way increase the risk of fire or other hazard or that may impair the security of this Mortgage.

14. Declaration of Amount Due and No Set-Off. Mortgagor shall, within ten (10) days after request to do so by Mortgagee, or cause to be furnished, a written statement or declaration, duly acknowledged, of the amount due under the Loan Documents and whether any offsets or defenses exist thereto or against this Mortgage.

15. Compliance with Laws. Mortgagor shall comply in all material respects with all applicable laws, ordinances, regulations, agreements, covenants, conditions, contracts, declarations, easements, licenses and restrictions affecting the Mortgaged Property, or any part thereof and will not suffer or permit any violation thereof. The foregoing shall not preclude the right of Mortgagor to, in good faith, contest the enforcement of any of the foregoing provided that enforcement is stayed by the operation of such contest and Mortgagor deposits with Mortgagee, during the pendency of any such contest, security reasonably satisfactory to Mortgagee.

16. Maintenance and Preservation of Easements. Mortgagor will do or cause to be done all things necessary to preserve intact and unimpaired any and all easements, appurtenances, rights of way and other interests and rights in favor of, or constituting any portion of, the Mortgaged Property.

17. Other Liens. Mortgagor will not create, incur, assume or suffer to exist any mortgage, lien, charge, security interest or other encumbrance upon the Mortgaged Property, or any part thereof, other than the liens and security interest created hereby, liens and security interests in favor of Mortgagee and the liens approved herein (if any), or in the Loan Agreement, without the prior written consent of Mortgagee, which consent Mortgagee may withhold in its sole discretion.

In the event that the Mortgaged Property, or any part thereof, is now or hereafter subject to any other mortgage lien, charge, security interest or other encumbrance, with respect to which Mortgagor shall have received Mortgagee's prior written consent as required herein (the "Approved Mortgage"):

17.1 Mortgagor will pay the principal, interest and all other sums due and payable with respect to such Approved Mortgage on or before the applicable due date, and will comply with all of the other terms, covenants and conditions thereof;

17.2 Upon request of Mortgagee, Mortgagor will forward to Mortgagee a copy of the check or other evidence of each payment in connection with the Approved Mortgage;

17.3 Without the prior written consent of Mortgagee, Mortgagor will not enter into any modification, amendment, agreement or arrangement pursuant to which Mortgagor is granted any forbearance or indulgence (as to time or amount) in the payment of any principal, interest or other sums due in accordance with the terms and provisions of the Approved Mortgage;

17.4 Mortgagor will endeavor to obtain the agreement of the holder, from time to time, of any Approved Mortgage, to send Mortgagee copies of all default notices with respect thereto;

17.5 Mortgagor will notify Mortgagee of the receipt of any default notice given by the holder of any Approved Mortgage and will forward to Mortgagee a copy of such notice;

17.6 Mortgagor acknowledges and agrees that Mortgagee has the right to deliver to the holder of the Approved Mortgage written notice of the existence of this Mortgage intended to effect the priority of the lien of such prior mortgage with respect to future advances thereunder.

The Lender Group has agreed that the Mortgage in favor of FINOVA Mezzanine Capital, Inc., a Tennessee corporation, encumbering the Mortgaged Property shall constitute an Approved Mortgage.

18. **Condemnation.** Mortgagor shall notify Mortgagee promptly upon receiving any notice of commencement of any proceedings for the condemnation or other taking of any or all of the Mortgaged Property and shall permit Mortgagee to participate in such proceedings and to receive all proceeds payable to Mortgagor as an award or in settlement, up to the amount of the Secured Indebtedness. Mortgagor hereby appoints Mortgagee attorney-in-fact for Mortgagor (which appointment, being coupled with an interest, shall be irrevocable) (a) to collect and receive any such awards, damages, payments and compensation from the authorities making the same, (b) to give receipts and acquittances therefor, and (c) to institute, appear in and prosecute any proceeding therefor in the event Mortgagor fails to take such action. All sums collected by or paid to Mortgagee, net of any costs, including attorney's fees, incurred by the Lender Group in collecting the same shall

be applied as provided in the Loan Agreement, without Mortgagee thereby waiving or impairing any equity or lien, under and by virtue of this Mortgage, as a result of any such taking, alteration of grade or other injury to or decrease in value of the Mortgaged Property. If, prior to the receipt by Mortgagee of said sums, the Mortgaged Property shall have been sold on foreclosure of this Mortgage, Mortgagee shall have the right, whether or not a deficiency judgment on the Secured Indebtedness shall have been sought, recovered or denied, to receive said sums to the extent of the Secured Indebtedness remaining unsatisfied after such sale, with interest thereon at the Default Rate and to receive costs and expenses, disbursements, including attorney's fees, incurred by Mortgagee in connection with the collection of said sums.

19. Leases; Agreements of Sale. Without the prior consent of Mortgagee as to the form and content of any such lease, including without limitation, the term and rental amount of such lease, Mortgagor shall not lease or permit anyone else to lease, any portion of the Mortgaged Property. Notwithstanding the foregoing, Mortgagor may lease up to 20% of the Premises without the consent of Mortgagee. Mortgagee shall not in any way assume or will be deemed to have assumed any of the obligations as landlord under any leases or as seller under any agreements of sale. Mortgagor shall perform (or cause to be performed) every material obligation of the lessor or seller, as the case may be, and shall enforce every material obligation of the lessee or buyer, as the case may be, in every lease or agreement of sale or any tenancy with respect to the Mortgaged Property. Mortgagor shall not materially modify, or alter, or waive or cancel any lease, agreement of sale or any part thereof, nor assign any such lease or any such rents. At Mortgagee's request, Mortgagor shall deliver or cause to be delivered to Mortgagee, assignments of specific leases together with subordination and/or attornment agreements and estoppel letter or certificates from any or all tenants of the Mortgaged Property, all such assignments, agreements, estoppel letters and certificates to be in such form as Mortgagee may require.

Mortgagor shall furnish to Mortgagee from time to time as requested by Mortgagee a complete list of all agreements of sale and leases for the Mortgaged Property, or any portion thereof, in such detail as may be reasonably requested by Mortgagee. Mortgagor shall deliver to Mortgagee certified copies of all agreements of sale and leases, together with copies of correspondence and memoranda between Mortgagor and purchasers or tenants or any successors thereunder setting forth the contractual arrangements between them.

20. Right to Remedy. In the event Mortgagor should fail to perform any of its obligations hereunder or under any of the other Loan Documents, including, without limitation, fail to (a) pay taxes, water and sewer rents, assessments, charges, claims, costs, expenses or fees required to be paid under the terms of this Mortgage, (b) maintain insurance as required herein, or (c) make all necessary repairs to the Mortgaged Property as required herein, the Lender Group may advance sums on behalf of Mortgagor to remedy such failure, including, without limitation, payment of any taxes, water and sewer rents, assessments, charges, claims, costs, expenses, fees, insurance premiums and repairs without prejudice to the right of enforcement of the Loan Documents. Mortgagor shall promptly reimburse the Lender Group for any sums advanced by the Lender Group on Mortgagor's behalf.

21. Sums Advanced by Mortgagee. Any sums advanced by the Lender Group for the payment of any repairs, insurance premiums, taxes, water and sewer rents, assessments, charges, claims, costs, expenses, fees and any other sums advanced by the Lender Group in any way connected with the Mortgaged Property or any of the Loan Documents shall be added to and become a part of the Secured Indebtedness, and repayment thereof, together with interest thereon at the Default Rate from the date of the respective expenditure, may be enforced by Mortgagee against Mortgagor at any time.

22. Representations and Warranties. Mortgagor represents and warrants that:

22.1 No written notice of any of the Mortgaged Property by eminent domain or condemnation has been received by Mortgagor or its agents, servants or employees and neither Mortgagor nor its agents, servants or employees has knowledge that any such taking or condemnation is contemplated.

22.2 Mortgagor has heretofore given Mortgagee an original executed or true copy of all of the existing leases or agreements of sale relating to the Mortgaged Property.

22.3 To Mortgagor's knowledge, all licenses, permits and registrations required in connection with the use, occupancy and maintenance of the Mortgaged Property have been issued, are in full force and effect and all appeal periods applicable thereto have expired without appeal having been taken; and the current and proposed uses of the Mortgaged Property comply with all applicable zoning laws and other statutes, ordinances, rules and regulations of all governmental authorities having jurisdiction.

22.4 To Mortgagor's knowledge, all Licenses are in full force and effect on the date hereof and are not subject to any defenses, set-offs or counterclaims whatsoever.

22.5 None of the Mortgaged Property has been damaged by fire or other casualty which has not now been fully restored.

23. Notices. In addition to any notice requirements contained elsewhere in this Mortgage or any of the other Loan Documents, Mortgagor shall notify Mortgagee of the occurrence of any of the following:

23.1 A fire or other casualty causing material damage to any portion of the Mortgaged Property;

23.2 Receipt of notice of condemnation or intended condemnation of any portion of the Mortgaged Property;

23.3 Receipt of notice from any government or quasi-governmental authority asserting that the present or proposed development, structure, use or occupancy of the Mortgaged Property constitutes a material violation of or noncompliance with any applicable law, statute, code, ordinance, rule or regulation promulgated or enforced by such authority;

23.4 Receipt of any default or acceleration notice from the holder of any lien or security interest in the Mortgaged Property;

23.5 Receipt of any default or termination notice from any tenant of the Mortgaged Property if such tenant leases 20% of more of the Premises.

24. **Events of Default.** Each of the following shall constitute an event of default hereunder (an "Event of Default"):

24.1 If there shall occur an Event of Default under the Loan Agreement or under any of the other Loan Documents.

24.2 If there shall occur an event of default (beyond any applicable notice or grace period) under any other mortgage encumbering the Premises or any document collateral thereto.

24.3 If there shall be any sale, lease, transfer or other disposal (whether voluntarily or by operation of law) of all, substantially all, or any portion of the Mortgaged Property or an interest therein without the prior written consent of Mortgagee or except as permitted herein or in the Loan Agreement.

Any Event of Default under this Mortgage shall constitute a default under any other mortgage from Mortgagor to Mortgagee, under the other Loan Documents and under any other agreement between Mortgagor and Mortgagee.

25. **Remedies.** Upon the occurrence of, and during the continuance of, an Event of Default, at the option of Mortgagee, all of the Secured Indebtedness shall become immediately due and payable. In such event, Mortgagee may forthwith and without further demand exercise any one or more of the following rights and remedies in addition to any of the rights or remedies provided herein or in any other Loan Documents or such right and remedies otherwise available to Mortgagee at law or in equity, without further stay, any law, usage or custom to the contrary notwithstanding:

25.1 Take possession of the Mortgaged Property and exercise with respect thereto all rights of a mortgagee-in-possession.

25.2 Collect all proceeds from agreements of sale with respect to the Mortgaged Property and revoke Mortgagor's license to collect all rentals from the Mortgaged Property and, after deducting all costs of collection and administration expenses, apply the net

proceeds or rentals to the payment of taxes, water and sewer rents, charges and claims, insurance premiums and all other carrying charges, maintenance, repair or restoration of the Mortgaged Property, or on account and in reduction of the principal, interest or both of the Secured Indebtedness, in such order and amounts as Mortgagee, in Mortgagee's sole discretion, may elect.

25.3 Institute any appropriate action or proceeding to foreclose this Mortgage and may proceed therein to judgment and execution for all sums secured by this Mortgage.

25.4 Exercise each and every right available to it as a secured party under the Uniform Commercial Code as enacted in the Commonwealth of Pennsylvania and/or the State of Indiana at the choice of Mortgagee; provided that, if such right is invalid or unenforceable under the internal laws of the state where the Premises is located, the internal laws of the state where the Premises is located will apply.

25.5 Exercise each and every right granted to it hereunder, under any of the other Loan Documents, at law or in equity.

25.6 Exercise any and all rights and remedies of Mortgagor under the Licenses, without any interference or objection from Mortgagor.

25.7 As it deems necessary, effect new Licenses, cancel or surrender existing Licenses, alter or amend the terms of and renew existing Licenses and make concessions to any third party in connection therewith.

25.8 Have a receiver appointed to enter into possession of the Mortgaged Property to collect the earnings, revenues, rents, issues, profits and income derived therefrom and apply the same as the court may direct. Mortgagee shall be entitled to the appointment of a receiver without the necessity of proving either the inadequacy of the security or the insolvency of Mortgagor or any other person who may be legally or equitably liable to pay the Secured Indebtedness and Mortgagor and each such person shall be deemed to have waived such proof and to have consented to the appointment of such receiver.

25.9 Construct improvements upon the Mortgaged Property or cause repairs to be made to or otherwise alter any present or existing improvements thereon.

26. Remedies Cumulative. All rights and remedies hereby granted or otherwise available to Mortgagee shall be cumulative and concurrent; may be pursued singly, successively or together at Mortgagee's sole option; and may be exercised from time to time and as often as occasion therefor shall occur until the Secured Indebtedness is paid in full. Mortgagee may resort to any security it holds in such order and manner as Mortgagee sees fit and may sell at any foreclosure sale on this Mortgage the Premises, Improvements and Building Equipment in one parcel or in such parcels as Mortgagee in its sole discretion elects so to do and such foreclosure sale shall pass title to all such property.

27. **No Release.** No extension or indulgence granted to Mortgagor, no alteration, change or modification hereof or of any other Loan Document consented or agreed to by Mortgagee and no other act or omission of Mortgagee, including the taking of additional security or the release of any security, shall constitute a release of the lien and obligation of this Mortgage or be interposed as a defense against the enforcement of this Mortgage, except for an act of Mortgagee that constitutes an express, effective release and satisfaction of the Secured Indebtedness.

28. **Modification.** This Mortgage may not be changed orally or by any course of dealing between Mortgagor and Mortgagee, but only by an agreement in writing duly executed on behalf of the party against who enforcement of any waiver, change, modification or discharge is sought.

29. **Further Assurances.** Mortgagor shall provide Mortgagee from time to time on request by Mortgagee with such mortgages, agreements, financing statements and additional instruments, documents or information as Mortgagee may reasonably deem necessary or advisable to protect, perfect and/or maintain the liens and security interests in the Mortgaged Property. Mortgagor hereby authorizes and appoints Mortgagee as Mortgagor's attorney-in-fact (which appointment, being coupled with an interest, is irrevocable) with full power of substitution, to execute on Mortgagor's behalf and file at Mortgagor's expense such mortgages, financing statements and amendments thereto, in those public offices deemed necessary or appropriate by Mortgagee to establish, maintain and protect a continuously perfected lien and security interest in the Mortgaged Property.

30. **Communications and Notices.** All notices, requests and other communications made or given in connection with the Loan Documents shall be in writing and, unless receipt is stated herein to be required, shall be deemed to have been validly given if delivered personally to the individual or division or department to whose attention notices to a party are to be addressed, or by private carrier, or registered or certified mail, return receipt requested, or by telecopy with the original followed by first-class mail, in all cases with charges prepaid, addressed as follows, until some other address (or individual or division or department for attention) shall have been designed by notice given by one party to the other.

To Mortgagor:

Resco Products, Inc.
P.O. Box 108
Norristown, PA 19404-0108
Attention: William K. Brown, President and CEO
Telecopy: 610-279-7313

To Mortgagee:

Wilmington Trust Company
795 East Lancaster Avenue, Suite 6
Villanova, PA 19085-1517
Attention: Joseph M. Finley, Vice President
Telecopy: 610-520-1438

31. Waivers. In connection with any proceedings under the Loan Documents, including without limitation any action by Mortgagee in replevin, foreclosure or other court process or in connection with any other action related to the Loan Documents or the transactions contemplated hereunder, Mortgagor waives to the extent permitted by applicable law:

31.1 all error, defects and imperfections in such proceedings;

31.2 all benefits under any present or future laws exempting any property, real or personal, or any part of any proceeds thereof from attachment, levy or sale under execution, or providing for any stay of execution to be issued on any judgment recovered under any of the Loan Documents or in any replevin or foreclosure proceeding, or otherwise providing for any valuation, appraisal or exemption;

31.3 except as expressly provided in the Loan Documents, presentment for payment, demand, notice of demand, notice of nonpayment, protest and notice of protest of any of the Loan Documents, including the Notes;

31.4 any requirement for bonds, security or sureties required by statute, court rule or otherwise; and

31.5 any demand for possession of the Mortgaged Property prior to commencement of any suit.

32. Construction. The use of the words "Mortgagor", "Mortgagee" or "Lenders" shall be deemed to include the successors and assigns of the party or parties. If there shall be more than one Mortgagor or party constituting the Mortgagor, the obligation of each shall be joint and several. The use of any gender shall include all genders. The singular number shall include the plural, or the plural the singular, as the context may require. Wherever in this Mortgage the Mortgagee's consent or approval is required or permitted, such consent or approval shall be at the sole and absolute discretion of Mortgagee, except as otherwise provided expressly herein.

33. Invalid Provisions Disregarded. If any term or provision of this Mortgage or the application thereof to any particular circumstances shall to any extent be invalid or unenforceable, the remainder of this Mortgage or the application of such terms or the provision to persons or circumstances other than those to which it is held invalid or unenforceable shall not be

affected thereby and each term and provision of this Mortgage shall be valid and be enforced to the fullest extent permitted by law.

34. Applicable Law. This Mortgage shall be governed by and construed in accordance with the laws of the State of Indiana, without regard to any rules or principles regarding conflict of laws or any rule or canon of construction which interprets agreements against the draftsman.

35. Captions. The captions appearing in this Mortgage are inserted solely for convenience of reference and shall not constitute a part of this Mortgage, nor shall they in any way affect its meaning, construction or effect.

36. No Beneficiaries. The rights and remedies of this Mortgage or the Lenders shall not inure to the benefit of any third party other than the successors or assigns of Mortgagee or the Lenders.

37. Defined Terms. Defined terms in this Mortgage may be found in the following Paragraphs, Recitals and Sections:

37.1 Approved Mortgage - Section 17

37.2 Appurtenances - Section 1.2

37.3 Awards - Section 1.5

37.4 Building Equipment - Section 1.4

37.5 Code - Section 7

37.6 Default Rate - Section 5

37.7 Event of Default - Section 24

37.8 Future Advances - Section 4

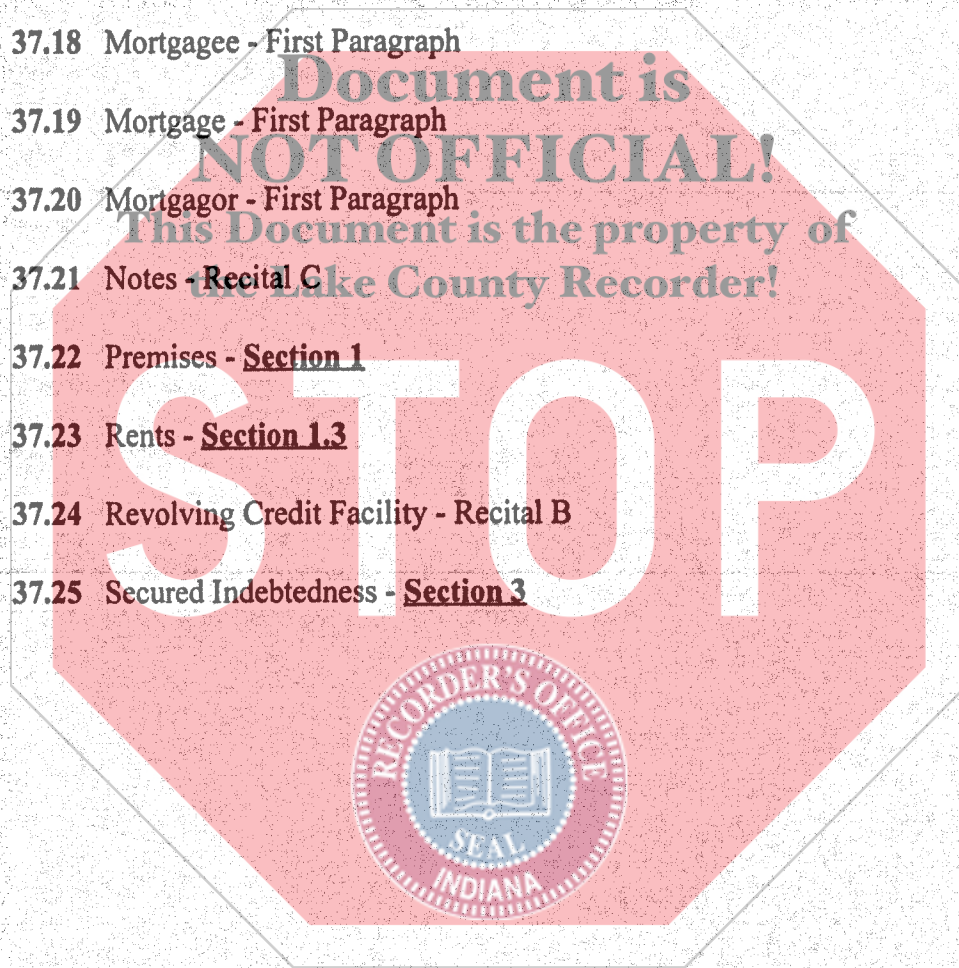
37.9 Governmental Authority - Section 10

37.10 Improvements - Section 1.1

37.11 Lender - First Paragraph

37.12 Lender Group - First Paragraph

- 37.13 Lenders - First Paragraph
- 37.14 Licenses - Section 1.6
- 37.15 Loan Agreement - Recital B
- 37.16 Loan Documents - Recital D
- 37.17 Mortgaged Property - Section 1
- 37.18 Mortgagee - First Paragraph
- 37.19 Mortgage - First Paragraph
- 37.20 Mortgagor - First Paragraph
- 37.21 Notes - Recital C
- 37.22 Premises - Section 1
- 37.23 Rents - Section 1.3
- 37.24 Revolving Credit Facility - Recital B
- 37.25 Secured Indebtedness - Section 3



IN WITNESS WHEREOF, the undersigned has caused this Mortgage and Security Agreement to be duly executed the day and year first above written.

MORTGAGOR:

RESCO PRODUCTS, INC.

By: William K. Brown
William K. Brown, President

CORPORATE SEAL]

Document is
Attest: Frank D. Stumpo
NOT OFFICIAL!
Frank D. Stumpo, Secretary

This Document is the property of
the Lake County Recorder!

The address of the within
named Mortgagee is:

Wilmington Trust Company, as Agent
795 East Lancaster Avenue, Suite 6
Villanova, PA 19085-1517

By: Donald W. Harris
Name/Title: Donald W. Harris Jr V.P.

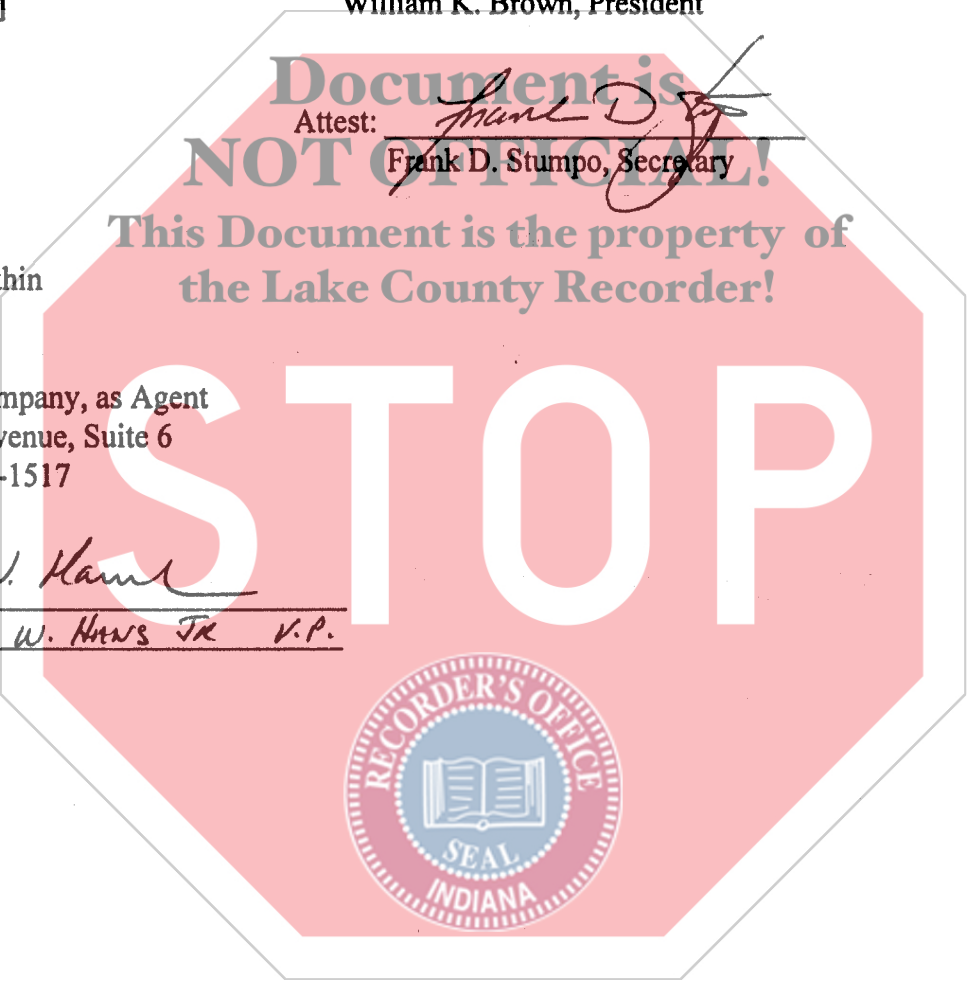


EXHIBIT A

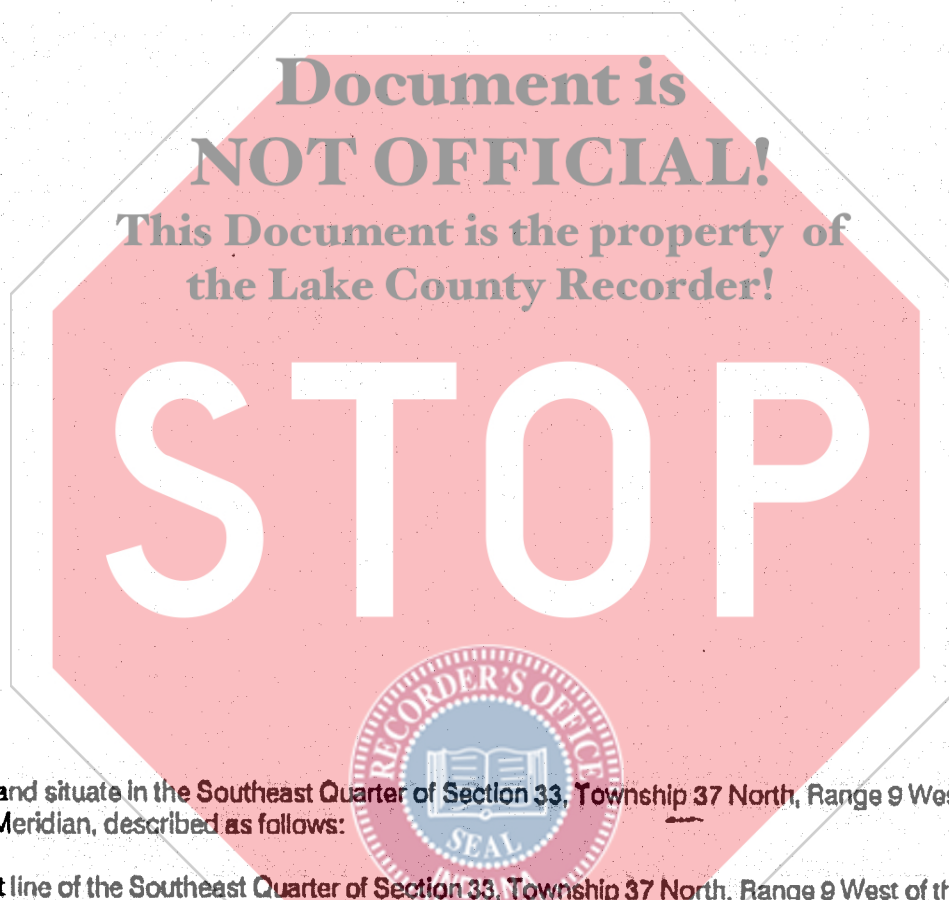
DESCRIPTION OF PREMISES

SEE ATTACHED



**EXHIBIT A
TO
MORTGAGE AND SECURITY AGREEMENT**

KLRSPH1: 98312.3



Parcel 1: A parcel of land situate in the Southeast Quarter of Section 33, Township 37 North, Range 9 West of the Second Principal Meridian, described as follows:

Beginning on the West line of the Southeast Quarter of Section 33, Township 37 North, Range 9 West of the Second Principal Meridian at a point which is 534.38 feet North of the Southwest corner of said Quarter Section; thence East 1 degree 5 minutes South a distance of 862.76 feet; thence East 3 degrees 56 minutes 45 seconds South a distance of 200.25 feet; thence East 1 degree 5 minutes South a distance of 587.72 feet to a point which is 1,650 feet due East of the West line of said Quarter Section and 100 feet North of (measured at right angles to) the North line of the Indiana East-West Toll Road; thence North 0 degrees 0 minutes along a line parallel to the West line of said Quarter Section a distance of 1,949.32 feet, more or less, to the South bank of the Grand Calumet River; thence West 15 degrees 40 minutes North along the South bank of the River a distance of 553 feet; thence West 12 degrees 30 minutes South along the South bank of the River a distance of 454.19 feet; thence West 42 degrees 17 minutes South along the South bank of the River a distance of 248.91 feet; thence West 64 degrees 23 minutes South along the South bank of the River a distance of 462 feet; thence West 57 degrees 20 minutes South along the South bank of the River a distance of 537.71 feet, more or less, to a point on the West line of the said Quarter Section, which point is 1,456.80 feet North of the Southwest

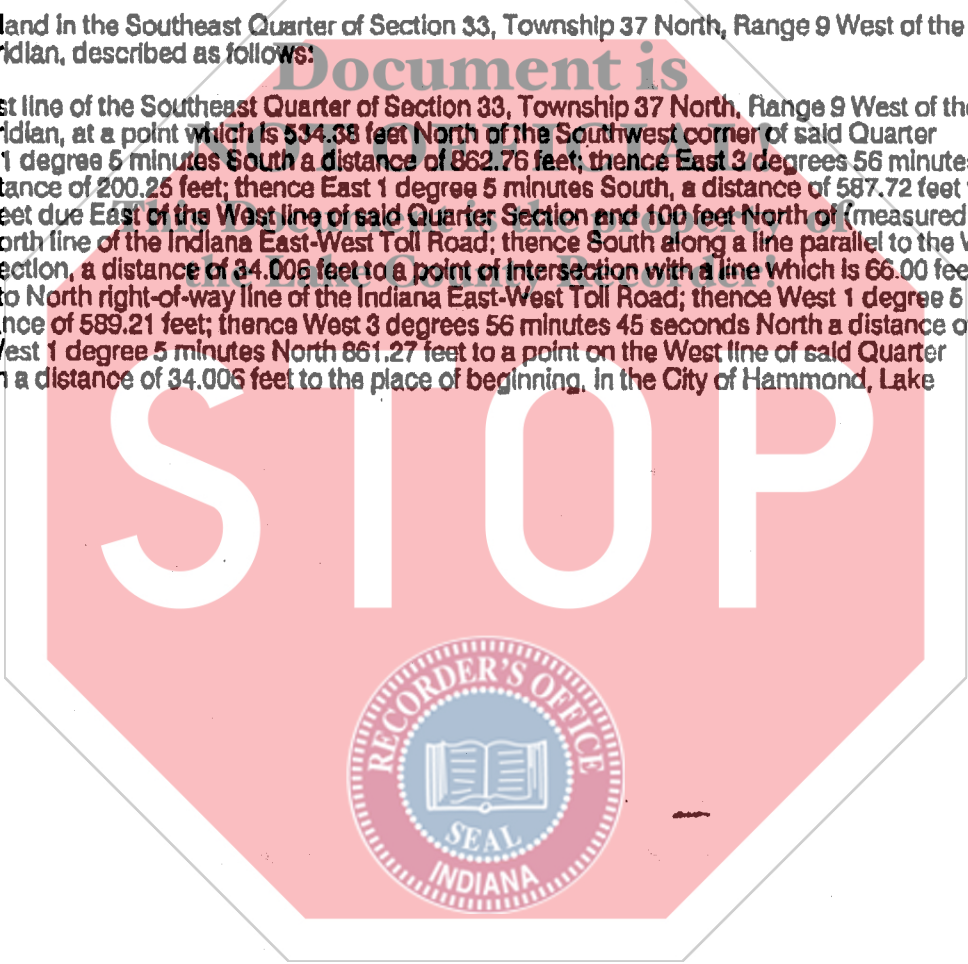
Exhibit "A"

18

corner of said Quarter Section; thence South 0 degrees 0 minutes along the West line of said Quarter Section a distance of 922.42 feet to the place of beginning, in the City of Hammond, Lake County, Indiana.

Parcel 2: A parcel of land in the Southeast Quarter of Section 33, Township 37 North, Range 9 West of the Second Principal Meridian, described as follows:

Beginning on the West line of the Southeast Quarter of Section 33, Township 37 North, Range 9 West of the Second Principal Meridian, at a point which is 534.38 feet North of the Southwest corner of said Quarter Section; thence East 1 degree 5 minutes South a distance of 862.76 feet; thence East 3 degrees 56 minutes 45 seconds South, a distance of 200.25 feet; thence East 1 degree 5 minutes South, a distance of 587.72 feet to a point which is 1,650 feet due East of the West line of said Quarter Section and 100 feet North of (measured at right angles to) the North line of the Indiana East-West Toll Road; thence South along a line parallel to the West line of said Quarter Section, a distance of 34.006 feet to a point of intersection with a line which is 66.00 feet North of and parallel to North right-of-way line of the Indiana East-West Toll Road; thence West 1 degree 5 minutes North a distance of 589.21 feet; thence West 3 degrees 56 minutes 45 seconds North a distance of 200.25 feet; thence West 1 degree 5 minutes North 861.27 feet to a point on the West line of said Quarter Section; thence North a distance of 34.006 feet to the place of beginning, in the City of Hammond, Lake County, Indiana.



ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA :
COUNTY OF Quincy : ss.
:

On this, the 25 day of February, 2000, before me, a notary public, the undersigned officer, personally appeared William K. Brown, who acknowledged himself to be a President of Resco Products, Inc., a Pennsylvania corporation, and that he as such, being authorized to do so executed the foregoing instrument for the purposes therein contained, by signing the name of the President by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

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

Notary Public
My Commission Expires:

NOTARIAL SEAL
JOHN J GAFFNEY III, Notary Public
City of Philadelphia, Phila County
My Commission Expires Aug. 17, 2002

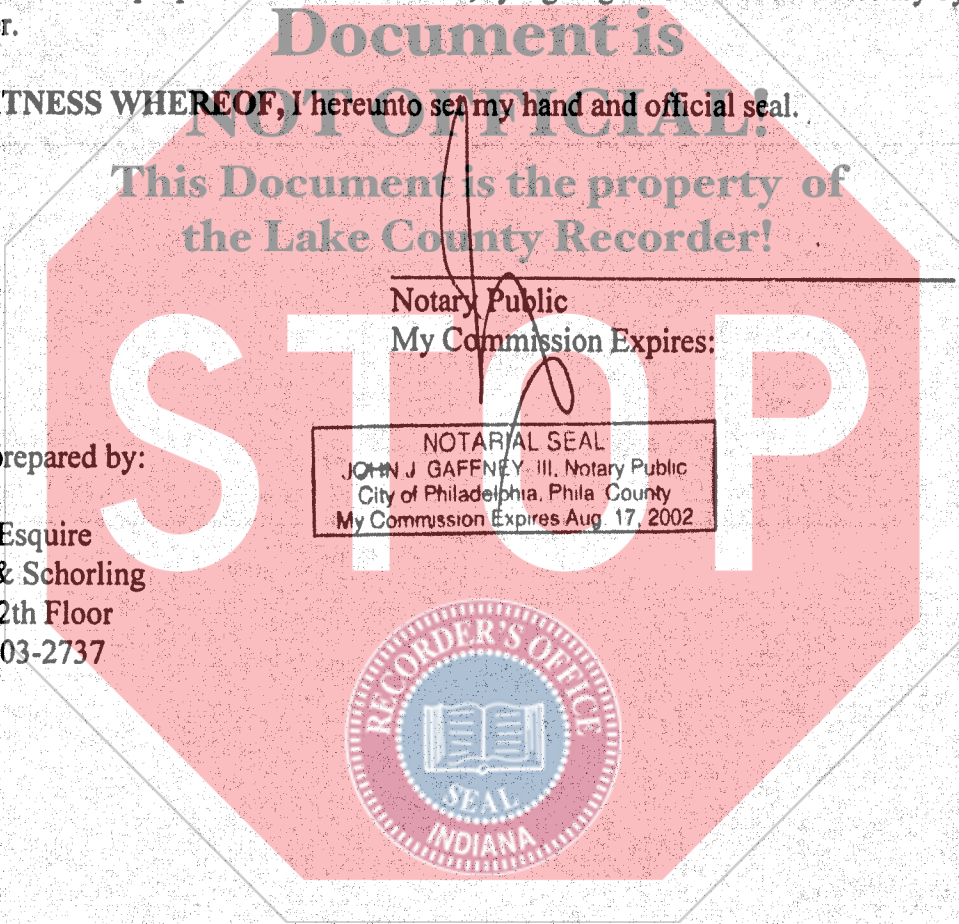


ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF Phila :

On this, the 21 day of February, 2000, before me, a notary public, the undersigned officer, personally appeared Frank D. Stumpo, who acknowledged himself to be a Secretary of Resco Products, Inc., a Pennsylvania corporation, and that he as such, being authorized to do so executed the foregoing instrument for the purposes therein contained, by signing the name of the Secretary by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



This instrument was prepared by:

Stephen C. Trevisan, Esquire
Klett Lieber Rooney & Schorling
Two Logan Square, 12th Floor
Philadelphia, PA 19103-2737
(215) 567-7500