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JUNIOR LEASEHOLD MORTGAGE
(Lake County, Indiana)

THIS JUNIOR LEASEHOLD MORTGAGE ("Mortgage"), made as of May 24, 2000, is made and executed by GLOBE BUILDING MATERIALS, INC., a Delaware corporation, having its principal offices at 2230 Indianapolis Boulevard, Whiting, Indiana 46394 ("Mortgagor"), in favor of FOOTHILL CAPITAL CORPORATION, having an office at 11111 Santa Monica Boulevard, Suite 1500, Los Angeles, California 90025 ("Lender").

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RECITALS

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I. Pursuant to the terms of a certain Third Amended and Restated Loan and Security Agreement dated as of January 8, 1999, as amended from time to time (said Third Amended and Restated Loan and Security Agreement, together with all amendments, supplements, modifications and replacements thereof, being hereinafter referred to as the "Loan Agreement"), by and between Lender and Mortgagor, Lender has agreed to make loans to Mortgagor and extend other financial accommodations to Mortgagor in a maximum aggregate principal amount of \$25,000,000 (collectively, the "Loans"). The Loans consist of (i) a revolving loan in a maximum principal amount of \$25,000,000 (the "Revolving Loan") which revolving loan is evidenced by a note having a maturity date of September 30, 2003 (said note, together with all amendments, supplements, modifications and full or partial replacements thereof, being hereinafter referred to as the "Revolving Note"), and (ii) capital expenditure term loans in the aggregate principal amount of \$3,000,000 (the "Term Loans"), which term loans will be evidenced by one or more notes having a maturity date of September 30, 2003 (said notes, together with all amendments, supplements, modifications and full or partial replacements thereof, being hereinafter referred to as the "Term Notes"). The Revolving Note and the Term Notes are hereinafter collectively referred to as the "Notes." The terms and provisions of the Notes and the Loan Agreement are hereby incorporated by reference in this Mortgage. The rate or rates of interest payable under the Loan Agreement may vary from time to time.

II. In addition to the Term Loan, this Mortgage is given to secure a revolving credit facility and secures not only present indebtedness but also future advances, whether such future advances are obligatory or are to be made at the option of Lender, or otherwise. The amount of indebtedness secured hereby may increase or decrease from time to time, however the principal amount of such indebtedness shall not at any time exceed the amount of \$25,000,000, plus interest thereon, and other costs, amounts and disbursements as provided herein and in the other Loan Instruments (hereinafter defined).

III. Pursuant to the terms of a certain Intercreditor Agreement dated as of May 24, 2000 (the "Intercreditor Agreement") by and among, Lender, Trustee and Mortgagor, the lien of this Mortgage is junior and subordinate to the lien of that certain

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Leasehold Mortgage, Security Agreement, Fixture Filing and Assignment of Leases and Rents dated as of May 24, 2000 and filed with the Recorder of Lake County, Indiana on May 30, 2000 as Document No. 2000 037563 (the "Senior Mortgage"), made in favor of United States Trust Company of New York, a New York banking corporation, solely as trustee under a certain Indenture for various noteholders (the "Senior Mortgage"), securing a loan in the original principal amount of \$352,500.

GRANTING CLAUSES

To secure the payment of the indebtedness evidenced by the Notes and the payment of all amounts due under and the performance and observance of all covenants and conditions contained in this Mortgage, the Notes, the Loan Agreement, and any other documents and instruments now or hereafter executed by Mortgagor or any party related thereto or affiliated therewith to evidence, secure or guarantee the payment of all or any portion of the indebtedness under the Notes, the Loan Agreement and any and all renewals, extensions, amendments and replacements of this Mortgage, the Notes, the Loan Agreement and any such other documents and instruments (the Notes, the Loan Agreement, this Mortgage, such other documents and instruments now or hereafter executed and delivered in connection with the Loans, and any and all amendments, renewals, extensions and replacements hereof and thereof, being sometimes referred to collectively as the "Loan Instruments") (all indebtedness and liabilities secured hereby being hereinafter sometimes referred to as "Borrower's Liabilities"), Mortgagor does hereby convey, mortgage, warrant, assign, transfer, pledge and deliver to Lender and grant to Lender a security interest in the following described property subject to the terms and conditions herein:

(A) All of the lessee's right, title and interest (the "Leasehold Estate") under (i) that certain Lease dated as of June 11, 1990 between HBR Partners, as lessor ("Lessor"), and Mortgagor, as lessee, a memorandum of said Lease having been recorded with the Recorder's Office of Lake County, Indiana on May 24, 2000, as Document No. 2000 036464; (ii) that certain Lease dated as of June 11, 1990 between Lessor and Mortgagor, as lessee, a memorandum of said Lease having been recorded with the Recorder's Office of Lake County, Indiana on May 24, 2000, as Document No. 2000 036464; and (iii) that certain Lease dated as of April 30, 1999 between "Lessor, and Mortgagor, as lessee, a memorandum of said Lease having been recorded with the Recorder's Office of Lake County, Indiana on May 24, 2000, as Document No. 2000 036464, as said Leases may have been amended from time to time (said Leases, together with any and all renewals, extensions, modifications, substitutions and replacements thereof being hereinafter referred to as the "Subject Leases"), which Subject Leases pertain to the real estate located in Lake County, Indiana, legally described in attached Exhibit A (the land parcel included in said real estate being hereinafter referred to as the "Land");

(B) All of Mortgagor's right, title and interest in the buildings, structures, improvements and fixtures serving the Land, the buildings, structures or improvements and not used in Mortgagor's trade or business, together with all extensions, additions, improvements, substitutions and replacements of the foregoing ("**Improvements**");

(C) All of Mortgagor's right, title and interest in easements, tenements, rights-of-way, vaults, gores of land, streets, ways, alleys, passages, sewer rights, water courses, water rights and powers and appurtenances in any way belonging, relating or appertaining to any of the Land or Improvements, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired ("**Appurtenances**");

(D) (i) All judgments, insurance proceeds, awards of damages and settlements which may result from any damage to all or any portion of the Leasehold Estate, the Land, Improvements or Appurtenances or any part thereof or to any rights appurtenant thereto;

(ii) All compensation, awards, damages, claims, rights of action and proceeds of or on account of (a) any damage or taking, pursuant to the power of eminent domain, of the Leasehold Estate, the Land, Improvements or Appurtenances or any part thereof, (b) damage to all or any portion of the Land, Improvements or Appurtenances by reason of the taking, pursuant to the power of eminent domain, of all or any portion of the Leasehold Estate, the Land, Improvements, Appurtenances or of other property, or (c) the alteration of the grade of any street or highway on or about the Leasehold Estate, the Land, Improvements, Appurtenances or any part thereof; and, except as otherwise provided herein, Lender is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor and, except as otherwise provided herein, to apply the same toward the payment of the indebtedness and other sums secured hereby; and

(iii) All proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Leasehold Estate, the Land, Improvements or Appurtenances;

(E) All rents, issues, profits, income and other benefits now or hereafter arising from or in respect of the Leasehold Estate, the Land, Improvements or Appurtenances (the "**Rents**"); it being intended that this Granting Clause shall constitute an absolute and present assignment of the Rents, subject, however, to the conditional permission given to Mortgagor to collect and use the Rents as provided in this Mortgage;

(F) Any and all subleases, licenses and other occupancy agreements now or hereafter affecting the Land, Improvements or Appurtenances, together with all security therefor and guaranties thereof and all monies payable thereunder, and all books and records owned by Mortgagor which contain evidence of payments made under the leases and all security given therefor (collectively, the "**Leases**"), subject, however, to the conditional

permission given in this Mortgage to Mortgagor to collect the Rents arising under the Leases as provided in this Mortgage;

(G) Any and all after-acquired right, title or interest of Mortgagor in and to any of the property described in the preceding Granting Clauses; and

The proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding Granting Clauses;

All of the mortgaged property described in the Granting Clauses is hereinafter referred to as the "Mortgaged Property."

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**ARTICLE ONE
COVENANTS OF MORTGAGOR**
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Mortgagor covenants and agrees with Lender as follows:

1.1. Performance under Loan Agreement, Notes, Mortgage and Other Loan Instruments. Mortgagor shall perform, observe and comply with or cause to be performed, observed and complied with in a complete and timely manner all provisions hereof, of the Loan Agreement and of the Notes, every other Loan Instrument and every instrument evidencing or securing Borrower's Liabilities.

1.2. General Covenants and Representations. Mortgagor covenants, represents and warrants that as of the date hereof and at all times thereafter during the term hereof: (a) Mortgagor is and shall remain the lessee under the Subject Leases, and has good and absolute title to it and the balance of the Mortgaged Property, free and clear of all liens, security interests, charges and encumbrances whatsoever, except for the Senior Mortgage and those liens and encumbrances set forth on Schedule B of the loan policy accepted by Lender insuring the lien of this Mortgage (the Senior Mortgage and such liens, security interests, charges and encumbrances being hereinafter referred to as the "Permitted Encumbrances"); and (b) Mortgagor will maintain and preserve the lien of this Mortgage as a first and paramount lien on the Mortgaged Property, subject only to the Permitted Encumbrances until Borrower's Liabilities have been paid in full and Lender's obligations under the Loan Agreement have been terminated.

1.3. Compliance with Laws and Other Restrictions. Mortgagor covenants and represents that, to the extent required by the Senior Mortgage, the Land and the Improvements and the use thereof presently comply with, and will continue to comply with, all applicable restrictive covenants, zoning and subdivision ordinances and building codes, licenses, health and environmental laws and regulations and all other applicable laws, ordinances, rules and regulations.

1.4. Taxes and Other Charges.

1.4.1. Taxes and Assessments. Mortgagor shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations, liens and encumbrances of every kind and nature whatsoever now or hereafter imposed, levied or assessed upon or against the Mortgaged Property or any part thereof, or upon or against this Mortgage or Borrower's Liabilities; provided, however, that Mortgagor may in good faith contest the validity, applicability or amount of any tax, assessment or other charge, to the extent provided in the Senior Mortgage.

1.5. Mechanic's and Other Liens. Mortgagor shall not permit or suffer any mechanic's, laborer's, materialman's, statutory or other lien or encumbrance (other than any lien for taxes and assessments not yet due) to be created upon or against the Mortgaged Property; provided, however, that Mortgagor may in good faith, by appropriate proceedings, contest the validity, applicability or amount of any asserted lien, to the extent provided in the Senior Mortgage.

1.6. Insurance and Condemnation.

1.6.1. Insurance Policies. Mortgagor shall, at its sole expense, obtain for, deliver to, assign to and maintain for the benefit of Lender, until Borrower's Liabilities are paid in full, such policies of insurance meeting the requirements set forth in the Senior Mortgage, the Loan Agreement and the Intercreditor Agreement.

1.6.2. Adjustment of Loss. For so long as the Senior Mortgage shall remain in full force and effect, any loss under any insurance policies covering the Mortgaged Property and all proceeds, compensation, awards and damages on account of any condemnation proceeding affecting the Mortgaged Property shall be settled, adjusted and compromised as provided in the Intercreditor Agreement. If the Senior Mortgage shall no longer be in effect, then, except as otherwise may be provided by the Loan Agreement, Lender is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies or any compensation, awards and damages under any condemnation proceeding covering the Mortgaged Property and to collect and receive the proceeds from any such policy or policies. Mortgagor hereby irrevocably appoints Lender as its attorney-in-fact for the purposes set forth in the preceding sentence.

1.6.3. Obligation to Repair. If all or any part of the Mortgaged Property shall be damaged or destroyed by fire or other casualty or shall be damaged or taken through the exercise of the power of eminent domain, Mortgagor shall promptly and with all due diligence restore and repair the Mortgaged Property.

1.6.4. Application of Insurance Proceeds and Condemnation Awards. For so long as the Senior Mortgage shall remain in full force and effect, any proceeds, awards or other compensation arising from any loss under any insurance policies covering the

Mortgaged Property or payable as a result of any condemnation of all or any portion of the Mortgaged Property (the "Proceeds") shall be paid as provided in the Intercreditor Agreement. If, in accordance with the terms of the Intercreditor Agreement, the Proceeds are paid to Lender or, if the Senior Mortgage shall no longer remain in effect, the Proceeds shall be applied as provided in the Loan Agreement.

1.7. Lender May Pay; Default Rate. If Mortgagor shall have failed to pay any amount required to be paid by Mortgagor under any provision of this Mortgage and if Senior Mortgagee shall not have elected to pay such amount, Lender may pay the same. Mortgagor shall pay to Lender on demand the amount so paid by Lender together with interest at a rate equal to the highest rate payable under the Loan Agreement after the occurrence of an "Event of Default" as such term is defined in the Loan Agreement (the "Default Rate") and the amount so paid by Lender, together with interest, shall be added to Borrower's Liabilities.

1.8. Care of the Mortgaged Property. Mortgagor shall preserve and maintain the Mortgaged Property in good operating condition. Mortgagor shall not, without the prior written consent of Lender, permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Property or of any part thereof. Except to the extent permitted by the Senior Mortgage, no new improvements shall be constructed on the Mortgaged Property and no part of the Mortgaged Property shall be altered in any material manner.

1.9. Transfer or Encumbrance of the Mortgaged Property. Except as permitted by the Senior Mortgage, Mortgagor shall not permit or suffer to occur any sale, assignment, conveyance, transfer, mortgage, lease or encumbrance of the Mortgaged Property, any part thereof, or any interest therein.

1.10. Further Assurances. At any time and from time to time, upon Lender's request, Mortgagor shall make, execute and deliver, or cause to be made, executed and delivered, to Lender, and where appropriate shall cause to be recorded, registered or filed, and from time to time thereafter to be re-recorded, re-registered and refiled at such time and in such offices and places as shall be deemed desirable by Lender, any and all such further mortgages, security agreements, financing statements, instruments of further assurance, certificates and other documents as Lender may consider reasonably necessary in order to effectuate or perfect, or to continue and preserve the obligations under, this Mortgage.

1.11. Assignment of Rents. The assignment of rents, income and other benefits contained in Section (E) of the Granting Clauses of this Mortgage shall be subject and subordinate to any assignment of rents to Senior Mortgagee and shall be fully operative without any further action on the part of either party. Specifically, subject to the rights of Senior Mortgagee, Lender shall be entitled, at its option, upon the occurrence of an Event of Default hereunder, to all rents, income and other benefits from the Mortgaged Property,

whether or not Lender takes possession of such property. Such assignment and grant shall continue in effect until Borrower's Liabilities are paid in full and all obligations of Lender under and the Loan Agreement have been terminated, the execution of this Mortgage constituting and evidencing the irrevocable consent of Mortgagor to the entry upon and taking possession of the Mortgaged Property by Lender pursuant to such grant, whether or not foreclosure proceedings have been instituted. Notwithstanding the foregoing, so long as no Event of Default has occurred, Mortgagor shall have the right and authority to continue to collect the rents, income and other benefits from the Mortgaged Property to the extent permitted under the Senior Mortgage.

1.12. After-Acquired Property. To the extent permitted by, and subject to, applicable law, and, further, subject to the lien of the Senior Mortgage, the lien of this Mortgage shall automatically attach, without further act, to all property hereafter acquired by Mortgagor located in, or on, or attached to, or used or intended to be used in connection with, or with the operation of, the Mortgaged Property or any part thereof.

1.13. Leases Affecting Mortgaged Property. Mortgagor shall comply with and perform in a complete and timely manner all of its obligations as sublessor under all subleases affecting the Mortgaged Property or any part thereof. The assignment contained in Sections (E) and (F) of the Granting Clauses shall not be deemed to impose upon Lender any of the obligations or duties of the sublessor or Mortgagor provided in any sublease.

1.14. Management of Mortgaged Property. Mortgagor shall cause the Mortgaged Property to be managed at all times in accordance with sound business practice.

1.15. Execution of Leases. Mortgagor shall not permit any leases to be made of the Mortgaged Property, or to be modified, terminated, extended or renewed, except as permitted in the Senior Mortgage.

1.16. Expenses. In the event of foreclosure hereof, Lender shall be entitled to add to the indebtedness found to be due by the court a reasonable estimate of expenses to be incurred after entry of the decree of foreclosure.

1.17. Environmental Conditions.

(a) Mortgagor has not received any written notice from any person or, to the knowledge of Mortgagor, any other communication alleging or concerning any violation by Mortgagor, or responsibility for or liability of Mortgagor for personal injuries and/or property damages, including without limitation those alleged to result from use, handling or exposure to or injury from any Hazardous Material (as defined in Exchange and Purchase Agreement dated as of May ___, 2000 between Mortgagor, as issuer, and the purchasers who are signatory thereto). Should Mortgagor receive any such notice, Mortgagor will forward such notice to Lender within ten (10) days.

There are no pending, or to the knowledge of Mortgagor, threatened, claims, suits, actions, proceedings or investigations with respect to the businesses or operations of Mortgagor alleging or concerning any violation of or responsibility for or liability under any Environmental Laws (as defined in said Exchange and Purchase Agreement) or alleging personal injuries and/or property damages, nor does Mortgagor have any knowledge of any fact or condition that could give rise to such a claim, suit, action, proceeding or investigation. Should Mortgagor become aware of any such pending or threatened claims, suits, actions, proceeding or investigations, Mortgagor shall notify Lender within ten (10) days.

(b) Mortgagor covenants and agrees that so long as Mortgagor owns, manages, is in possession of, or otherwise controls the operation of the Mortgaged Property: (a) all uses and operations on or of the Mortgaged Property, whether by Mortgagor or any other person or entity, shall be in compliance with all Environmental Laws and permits issued pursuant thereto, and any non-compliance therewith shall be promptly remediated by Mortgagor in accordance with all applicable Environmental Laws; (b) there shall be no Releases (as hereinafter defined) of Hazardous Materials in, on, under or from the Mortgaged Property which are not promptly remediated in accordance with all applicable Environmental Laws; (c) there shall be no Hazardous Materials in, on, or under the Mortgaged Property, except those that are both (i) in compliance with all Environmental Laws and with permits issued pursuant thereto, if and to the extent required, and (ii) (A) in amounts not in excess of that necessary to operate the Mortgaged Property or (B) fully disclosed to and approved by Lender in writing; (d) Mortgagor shall keep the Mortgaged Property free and clear of and shall promptly discharge, bond or take other appropriate steps acceptable to Lender all liens and other encumbrances imposed pursuant to any Environmental Laws, whether due to any act or omission of Mortgagor or any other person or entity (the "Environmental Liens"); (e) Mortgagor shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to subsection (c) below, including but not limited to providing all relevant information and making knowledgeable persons available for interviews; (f) Mortgagor shall, at its sole cost and expense, perform any environmental site assessment or other investigation of environmental conditions in connection with the Mortgaged Property, pursuant to any reasonable written request of Lender, upon Lender's reasonable belief, based on reasonable evidence available to Lender and made available to Mortgagor, that the Mortgaged Property is not in full compliance with all Environmental Laws, and share with Lender the reports and other results thereof, and Lender shall be entitled to rely on such reports and other results thereof; (g) Mortgagor shall, at its sole cost and expense, comply with all reasonable written requests of Mortgagee to (i) reasonably effectuate

remediation of any Hazardous Materials in, on, under or from the Mortgaged Property; and (ii) comply with any Environmental Law; (h) Mortgagor shall not allow any tenant or other user of the Mortgaged Property to violate any Environmental Law; and (i) Mortgagor shall immediately notify Mortgagee in writing after it has become aware of (A) any presence or Release or threatened Releases of Hazardous Materials in, on, under, from or migrating towards or off of the Mortgaged Property; (B) any non-compliance with any Environmental Laws related in any way to the Mortgaged Property; (C) any actual or potential Environmental Lien; (D) any required or proposed remediation of environmental conditions relating to the Mortgaged Property; and (E) any written or oral notice or other communication of which Mortgagor becomes aware from any source whatsoever (including but not limited to a governmental entity) relating in any way to Hazardous Materials. Any failure of Mortgagor to perform its obligations pursuant to this subsection (b) shall constitute bad faith waste with respect to the Mortgaged Property. "Release" of any Hazardous Materials includes but is not limited to any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials.

(c) Lender and any other person or entity designated by Lender, including but not limited to any receiver, any representative of a governmental entity, and any environmental consultant, shall have the right, but not the obligation, to enter upon the Mortgaged Property at all reasonable times, upon reasonable prior written notice and subject to the rights of, and without unreasonable interference to the operations of tenants under Leases, to assess any and all aspects of the environmental condition of the Mortgaged Property and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Lender's sole discretion) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Mortgagor shall cooperate with and provide access to Lender and any such person or entity designated by Lender.

(d) Mortgagor shall be solely responsible for, and shall indemnify and hold harmless Lender, its directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence (whether prior to or during the term of the Loans or otherwise and regardless of by whom caused, whether by Mortgagor or any predecessor in title or any owner of land adjacent to the Mortgaged Property or any other third party, or any employee, agent, contractor or subcontractor of Mortgagor or any predecessor

in title or any such adjacent land owner or any third person) of Hazardous Materials on, under or about the Mortgaged Property; including, without limitation: (i) claims of third parties (including governmental agencies) for damages, penalties, losses, costs, fees, expenses, damages, injunctive or other relief; (ii) response costs, clean-up costs, costs and expenses of removal and restoration, including fees of attorneys and experts, and costs of determining the existence of Hazardous Materials and reporting same to any governmental agency; and (iii) any and all expenses or obligations, including attorneys' fees, incurred at, before or after any trial or appeal therefrom whether or not taxable as costs, including, without limitation, attorneys' fees, witness fees, deposition costs, copying and telephone charges and other expenses. The obligations of Mortgagor under this subsection shall survive any of the foreclosure of this Mortgage, the repayment of Borrower's Liabilities, or other satisfaction of the indebtedness secured by this Mortgage, whether by deed in lieu of foreclosure or otherwise.

(e) Any loss, damage, cost, expense or liability incurred by Lender as a result of a breach or misrepresentation by Mortgagor or for which Mortgagor is responsible or for which Mortgagor has indemnified Lender shall be paid to Lender on demand, and, failing prompt reimbursement, such amounts shall, together with interest thereon at the Default Rate from the date incurred by Lender until paid by Mortgagor, be added to Borrower's Liabilities, be immediately due and payable and be secured by the lien of this Mortgage and the other Loan Instruments.

(f) Mortgagor hereby represents, warrants and certifies that: (i) the execution and delivery of the Loan Instruments is not a "transfer of real property" under and as defined in the Indiana Responsible Property Transfer Law (I.C. 13-7-22.5 et seq.) ("RPTL"); (ii) there are no underground storage tanks located on, under or about the Mortgaged Property which are subject to the notification requirements under Section 9002 of the Solid Waste Disposal Act, as now or hereafter amended (42 U.S.C. §6991); (iii) there is no facility located on or at the Mortgaged Property which is subject to the reporting requirements of Section 312 of the federal Emergency Planning and Community Right to Know Act of 1986 and the federal regulations promulgated thereunder (42 U.S.C. §11022), as "facility" is defined in RPTL and (iv) neither the Mortgaged Property, nor any portion thereof, is listed on the Comprehensive Environmental Response, Compensation Liability Information System.

1.18. **Subject Leases.** For so long as Borrower's Liabilities shall remain outstanding and Lender's obligations under the Loan Agreement have not been terminated, Mortgagor hereby covenants, warrants and represents as follows:

(a) The Subject Leases are and shall be maintained in full force and effect, unmodified by any writing or otherwise, except such modifications as are permitted by Lender.

(b) All rent, additional rent and other charges payable under the Subject Leases have been and will be paid when due.

(c) There are, as of the date hereof, and will be no defenses to Mortgagor's enforcement of its rights under the Subject Leases.

(d) Mortgagor is not in default in the performance of any of its obligations under any of the Subject Leases, and there are no circumstances which, alone or with the passage of time or the giving of notice or both, would constitute an event of default thereunder.

(e) To the best of Mortgagor's knowledge, as of the date hereof, Lessor is not in default in the performance of any of its material obligations under any of the Subject Leases.

(f) Mortgagor will promptly and faithfully materially observe, perform and comply with all the terms, covenants and provisions of the Subject Leases, on its part to be observed, performed and complied with, at the times set forth therein, and will enforce the material obligations of Lessor under the Subject Leases, to the end that Mortgagor may enjoy all of the material rights granted it under the Subject Leases.

(g) Mortgagor will not knowingly do, permit, suffer or refrain from doing, anything, as a result of which, there would be a default or breach of any of the terms of the Subject Leases.

(h) Without Lender's prior written consent, Mortgagor will not cancel or surrender any of the Subject Leases, nor sublet or assign any of its interest under any of the Subject Leases, nor modify or amend any provision of the Subject Leases.

(i) Mortgagor will give Lender prompt notice of any default by anyone under any one or more of the Subject Leases, and promptly deliver to Lender copies of each notice of default and all other notices of any default by anyone under any of the Subject Leases.

(j) Mortgagor will furnish to Lender such information and evidence as Lender may reasonably request concerning Mortgagor's due observance, performance and compliance with the terms, covenants and provisions of the Subject Leases. If any default has occurred under any of the Subject Leases, Lender shall have the right, but not the obligation, to cure such default and all

sums paid to cure any such default shall bear interest at the Default Rate and shall be added to Borrower's Liabilities.

(k) Fee title to the Land and the estate conveyed by the Subject Leases shall not merge but shall always be kept separate and distinct, notwithstanding the union of said estates in either Lessor, Mortgagor or a third party, whether by purchase or otherwise and accordingly: (i) if Mortgagor acquires the fee title or any other estate, title or interest in the Land demised by the Subject Leases, or any part thereof, the lien of this Mortgage shall attach to, cover and be a lien upon such acquired estate, title or interest and same shall thereupon be and become a part of the Mortgaged Property with the same force and effect as if specifically encumbered herein; and (ii) Mortgagor agrees to execute all instruments and documents which Lender may reasonably require to ratify, confirm and further evidence Lender's lien on the acquired estate, title or interest.

(l) In the event that the term of any of the Subject Leases expires by its terms or any of the Subject Leases is terminated for any reason and Mortgagor and Lessor enter into one or more new leases pertaining to the premises demised by any one or more of the Subject Leases, Mortgagor shall promptly notify Lender and shall execute and deliver to Lender a new mortgage of the leasehold estate demised by such new lease, in substantially the same form as this Mortgage.

Lender shall have no liability or obligation under any of the Subject Leases by reason of its acceptance of this Mortgage.

1.19. **Senior Mortgage.** Mortgagor shall not suffer or permit a default to occur under the Senior Mortgage. Mortgagor shall promptly deliver to Lender copies of all notices of default given under the Senior Mortgage. If any default under the Senior Mortgage shall occur, Lender shall have the right, but not the obligation, to cure such default, in which event any sums expended by Lender shall be added to Borrower's Liabilities and shall bear interest at the Default Rate. Mortgagor shall not amend or modify the terms of the Senior Mortgage without the prior written consent of Lender.

ARTICLE TWO DEFAULTS

2.1. **Event of Default.** The term "Event of Default," wherever used in this Mortgage, shall mean any one or more of the following events:

(a) The failure by Mortgagor to keep, perform, or observe any covenant, condition or agreement on the part of Mortgagor in this Mortgage,

except that Mortgagor shall be entitled to any applicable grace or cure period provided in the Loan Agreement for such failure.

(b) The occurrence of an "Event of Default" under and as defined in the Loan Agreement or any of the other Loan Instruments.

(c) A default, not cured within the applicable cure period, under the Senior Mortgage.

(d) The occurrence of a default under any one or more of the Subject Leases.

(e) The termination of any one or more of the Subject Leases.

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ARTICLE THREE
REMEDIES

3.1. Acceleration of Maturity. If an Event of Default shall have occurred, Lender may declare the outstanding principal amount of Borrower's Liabilities and the interest accrued thereon to be immediately due and payable, and upon such declaration such principal and interest and other Borrower's Liabilities declared due shall immediately become and be due and payable without further demand or notice.

3.2. Lender's Power of Enforcement. If an Event of Default shall have occurred, Lender may, either with or without entry or taking possession as provided in this Mortgage or otherwise, and without regard to whether or not Borrower's Liabilities shall have been accelerated, and without prejudice to the right of Lender thereafter to bring an action of foreclosure or any other action for any default existing at the time such earlier action was commenced or arising thereafter, proceed by any appropriate action or proceeding: (a) to enforce payment of the Notes and/or any other of Borrower's Liabilities or the performance of any term hereof or any of the other Loan Instruments; (b) to foreclose this Mortgage and to have sold, as an entirety or in separate lots or parcels, the Mortgaged Property; and (c) to pursue any other remedy available to it. Lender may take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, or both, as Lender may determine.

3.3. Lender's Right to Enter and Take Possession, Operate and Apply Income.

(m) If an Event of Default shall have occurred, (i) Mortgagor, upon demand of Lender, shall forthwith surrender to Lender the actual possession of the Mortgaged Property, and to the extent permitted by law, Lender itself, or by such officers or agents as it may appoint, is hereby expressly authorized to

enter and take possession of all or any portion of the Mortgaged Property and may exclude Mortgagor and its agents and employees wholly therefrom and shall have joint access with Mortgagor to the books, papers and accounts of Mortgagor; and (ii) notwithstanding the provisions of any lease or other agreement to the contrary, Mortgagor shall pay monthly in advance to Lender, on Lender's entry into possession, or to any receiver appointed to collect the rents, income and other benefits of the Mortgaged Property, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be in possession of Mortgagor, or any entity affiliated with or controlled by Mortgagor, and upon default in any such payment Mortgagor shall vacate and surrender possession of such part of the Mortgaged Property to Lender or to such receiver, and in default thereof Mortgagor may be evicted by summary proceedings or otherwise.

(n) If Mortgagor shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after Lender's demand, Lender may obtain a judgment or decree conferring on Lender the right to immediate possession or requiring Mortgagor to deliver immediate possession of all or part of the Mortgaged Property to Lender, to the entry of which judgment or decree Mortgagor hereby specifically consents. Mortgagor shall pay to Lender, upon demand, all costs and expenses of obtaining such judgment or decree and reasonable compensation to Lender, its attorneys and agents, and all such costs, expenses and compensation shall, until paid, be secured by the lien of this Mortgage.

(o) Upon every such entering upon or taking of possession, Lender, to the extent permitted by law, may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof.

3.4. Leases. If Lender so elects, Lender is authorized to foreclose this Mortgage subject to or prior to the rights, if any, of any or all tenants of the Mortgaged Property. Lender may elect to foreclose the rights of some subordinate tenants while foreclosing subject to the rights of other subordinate sublessees.

3.5. Purchase by Lender. Upon any foreclosure sale, Lender may bid for and purchase all or any portion of the Mortgaged Property and, upon compliance with the terms of the sale, may hold, retain and possess and dispose of such property in its own absolute right without further accountability.

3.6. Application of Foreclosure Sale Proceeds. The proceeds of any foreclosure sale of the Mortgaged Property or any part thereof received by Lender shall be applied by Lender to the indebtedness secured hereby in such order and manner as Lender may elect.

3.7. Application of Indebtedness Toward Purchase Price. Upon any foreclosure sale, Lender may apply any or all of the indebtedness and other sums due to Lender under the Notes, the Loan Agreement, this Mortgage or any other Loan Instrument to the price paid by Lender at the foreclosure sale.

3.8. Waiver of Appraisal, Valuation, Stay, Extension and Redemption Laws. To the extent permitted by applicable law, Mortgagor hereby waives any and all rights of redemption. Mortgagor further agrees, to the full extent permitted by law, that in case of an Event of Default, neither Mortgagor nor anyone claiming through or under it will set up, claim or seek to take advantage of any reinstatement, appraisal, valuation, stay or extension laws now or hereafter in force, or take any other action which would prevent or hinder the enforcement or foreclosure of this Mortgage or the absolute sale of the Mortgaged Property or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser thereat. Mortgagor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof and agrees that Lender or any court having jurisdiction to foreclose such lien may sell the Mortgaged Property in part or as an entirety.

3.9. Receiver - Lender in Possession. If an Event of Default shall have occurred, Lender, to the extent permitted by law and without regard to the value of the Mortgaged Property or the adequacy of the security for the indebtedness and other sums secured hereby, shall be entitled as a matter of right and without any additional showing or proof, at Lender's election, to either the appointment by the court of a receiver (without the necessity of Lender posting a bond) to enter upon and take possession of the Mortgaged Property and to collect all rents, income and other benefits thereof and apply the same as the court may direct or to be placed by the court into possession of the Mortgaged Property as mortgagee in possession with the same power herein granted to a receiver and with all other rights and privileges of a mortgagee in possession under law. The right to enter and take possession of and to manage and operate the Mortgaged Property, and to collect all rents, income and other benefits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law and may be exercised concurrently therewith or independently thereof. Lender shall be liable to account only for such rents, income and other benefits actually received by Lender, whether received pursuant to this Section 3.9 or Section 3.3. Notwithstanding the appointment of any receiver or other custodian, Lender shall be entitled as pledgee to the possession and control of any cash, deposits or instruments at the time held by, or payable or deliverable under the terms of this Mortgage to Lender.

3.10. Receiver - Lender in Possession. If an Event of Default shall have occurred, Lender, to the extent permitted by law and without regard to the value of the Mortgaged Property or the adequacy of the security for the indebtedness and other sums

secured hereby, shall be entitled as a matter of right and without any additional showing or proof, at Lender's election, to either the appointment by the court of a receiver (without the necessity of Lender posting a bond) to enter upon and take possession of the Mortgaged Property and to collect all rents, income and other benefits thereof and apply the same as the court may direct or to be placed by the court into possession of the Mortgaged Property as mortgagee in possession with the same power herein granted to a receiver and with all other rights and privileges of a mortgagee in possession under law. The right to enter and take possession of and to manage and operate the Mortgaged Property, and to collect all rents, income and other benefits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law and may be exercised concurrently therewith or independently thereof. Lender shall be liable to account only for such rents, income and other benefits actually received by Lender, whether received pursuant to this Section 3.9 or Section 3.3. Notwithstanding the appointment of any receiver or other custodian, Lender shall be entitled as pledgee to the possession and control of any cash, deposits or instruments at the time held by, or payable or deliverable under the terms of this Mortgage to Lender.

3.11. Mortgagor to Pay Borrower's Liabilities in Event of Default; Application of Monies by Lender.

(a) Upon occurrence of an Event of Default, Lender shall be entitled to sue for and to recover judgment against Mortgagor for Borrower's Liabilities due and unpaid together with costs and expenses, including, without limitation, the reasonable compensation, expenses and disbursements of Lender's agents, attorneys and other representatives, either before, after or during the pendency of any proceedings for the enforcement of this Mortgage; and the right of Lender to recover such judgment shall not be affected by any taking of possession or foreclosure sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the terms of this Mortgage, or the foreclosure of the lien hereof.

(b) In case of a foreclosure sale of all or any part of the Mortgaged Property and of the application of the proceeds of sale to the payment of Borrower's Liabilities, Lender shall be entitled to enforce all other rights and remedies under the Loan Instruments.

(c) Mortgagor hereby agrees, to the extent permitted by law, that no recovery of any judgment by Lender under any of the Loan Instruments, and no attachment or levy of execution upon any of the Mortgaged Property or any other property of Mortgagor, shall (except as otherwise provided by law) in any way affect the lien of this Mortgage upon the Mortgaged Property or any part thereof or any lien, rights, powers or remedies of Lender hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before until Borrower's Liabilities are paid in full.

(p) Any monies collected or received by Lender under this Section 3.11 shall be applied to the payment of compensation, expenses and disbursements of the agents, attorneys and other representatives of Lender, and the balance remaining shall be applied to the payment of Borrower's Liabilities, in such order and manner as Lender may elect, and any surplus, after payment of all Borrower's Liabilities, shall be paid to Mortgagor.

3.12. Remedies Cumulative. No right, power or remedy conferred upon or reserved to Lender by the Notes, the Loan Agreement, this Mortgage or any other Loan Instrument or any instrument evidencing or securing Borrower's Liabilities is exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the Notes, the Loan Agreement or any other Loan Instrument or any instrument evidencing or securing Borrower's Liabilities, or now or hereafter existing at law, in equity or by statute.

3.13. Intercreditor Agreement Controls. Notwithstanding any provision herein to the contrary, the terms and provisions of this Article Three shall be subject to the terms and provisions of the Intercreditor Agreement for so long as the Intercreditor Agreement shall remain in full force and effect.

ARTICLE FOUR MISCELLANEOUS PROVISIONS

4.1. Heirs, Successors and Assigns Included in Parties. Whenever Mortgagor or Lender is named or referred to herein, heirs and successors and assigns of such person or entity shall be included, and all covenants and agreements contained in this Mortgage shall bind the successors and assigns of Mortgagor, including any subsequent owner of all or any part of the Mortgaged Property and inure to the benefit of the successors and assigns of Lender.

4.2. Notices. All notices, requests, reports, demands or other instruments required or contemplated to be given or furnished under this Mortgage to Mortgagor or Lender shall be directed to Mortgagor or Lender, as the case may be, in the manner and at the addresses for notice set forth in the Loan Agreement.

4.3. Headings. The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for convenience only, are not to be considered a part hereof, and shall not limit, expand or otherwise affect any of the terms hereof.

4.4. Invalid Provisions. In the event that any of the covenants, agreements, terms or provisions contained in this Mortgage shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions

contained herein (or the application of the covenant, agreement, term held to be invalid, illegal or unenforceable, to persons or circumstances other than those in respect of which it is invalid, illegal or unenforceable) shall be in no way affected, prejudiced or disturbed thereby.

4.5. **Changes.** Neither this Mortgage nor any term hereof may be released, changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the release, change, waiver, discharge or termination is sought.

4.6. **Governing Law.** Except with respect to the creation, perfection, priority and enforcement of the lien and security interest created hereunder, all of which shall be construed, interpreted, enforced and governed by the laws of the State of Indiana, the validity and interpretation of this Mortgage shall be governed by and in accordance with the internal laws of the State of Illinois.

4.7. **Limitation of Interest.** The provisions of the Loan Agreement regarding the payment of lawful interest are hereby incorporated herein by reference.

4.8. **Future Advances.** This Mortgage is given to secure not only existing indebtedness, but also future advances (whether such advances are obligatory or are to be made at the option of Lender, or otherwise) made by Lender under the Notes or the Loan Agreement, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The total amount of indebtedness that may be so secured may decrease or increase from time to time, but the principal amount of all indebtedness secured hereby shall, in no event, exceed \$25,000,000.

4.9. **Last Dollar.** The lien of this Mortgage shall remain in effect until the last dollar of Borrower's Liabilities is paid in full and all of Lender's obligations under the Loan Agreement have been terminated.

4.10. **Release.** Upon full payment and satisfaction of Borrower's Liabilities and the termination of all Lender's obligations under the Loan Agreement, Lender shall issue to Mortgagor an appropriate release or satisfaction in recordable form.

4.11. **Time of the Essence.** Time is of the essence with respect to this Mortgage and all the provisions hereof.

4.12. **Loan Agreement.** The Loans are governed by terms and provisions set forth in the Loan Agreement and in the event of any conflict between the terms of this Mortgage and the terms of the Loan Agreement, the terms of the Loan Agreement shall control.

IN WITNESS WHEREOF, Mortgagor has caused this instrument to be executed by its duly authorized officers as of the day and year first above written.

GLOBE BUILDING MATERIALS, INC.,
a Delaware corporation

By *[Signature]*
Print Name JAMES A. WILLIAMSON
Its CHIEF FINANCIAL OFFICER

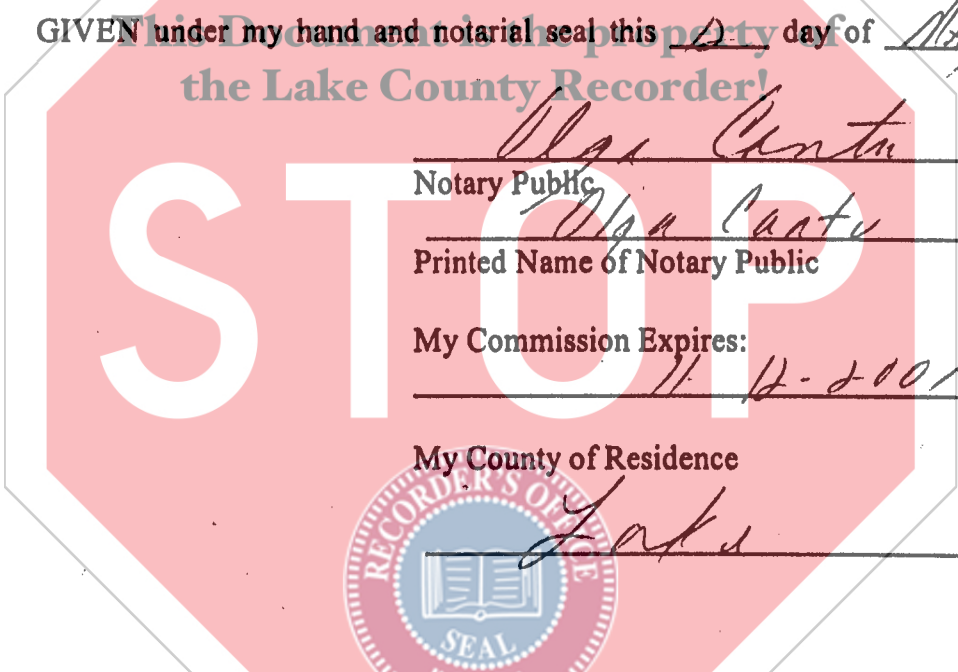


ACKNOWLEDGMENT

STATE OF)
) SS
COUNTY OF)

I, Olga Cantu, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT Teresa A Williams, the Chief Financial Officer of Globe Building Materials, Inc., a Delaware corporation, personally known to me to be the same person whose name is are subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own 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 12 day of May, 2000.



Olga Cantu
Notary Public

Olga Cantu
Printed Name of Notary Public

My Commission Expires: 11-12-2001

My County of Residence Lake

THIS INSTRUMENT PREPARED BY
AND AFTER RECORDING RETURN TO:

Carole K. Towne, Esq.
Goldberg, Kohn, Bell, Black,
Rosenbloom & Moritz, Ltd.
55 East Monroe Street
Suite 3700
Chicago, Illinois 60603
(312) 201-4000

EXHIBIT A

Legal Description

Parcel 1 :

Leasehold estate of Globe Building Materials, Inc., a Delaware corporation, under an agreement made with HBR Partners, a general partnership (lessor), a memorandum of which was dated April 30, 1999 and recorded _____ as document number _____, for a term beginning April 30, 1999 and ending June 30, 2000.

May 24, 2000

2000 036464

Part of the Southeast Quarter of Section 7, Township 37 North, Range 9 West of the Second Principal Meridian, Lake County, Indiana, and more particularly described as follows:

Beginning at the intersection of the center line of Indianapolis Boulevard (formerly Indiana Boulevard) with the South line of the right of way of the Indiana Harbor Belt Railroad Company; thence Westerly along the south line of said Indiana Harbor Belt Railroad Company right of way, a distance of 1706.77 feet; thence southeasterly along a line forming an angle of 28 degrees 53 minutes 22 seconds deflected East to the South from said South line of the right of way of the Indiana Harbor Belt Railroad Company, a distance of 67.63 feet to a point of curve; thence Southeasterly along a curved line, convex to the Northeast, having a radius of 302.94 feet, and being tangent to the last described line at said point of curve, an arc distance of 325.40 feet to point of tangency; thence southerly along a line tangent to the last described curved line at said point of tangency, a distance of 84.00 feet to a point of curve; thence Southeasterly along a curved line, convex to the Southwest having a radius of 400.00 feet and being tangent to the last described line at said point of curve, a distance of 98.53 feet to a point parallel to and 482.00 feet, southerly, by rectangular measurement, of the south line of said Indiana Harbor Belt Railroad Company right of way line; thence Easterly along the last described line, a distance of 1597.19 feet to the center line of New York Avenue; thence Northerly along said center line of New York Avenue, a distance of 329.61 feet, to a point which is also the intersection of the centerline of said New York Avenue with the centerline of Indianapolis Boulevard; thence northwesterly along said centerline of Indianapolis Boulevard, a distance of 193.22 feet to the point of beginning, excepting the Easterly 38.0 feet thereof, lying within New York Avenue, and the Easterly 40.0 feet thereof lying within Indianapolis Boulevard, taken for public street right of ways, in the City of Hammond, Lake County, Indiana.

Less and except the following: Commencing at the intersection of the Southerly right-of-way line of the Indiana Harbor Belt Railroad and the Westerly right-of-way line of Indianapolis Boulevard; thence South 38 degrees 56 minutes 29 seconds East, along said Westerly right-of-way line 63.10 feet to the Point of Beginning; thence South 88 degrees 57 minutes 31 seconds West, and parallel with the Southerly right-of-way line, of the the Indiana Harbor Belt Railroad, 146.90 feet; thence South 43 degrees 24 minutes 29 seconds West, 67.38 feet; thence South 00 degrees 44 minutes 29 seconds East 144.88 feet, and parallel with the Westerly right-of-way line of New York Avenue; thence North 89 degrees 15 minutes 31 seconds East, 30.00 feet; thence South 00 degrees 44 minutes 29 seconds

(continued on next page)

East, 33.00 feet, and parallel with the Westerly right-of-way line of the New York Avenue; thence North 88 degrees 53 minutes 53 seconds East, 257.00 feet, to the Westerly right-of-way line of New York Avenue; thence North 00 degrees 44 minutes 29 seconds West, along said Westerly line, 107.00 feet, to the intersection with the Westerly right-of-way line of Indianapolis Boulevard; thence North 38 degrees 56 minutes 29 seconds West, along said Westerly right-of-way line of Indianapolis Boulevard, 150.64 feet, to the Point of Beginning.

Parcel 2: A non-exclusive easement for ingress and egress over the following described property:

An easement for ingress and egress in the Southeast Quarter of Section 7, Township 37 North, Range 9 West of the Second Principal Meridian in Lake County, Indiana bounded and described as follows: Commencing at the intersection of the Southerly right-of-way line of the Indiana Harbor Belt Railroad and the Westerly right-of-way line of Indianapolis Boulevard; thence South 88 degrees 57 minutes 31 seconds West along said Southerly right-of-way line 167.82 feet; thence South 00 degrees 44 minutes 29 seconds East 301.98 feet; thence North 88 degrees 53 minutes 53 seconds East 300.00 feet to the Westerly right-of-way of New York Avenue; thence North 00 degrees 44 minutes 29 seconds West along said Westerly line 26.00 feet; thence South 88 degrees 53 minutes 53 seconds West 274.00 feet; thence North 00 degrees 44 minutes 29 seconds West 33.11 feet; thence South 89 degrees 15 minutes 31 seconds West 13.00 feet; thence North 00 degrees 44 minutes 29 seconds West 144.88 feet; thence North 43 degrees 24 minutes 29 seconds East 18.67 feet; thence North 00 degrees 44 minutes 29 seconds West 56.67 feet; thence North 88 degrees 57 minutes 31 seconds East, 163.76 feet to said Westerly right-of-way line of Indianapolis Boulevard; thence North 38 degrees 56 minutes 29 seconds West along said Westerly line 35.48 feet to the point of commencement.

