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MORTGAGE AND SECURITY AGREEMENT

This Mortgage and Security Agreement ("Mortgage") is made September 15, 2000 between James J. Leto and Wendy P. Leto, his wife, (hereinafter collectively referred to as "Mortgagors"), and LaSalle Bank National Association, a national banking association, having an office at 8303 W. Higgins Road, Chicago, IL 60631 (hereinafter referred to as "Mortgagee").

2000 068972

WITNESS:

WHEREAS, Mortgagors are indebted to Mortgagee in the principal amount of \$927,500.00 together with interest thereon from and after the date hereof at the rates provided in that certain Mortgage Note Series A of even date herewith in the principal amount of \$927,500.00 executed by Mortgagors and delivered by them to Mortgagee (the "Mortgage Note Series A"); and

WHEREAS, Mortgagors are indebted to Mortgagee in the principal amount of \$163,640.00 together with interest thereon from and after the date hereof at the rates provided in that certain Mortgage Note Series B of even date herewith in the principal amount of \$163,640.00 executed by Mortgagors and delivered by them to Mortgagee (the "Mortgage Note Series B"); and

WHEREAS, Mortgagors are indebted to Mortgagee in the original principal amount of \$880,000.00 together with interest thereon from the dates and at the rates provided in that certain Installment Note dated October 1, 1998 in the principal amount of \$880,000.00 executed by Mortgagors and delivered by them to Mortgagee (the "Installment Note"); and

WHEREAS, the Mortgage Note Series A, the Mortgage Note Series B and the Installment Note are hereinafter collectively referred to as the "Notes";

WHEREAS, as a condition of making each of the loans evidenced by the aforesaid Notes, Mortgagee has required that Mortgagors mortgage the "Premises" (as hereinafter defined) to the Mortgagee, and Mortgagors have executed, acknowledged, and delivered this Mortgage to secure any indebtedness existing at the date hereof and evidenced by any of the Notes and any modifications, renewals or extensions of each of the Notes, and

Mortgagors do, by these presents, grant, convey, pledge, and mortgage unto Mortgagee, its successors and assigns forever, the Real Estate and all of their estates, rights, titles, and interests therein situated in the County of Lake, State of Indiana, legally described as follows:

LOTS 79 TO 84, BOTH INCLUSIVE, COTTAGE GROVE ADDITION TO CROWN POINT, AS PER PLAT THEREOF, RECORDED IN PLAT BOOK "A", PAGE 511, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.

105338

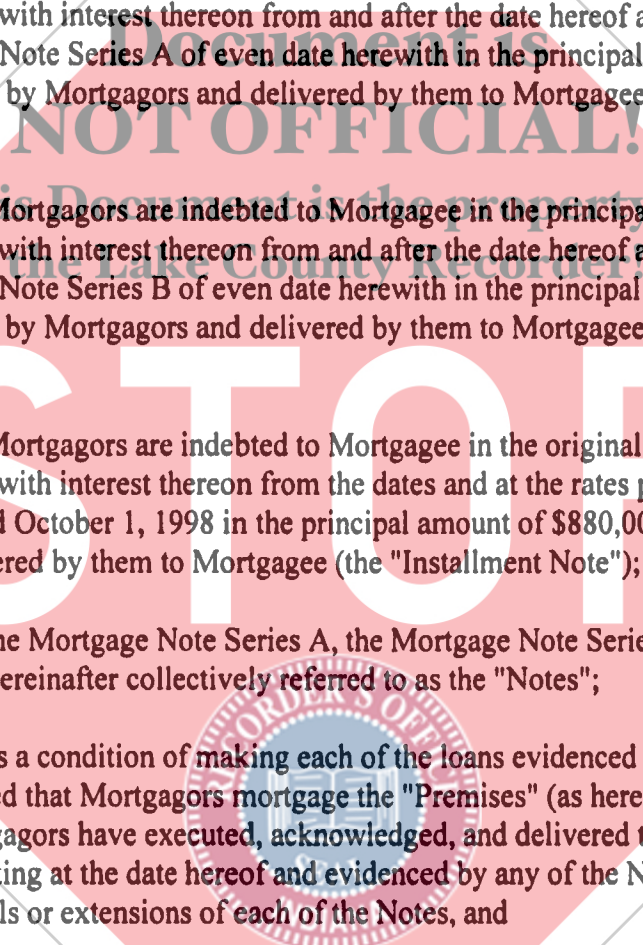
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HOLD FOR FIRST AMERICAN TITLE

F32446

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Asst of Leases and Rents # 2000 068972



STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD
2000 SEP 15 10:05 AM
MORTGAGE REGISTER
FEE COLLECTOR

25x10

Tax Key Nos.: 9-24-26, 27, 28, 29, 30, and 31 (Unit No. 23)

Address: 105-111 Harrington, Crown Point, IN

(sometimes herein referred to as the "Real Estate"), which Real Estate, together with the following described property, is collectively referred to as the "Premises", together with:

A. All right, title, and interest of Mortgagors, including any after-acquired title or reversion, in and to the beds of the ways, streets, avenues, and alleys adjoining the Premises;

B. All and singular the tenements, hereditaments, easements, appurtenances, passages, liberties, and privileges thereof or in any way now or hereafter appertaining, including homestead and any other claim at law or in equity as well as any after-acquired title, franchise, or license, and the reversion and remainder and remainders thereof;

C. In accordance with the Collateral Assignment of Leases and Rents dated of even date herewith, all rents, issues, proceeds, profits, income or payments or whatever nature or kind accruing and to accrue from the Premises; and

D. All buildings and improvements of every kind and description now or hereafter erected or placed thereon and all materials intended for construction, reconstruction, alteration, and repairs of such improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Premises immediately upon the delivery thereof to the Premises, and all fixtures, equipment, materials and other types of personal property (other than that belonging to tenants) used in the ownership and operation of the improvement situated thereon with parking and other related facilities, in possession of Mortgagors now or hereafter located in, on, or upon, or installed in or affixed to, the Real Estate legally described herein, or any improvements or structures thereon, together with all accessories and parts now attached to or used in connection with any such equipment, materials and personal property or which may hereafter, at any time, be placed in or added thereto, and also any and all replacements and proceeds of any such equipment, materials and personal property, together with the proceeds of any of the foregoing; it being mutually agreed, intended, and declared, that all the aforesaid property shall, so far as permitted by law, be deemed to form a part and parcel of the Real Estate and for the purpose of this Mortgage to be Real Estate, and covered by this Mortgage; and as to any of the property aforesaid which does not so form a part and parcel of the Real Estate or does not constitute a "fixture" (as such term is defined in the Uniform Commercial Code), this Mortgage is hereby deemed to be, as well, a Security Agreement under the Uniform Commercial Code for the purpose of creating hereby a security interest in such property, which Mortgagors hereby grant to the Mortgagee as the Secured Party (as such term is defined in the Uniform Commercial Code), and Mortgagors hereby represent and warrant to Mortgagee that Mortgagors have and at all times hereafter shall have good and indefeasible title to the aforesaid property, free and clear of all liens, claims, security interests and encumbrances.

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

Provided, however, that if the Mortgagors shall pay, cause to be paid, the principal and all interest as provided by each of the Notes and any modifications, renewals or extensions of each of the Notes, and shall pay all other sums herein provided for, or secured hereby, and shall well and truly keep and perform all of the covenants herein contained, then this Mortgage shall be released at the cost of the Mortgagors, otherwise to remain in full force and effect.

I. MORTGAGORS' COVENANTS. To protect the security of this Mortgage, each of Mortgagors agrees and covenants with the Mortgagee that Mortgagors shall:

A. PAYMENT OF PRINCIPAL AND INTEREST. Pay promptly when due the principal and interest on the indebtedness evidenced by each of the Notes at the times and in the manner herein and in the respective Notes provided.

B. TAXES AND DEPOSITS THEREFOR. (1) Pay immediately when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer charges, and other charges which may be levied against the Premises, and to furnish to Mortgagee upon request therefor, duplicate receipts therefor within thirty (30) days after payment thereof. Mortgagors may, in good faith and with reasonable diligence, contest the validity or amount of any such taxes or assessments provided: (a) that such contest shall have the effect of preventing the collection of the tax or assessment so contested and the sale or forfeiture of said Premises or any part thereof, or any interest therein, to satisfy the same; (b) that Mortgagors have notified Mortgagee in writing of the intention of Mortgagors to contest the same, before any tax or assessment has been increased by any interest, penalties, or costs; and (c) that Mortgagors shall have deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint, a sum of money, bond, Letter of Credit or other security reasonably acceptable to Mortgagee which shall be sufficient in the reasonable judgment of the Mortgagee to pay in full such contested tax and assessment and all penalties and interest that might become due thereon, and shall keep said money on deposit or keep in effect said bond or Letter of Credit in an amount sufficient, in the reasonable judgment of the Mortgagee, to pay in full such contested tax and assessment; and all penalties and interest that might become due thereon, and shall keep on deposit an amount so sufficient at all times, increasing such amount to cover additional penalties and interest whenever, in the reasonable judgment of the Mortgagee, such increase is advisable. In case the Mortgagors, after demand is made upon it by Mortgagee, shall fail to prosecute such contest with reasonable diligence or shall fail to maintain sufficient funds on deposit as hereinabove provided, the Mortgagee may, at its option upon notice to Mortgagors, apply the monies and/or liquidate the securities deposited with Mortgagee, in payment of, or on account of, such taxes and assessments, or any portion thereof then unpaid, including the payment of all penalties and interest thereon. If the amount of the money and/or security so deposited shall be insufficient as aforesaid for the payment in full of such taxes and assessments, together with all penalties and interest thereon, the Mortgagors shall forthwith upon demand deposit with the

Mortgagee a sum which, when added to the funds then on deposit, shall be sufficient to make such payment in full. Provided Mortgagors are not then in default hereunder, the Mortgagee shall, upon the final disposition of such contest and upon Mortgagors' delivery to Mortgagee of an official bill for such taxes, apply the money so deposited in full payment of such taxes and assessments or that part thereof then unpaid, together with all penalties and interest due thereon and return on demand the balance of said deposit, if any, to Mortgagors.

(2) Establish a real estate tax reserve with Mortgagee in an initial amount determined by Mortgagee and deposit each month, on the date when the installment payments under the Mortgage Note Series A or Mortgage Note Series B is due with the Mortgagee, an amount equal to 1/12th of the annual general real estate taxes for the Real Estate as reasonably estimated by Mortgagee, so that there shall be on deposit with the Mortgagee the estimated amount of unpaid general real estate taxes for the Real Estate as such general real estate taxes for the Real Estate become due and an additional reserve as may be required by Mortgagee. Mortgagee shall not be obligated to pay interest or earnings of any kind on amounts deposited with it pursuant to the provisions of this Paragraph 1(B)(2).

C. INSURANCE. (1) Hazard. Keep the improvements now existing or hereafter erected on the Premises insured under a replacement cost form of insurance policy against loss or damage resulting from fire, windstorm, and other hazards as may be required by Mortgagee, and to pay promptly, when due, any premiums on such insurance, provided however, Mortgagee may make such payments on behalf of Mortgagors. All insurance shall be in form and content as reasonably approved by the Mortgagee (which shall be carried in companies reasonably acceptable to Mortgagee) and the policies and renewals marked "PAID", shall be delivered to the Mortgagee at least thirty (30) days before the expiration of the old policies and shall have attached thereto standard noncontributing mortgage clause(s) in favor of and entitling Mortgagee to collect any and all of the proceeds payable under all such insurance, as well as standard waiver of subrogation endorsement, if available. Mortgagors shall not carry separate insurance, concurrent in kind or form and contributing in the event of loss, with any insurance required hereunder. In the event of any casualty loss, Mortgagors will give immediate notice by mail to the Mortgagee.

(2) Liability, Flood and Business Interruption Insurance. Carry and maintain comprehensive public liability insurance, flood insurance and business interruption (or loss of rentals) insurance as may be required from time to time by the Mortgagee in forms, amounts, and with companies reasonably satisfactory to the Mortgagee. Such liability policy, flood insurance and business interruption insurance shall name Mortgagee as an additional insured party thereunder. Certificates of such insurance, premiums prepaid, shall be deposited with the Mortgagee and shall contain provision for thirty (30) days' notice to the Mortgagee prior to any cancellation thereof.

D. PRESERVATION AND RESTORATION OF PREMISES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS. Not permit any building or other improvement

(4)

on the Premises to be materially altered, removed, or demolished, nor shall any fixtures or appliances on, in, or about said buildings or improvements be severed, removed, sold, or mortgaged, without the prior written consent of Mortgagee, and in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels, or articles of personal property covered hereby or by any separate security agreement given in conjunction herewith, the same shall be replaced promptly by similar fixtures, chattels, and articles of personal property at least equal in quality and condition to those replaced, free from any security interest in or encumbrances thereon or reservation of title thereto. Subject to the provisions of Paragraph 19 hereof, Mortgagors shall promptly repair, restore, or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed. The buildings and improvements shall be so restored or rebuilt so as to be of at least equal value and substantially the same character as prior to such damage or destruction.

Mortgagors further agree to permit, commit, or suffer no waste, impairment, or deterioration of the Premises or any part or improvement thereof; to keep and maintain the Premises and every part thereof in good repair and condition, subject to ordinary wear and tear, to effect such repairs as the Mortgagee may reasonably require, and, from time to time, to make all needful and proper replacements and additions thereto so that said buildings, fixtures, machinery, and appurtenances will, at all times, be in good condition, fit and proper for the respective purposes for which they were originally erected or installed; to comply with all statutes, orders, requirements or decrees relating to said Premises as provided in any notice given by any federal, state, or municipal authority; and to observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, but not limited to, zoning variances, special exceptions, and nonconforming uses) privileges, franchises, and concessions which are applicable to the Premises or which have been granted to or contracted for by Mortgagors in connection with any existing or presently contemplated use of the said Premises.

E. CREATION OF LIENS, TRANSFER OF OWNERSHIP AND CHANGE OF MANAGEMENT. (1) Not create, suffer, or permit to be created or filed against the Premises, any mortgage lien or other lien whether superior or inferior to the lien of this Mortgage; or

(2) Not permit the Premises, in whole or in part, to be alienated, transferred, conveyed or assigned to any person or entity.

Any waiver by Mortgagee of the provisions of this Paragraph shall not be deemed to be a waiver of the right of Mortgagee to insist upon strict compliance with the provisions of this Paragraph in the future.

F. (1) Not use, generate, manufacture, produce, store, release, discharge, or dispose of on, under, or about the Premises, or transport to or from the Premises any Hazardous Substance (as defined herein) or allow any other person or entity to do so.

(2) Keep and maintain the Premises in compliance with, and shall not cause or permit the premises to be in violation of any Environmental Laws (as defined herein) or allow any other person or entity to do so.

(3) Give prompt written notice to Mortgagee of:

(i) any proceeding or inquiry by a governmental authority whether federal, state, or local, with respect to the presence of any Hazardous Substance on the Premises or the migration thereof from or to other property;

(ii) all claims made or threatened by any third party against Mortgagors or any entity affiliated with it or the Premises relating to any loss or injury resulting from any Hazardous Substance; and

(iii) the discovery by Mortgagors of any occurrence or condition on any real property adjoining or in the vicinity of the Premises that could cause the Premises or any part thereof to be subject to any restriction on the ownership, occupancy, transferability or use of the Premises under any Environmental Laws.

(4) Recognize Mortgagee's right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Environmental Laws and Mortgagors hereby agree to pay any attorneys' fees thereby incurred by the Mortgagee in connection therewith.

(5) Indemnify, defend, and hold harmless Mortgagee, its directors, officers, employees, agents, contractors, attorneys, other representatives, successors and assigns from and against any and all loss, damage, cost, expense or liability, including by way of illustration and not limitation, reasonable attorneys' fees and court costs, directly or indirectly, arising out of or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of Hazardous Substance on, under, or about the Premises, including without limitation; (a) all foreseeable consequential damages; and (b) the costs of any required or necessary repair, cleanup, or detoxification of the premises, and the preparation and implementation of any closure, remedial or other required plans. This indemnity and covenant shall survive the reconveyance of the lien of this Mortgage, or the extinguishment of such lien by foreclosure or action in lieu thereof.

(6) In the event that any investigation, site monitoring, containment, cleanup, removal, restoration or other remedial work of any kind or nature whatsoever (the "Remedial Work") is reasonably necessary or desirable under any applicable local, state, or federal law or regulation, any judicial order, or by any governmental or nongovernmental entity or person because of, or in connection with, the current or future presence, suspected presence, release or suspected release of a Hazardous Substance in or into the air, soil, ground water, surface water or soil vapor at, on, about, under, or within the Premises, or any portion thereof, Mortgagors shall, within thirty (30)

days after written demand for performance thereof by Mortgagee or other party or governmental entity or agency (or such shorter period of time as may be required under any applicable law, regulation, order, or agreement), commence to perform, or cause to be commenced, and thereafter diligently prosecuted to completion, all such Remedial Work. All Remedial Work shall be performed by one or more contractors, approved in advance in writing by Mortgagee, and under the supervision of a consulting engineer approved in advance in writing by Mortgagee. All costs and expenses of such Remedial Work shall be paid by Mortgagors, including, without limitation, the charges of such contractor and the consulting engineer, and Mortgagee's reasonable attorney's fees and costs incurred in connection with the monitoring or review of such Remedial Work. In the event that Mortgagors shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion such Remedial Work, Mortgagee may, but shall not be required to, cause such Remedial Work to be performed and all costs and expenses thereof incurred in connection therewith shall become part of the indebtedness secured hereby.

(7) Without Mortgagee's prior written consent, which shall not be unreasonably withheld, Mortgagors shall not take any remedial action in response to the presence of any Hazardous Substance on, under, or about the Premises, nor enter into any settlement agreement, consent decrees, or other compromise in respect to any Hazardous Substance claims. Said consent may be withheld, without limitation, if Mortgagee in its reasonable judgment, determines that said remedial action, settlement, consent, or compromise might impair the value of Mortgagee's security hereunder and the Loan Documents specified in the Mortgage Note; provided, however, that Mortgagee's prior consent shall not be necessary in the event that the presence of Hazardous Substances in, on, under, or about the Premises, either poses an immediate threat to the health, safety, or welfare of any individual or is of such a nature that an immediate remedial response is necessary, and it is not possible to obtain Mortgagee's consent before taking such action, provided that in such event Mortgagors shall notify Mortgagee as soon as practicable of any action so taken. Mortgagee agrees not to withhold its consent, when such consent is required hereunder, if either (a) a particular remedial action is ordered by a court of competent jurisdiction; or (b) Mortgagors establish to the reasonable satisfaction of the Mortgagee that there is no reasonable alternative to such remedial action that would result in materially less impairment of Mortgagee's security under this Mortgage, the Mortgage Note and the Loan Documents specified therein.

For the purposes of this Paragraph, the following terms shall have the meanings as set forth below:

(a) "Environmental Laws" shall mean any federal, state, or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or the environmental conditions on, under, or about the premises, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, ("CERCLA"), 42 U.S.C. Section 9601 et seq., and the Resource Conservation and Recovery Act of 1976, as amended, ("RCRA"), 42 U.S.C. Section 6901 et seq.

(b) The term "Hazardous Substance" shall include without limitation:

(i) Those substances included within the definitions of any one or more of the terms "hazardous substances", "hazardous materials", "toxic substances", and "solid waste" in CERCLA, RCRA, and the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Section 1801 et seq., and in the regulations promulgated pursuant to said laws or under applicable state law;

(ii) Those substances listed in the United States Department of Transportation Table (49 CFR 172.010 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR, Part 302 and amendments thereof);

(iii) Such other substances, materials and wastes which are or become regulated under applicable local, state, or federal laws, or which are classified as hazardous or toxic under federal, state, or local laws or regulations; and

(iv) Any material, waste, or substance which is (A) petroleum, (B) asbestos, (C) polychlorinated biphenyls, (D) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251, et seq. (33 U.S.C. Section 1321), or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317); (E) flammable explosives; or (F) radioactive materials.

G. Provide Mortgagee, within fourteen (14) days after Mortgagee's written request therefor, with (i) a written history of the use of the Premises, including in particular, but not in limitation, any past military, industrial, or landfill use of the Premises, and specifically indicating in such response the presence, if any, of underground storage tanks; (ii) if such underground storage tanks do exist, evidence of maintenance and repair thereof, copies of any and all clean-up or removal orders issued by any federal, state, or local governmental agency, and, if needed in Mortgagee's judgment, evidence of removal of such underground storage tanks; and (iii) written indications from the regional office of the federal Environmental Protection Agency, and any state Environmental Protection Agency whether the Premises have been used for the storage of oil, hazardous waste, any toxic substance, or any Hazardous Substance.

H. ADDITIONAL COVENANTS. (1) By January 31 of each year (or more frequently, if in the reasonable opinion of Mortgagee, Mortgagee requires the financial information specified in this subparagraph) while any portion of the indebtedness evidenced by the Mortgage Note is outstanding, Mortgagors shall provide Mortgagee with personal financial statements on forms reasonably to be prescribed by Mortgagee for each of Mortgagors.

(2) By April 30 of each year, Mortgagors shall provide Mortgagee with true and correct copies of the state and federal tax returns for each of Mortgagors.

(3) By January 31 of each year for the year just immediately ended, Mortgagors shall provide Mortgagee with an annual operating statement (to be prepared in accordance with generally accepted accounting principles consistent with the previous year's operating statements) for, the Premises and all other real estate owned by Mortgagors, which annual operating statements will indicate the total income for the Premises and such other real estate, the annual expenses therefor, and debt service payments made thereon.

(4) Mortgagors shall provide Mortgagee with a certified rent roll by each January 31 (as of the immediately preceding 31st of December) which certified rent roll shall indicate the name of each tenant, annual rent for each leased space, percentage rent, if any, amount of space being leased, and the lease expiration date. Mortgagors shall provide to Mortgagee notice of any lease cancellation prior to the expiration of the leases. Upon demand from Mortgagee, Mortgagors shall deliver certified copies of any leases affecting the Premises in form and content acceptable to Mortgagee.

(5) Mortgagors shall maintain the Debt Service Ratio at 1.10 to 1.0 or greater for the year ending December 31, 2000 and 1.25 to 1.0 or greater thereafter. Debt Service Ratio is the ratio of annual Net Operating Income to annual Debt Service. Debt Service is the annual periodic payments of interest due under the Mortgage Note Series A. Net Operating Income is the amount remaining after customary annual Operating Expenses are deducted from annual Gross Income. Gross Income is the total income generated from the Premises. Gross Income line items could include, but not be limited to, base rents, additional rent, escalations, common area and real estate tax reimbursements, percentage rents, interest income from security deposits, laundry and parking. Gross Income does not include non-recurring income such as security deposits, one time proceeds for insurance or condemnation loss, return of deposits for third party services, lease termination fees. Operating Expenses are recurring expenses of the Premises that are essential and necessary to the day-to-day operation and management of the Premises. Line items of Operating Expenses could include, but not be limited to, real estate taxes, property and liability insurance, management fees, decorating, repairs and maintenance, maintenance personnel, landscaping, permits or city fees, snow removal, security/fire safety, utilities and replacement reserves for items that wear out from normal use. Operating Expenses do not include non-recurring expenses such as debt service, capital expenditure, depreciation or amortized fees, state and federal income taxes, legal fees associated with extraordinary items like real estate tax reductions, lease negotiations and lawsuits. The Mortgagee shall determine whether Mortgagors are maintaining the Debt Service Ratios specified above annually (or more frequently if required by the Mortgagee) commencing on December 31, 2000.

(6) Mortgagors shall maintain all accounts relating to the ownership or operation of the Premises on deposit with Mortgagee.

2. MORTGAGEE'S PERFORMANCE OF DEFAULTED ACTS. Upon the occurrence of an Event of Default, Mortgagee may, but need not, at any time after the giving of any notice and the lapse of any time thereafter which may be required by Paragraph 11 hereof, and subject to

the provisions of this Mortgage make any payment or perform any act herein required of Mortgagors in any form and manner deemed expedient by Mortgagee, and Mortgagee may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise, or settle any tax lien or other prior or junior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises or contest any tax or assessment. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other monies advanced by Mortgagee to protect the Premises and the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable by Mortgagors to Mortgagee without notice and with interest thereon at the Default Interest Rate as defined herein. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagors.

3. EMINENT DOMAIN. So long as any portion of any principal balance evidenced by any of the Notes remains unpaid, any and all awards heretofore or hereafter made or to be made to the present and all subsequent owners of the Premises, by any governmental or other lawful authority for taking, by condemnation or eminent domain, of the whole or any part of the Premises or any improvement located thereon, or any easement therein or appurtenant thereto (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for payment thereof), are hereby assigned by Mortgagors to Mortgagee, to the extent of the unpaid indebtedness evidenced by the Notes, which award Mortgagee is hereby authorized to give appropriate receipts and acquittances therefore, and Mortgagee shall apply the proceeds of such award as a credit upon any portion of the indebtedness secured hereby or, at its option, permit the same to be used to repair and restore the improvements in the same manner as set forth in Paragraph 19 hereof with regard to insurance proceeds received subsequent to a fire or other casualty to the Premises. Mortgagors shall give Mortgagee immediate notice of the actual or threatened commencement of any such proceedings under condemnation or eminent domain, affecting all or any part of the said Premises or any easement therein or appurtenance thereof, including severance and consequential damage and change in grade of streets, and will deliver to Mortgagee copies of any and all papers served in connection with any such proceedings. Mortgagors shall make, execute, and deliver to Mortgagee, at any time or times upon request, free, clear, and discharged of any encumbrances of any kind whatsoever, any and all further assignments and/or instruments deemed necessary by Mortgagee for the purpose of validly and sufficiently assigning all awards in accordance with and subject to the provisions hereof, and other compensation heretofore and hereafter to be made to Mortgagors for any taking, either permanent or temporary, under any such proceeding.

4. ACKNOWLEDGMENT OF DEBT AND INSPECTION OF PREMISES, BOOKS AND RECORDS. Mortgagors shall furnish, from time to time, within thirty (30) days after Mortgagee's request, a written statement of the amount due upon this Mortgage and whether any alleged offsets or defenses exist against the indebtedness secured by this Mortgage. Mortgagors shall permit Mortgagee to inspect the Premises at all reasonable times and from time to time.

Mortgagors shall keep and maintain full and correct books and records showing in detail the income and expenses of the Premises and within ten (10) days after demand therefore to permit Mortgagee, at normal business hours, to examine such books and records and all supporting vouchers and data, at any time and from time to time, on request at Mortgagors' offices, hereinbefore identified or at such other location as may be mutually agreed upon.

5. CONSTRUCTION COVENANTS.

5(A) CONSTRUCTION OF IMPROVEMENTS. Mortgagee shall reserve from the disbursement of the loan evidenced by the Mortgage Note Series A the sum of \$130,000.00 which shall be utilized towards the costs of renovation and capital improvements to the Premises (the "Improvements"). Mortgagee shall permit payouts of such reserved funds for construction of the Improvements ("Construction Payouts") only after inspections, reviews and approval of draw requests by Mortgagee or its designated agent and after receipt by Mortgagee of the appropriate partial or final waivers of lien, as the case may be, from those contractors, sub-contractors or materialmen receiving any part of the Construction Payouts.

5(B) CONSTRUCTION DOCUMENTS. Mortgagors shall furnish to Mortgagee on demand the following relative to the Improvements: (i) a sworn statement executed by Mortgagors disclosing (a) all contracts entered into by Mortgagors or any entity acting at the direction of Mortgagors pertaining to construction on the Premises, the addresses of all such contractors, the work to be performed by each, the materials to be furnished by each, the amount of each contract, the amount paid to date and the balance due as to each, and (b) the amount budgeted for all costs incurred or to be incurred (including attorneys' and architects' fees) in connection with the construction of the Improvements, which statement shall be acceptable in a form and content to Mortgagee; (ii) verification statements for each contractor, sub-contractor, and materialman employed or engaged in the construction of Improvements on the Premises; (iii) plans and specifications for the construction of the Improvements (the "Plans") which are prepared by a person and are in form and content satisfactory to the Mortgagee; (iv) a copy of a construction contract together with all general and supplemental conditions relating thereto (collectively referred to as the "Construction Contract") with a contractor (the "Contractor") acceptable to the Mortgagee providing for the construction of all Improvements pursuant to the Plans for a sum acceptable to the Mortgagee, which Construction Contract shall provide that the Contractor shall be compensated only for work completed and materials in place from time to time, and be otherwise acceptable to the Mortgagee in all respects; (v) a sworn statement executed by the Contractor disclosing (a) all contracts entered into by the Contractor pertaining to construction of Improvements on the Premises, the addresses of all such sub-contractors, the work to be performed by each, the materials to be furnished by each, the amount of each contract, the amount paid to date and the balance due as to each; and (b) the amount budgeted for all other costs incurred or to be incurred (including attorneys' and architects' fees) in connection with the construction of the Improvements, which statement shall be acceptable in a form and content to the Mortgagee. Mortgagors shall not permit any material modifications to the Plans or the Construction Contract without the consent of Mortgagee.

5 (C) CONDITIONS PRECEDENT TO CONSTRUCTION PAYOUTS.

Mortgagee shall not permit any Construction Payouts unless at the time of each of such of the Construction Payouts:

- (i) No Event of Default (as defined in Paragraph 11) exists; and
- (ii) Mortgagors have undisbursed funds immediately available in an amount sufficient to complete the construction of the Improvements on the Premises pursuant to the Plans and to pay all fees, all taxes and charges incidental thereto (including, without limitation, architectural and engineering fees).

5 (D) CONSTRUCTION. The Mortgagors shall cause the construction of the Improvements to be diligently pursued to completion in accordance with Plans. Mortgagors shall cause the Improvements to be constructed in a good and workmanlike manner in accordance with the Plans, with all laws and regulations of all municipal and other governmental and quasi-governmental authorities having jurisdiction over the Premises and the construction of the Improvements. Mortgagee shall not be responsible for the completion of the Improvements nor shall it be liable for defects in such construction.

5 (E) INSPECTION. Mortgagors shall permit Mortgagee and its agents to inspect the progress of construction of the Improvements at all reasonable times.

5 (F) NO CONDITIONAL PURCHASES OF MATERIAL. Mortgagors shall not purchase or install any material, equipment, fixtures under a conditional sales contract, a security agreement or otherwise, wherein or whereby the right is reserved or accrues to anyone to remove or repossess any such item.

5(G) RESPONSIBILITY FOR CONSTRUCTION DISBURSEMENT. Disbursements of funds for construction purposes shall be done on Mortgagors' sole responsibility. Mortgagors shall hold Mortgagee harmless as to any claims whatsoever of any party regarding liability to make such disbursements, progress of construction, quality of workmanship or quantity of materials.

5(H) NO OTHER CONSTRUCTION. Mortgagors shall not permit any construction in any form to be done on the Premises other than pursuant to the Construction Contract or with the express written consent of Mortgagee.

5(I) DISBURSEMENT OF CONSTRUCTION PAYOUT. Notwithstanding anything contained herein to the contrary, the Mortgagee reserves the right to require that prior to making any of the Construction Payouts, the title insurance company which has issued a loan policy of title insurance to Mortgagee shall have examined Mortgagors' draw request for the Construction Payout and all supporting mechanics lien waivers and shall be in a position to furnish a further interim certification on said title policy stating in effect that it has again examined the title to the

Premises and that there has been no change in the condition of the title unacceptable to the Mortgagee since the last date of examination, and which later report shall also contain said title company's mechanics lien endorsement and guarantee covering the Construction Payout and that such Construction Payout be made through a construction escrow with such title insurer. Mortgagors hereby authorize and directs Mortgagee to disburse the Construction Payouts only in reliance upon said title company's lien waivers review and issuance of title insurance endorsement. The Mortgagors shall pay all costs associated with the Construction Payouts.

6. ILLEGALITY OF TERMS HEREOF. Nothing herein or in any of the Notes contained nor any transaction related thereto shall be construed or shall so operate either presently or prospectively, (a) to require Mortgagors to pay interest at a rate greater than is now lawful in such case to contract for, but shall require payment of interest only to the extent of such lawful rate; or (b) to require Mortgagors to make any payment or do any act contrary to law, and if any clause and provision herein contained shall otherwise so operate to invalidate this Mortgage, in whole or in part, then such clause or clauses and provisions only shall be held for naught as though not herein contained and the remainder of this Mortgage shall remain operative and in full force and effect, and Mortgagee shall be given a reasonable time to correct any such error.

7. SUBROGATION. In the event the proceeds of the loan made by the Mortgagee to the Mortgagors, or any part thereof, or any amount paid out or advanced by the Mortgagee, be used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Premises or any part thereof, then the Mortgagee shall be subrogated to such other lien or encumbrance and to any additional security held by the holder thereof and shall have the benefit of the priority of all of same.

8. EXECUTION OF SECURITY AGREEMENT AND FINANCING STATEMENT. Mortgagors, within five (5) days after request by mail, shall execute, acknowledge, and deliver to Mortgagee a Security Agreement, Financing Statement, or other similar security instrument, in form satisfactory to the Mortgagee, and conforming to the terms hereof covering all property of any kind whatsoever owned by Mortgagors which, in the sole opinion of Mortgagee, is essential to the operation of the Premises and concerning which there may be any doubt as to whether the title to same has been conveyed by or a security interest therein perfected by this Mortgage under the laws of the State of Indiana or the laws of the State of Illinois and will further execute, acknowledge, and deliver any financing statement, affidavit, continuation statement or certificate, or other documents as Mortgagee may request in order to perfect, preserve, maintain, continue, and extend the security instrument. Mortgagors further agree to pay Mortgagee, on demand, all costs and expenses incurred by Mortgagee in connection with the recording, filing, and refiling of any such document.

9. MORTGAGEE'S PAYMENT OF GOVERNMENTAL, MUNICIPAL, OR OTHER CHARGES OR LIENS. Upon the occurrence of an Event of Default hereunder Mortgagee is hereby authorized subject to the terms and provisions of this Mortgage, to make or

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advance, in place and stead of the Mortgage, any payment relating to taxes, assessments, water rates, sewer rentals, and other governmental or municipal charges, fines, impositions, or liens asserted against the Premises and may do so according to any bill, statement, or estimated procured from the appropriate public office without inquiry into the adequacy of the bill, statement, or estimate, or into the validity of any tax, assessment, sale, forfeiture, tax lien, or title or claim thereof, and the Mortgagee is further authorized to make or advance in the place and stead of the Mortgagors any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, or charge; or payment otherwise relating to any purpose herein and hereby authorized but not enumerated in this Paragraph, and may do so whenever, in its reasonable judgment and discretion, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument, and, provided further, that in connection with any such advance, Mortgagee, in its option, may, and is hereby authorized to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Mortgagee's choosing.

All such advances and indebtedness authorized by this Paragraph shall be repayable by Mortgagors upon demand with interest at the Default Interest Rate.

10. BUSINESS LOAN. Mortgagors represent, warrant and agree that the proceeds of the Notes will be used for business purposes, and that the indebtedness evidenced by each of the Notes constitutes a business loan.

11. DEFAULT AND FORECLOSURE.

(a) Events of Default and Remedies. The following shall constitute an Event of Default under this Mortgage:

(i) any failure to provide the insurance specified in Paragraph 1(C)(1) and 1(C)(2) herein;

(ii) any default in any of the monthly interest payments under any of the Mortgage Note Series A or the Mortgage Note Series B secured hereby, which default or failure remains uncured for a period of fifteen (15) days, or a default in making any of the monthly installment payments under the Installment Note or any of the final principal and accrued interest payment required under each of the Mortgage Note Series A, the Mortgage Note Series B or the Installment Note; or

(iii) any default in the performance or observance of any other term, covenant, or condition in this Mortgage, the Notes, any of the Loan Documents specified in the Mortgage Note Series A or Mortgage Note Series B, or in any other instrument or documents now or hereafter evidencing or securing any indebtedness evidenced by any of the Notes which default continues for thirty (30) days or such lesser time as may be specified herein or in any other of said instruments or documents for such default; or

(iv) if any of the Mortgagors shall file a petition in voluntary bankruptcy or under Chapter VII or Chapter XI of the Federal Bankruptcy Code or any similar law, state or federal, whether now or hereafter existing, which action is not dismissed within sixty (60) days; or

(v) if any of the Mortgagors shall file an answer admitting insolvency or inability to pay their debts or fail to obtain a vacation or stay of involuntary proceedings within sixty (60) days after the filing thereof; or

(vi) if any of the Mortgagors shall be adjudicated a bankrupt, or a trustee or a receiver shall be appointed for any of the Mortgagors, which appointment is not relinquished within sixty (60) days for all or any portion of the Premises or its or their property in any involuntary proceeding; or

(vii) any Court shall have taken jurisdiction of all or any portion of the Premises or the property of any of the Mortgagors in any involuntary proceeding for the reorganization, dissolution, liquidation, or winding up of any of the Mortgagors, and such trustees or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within the sixty (60) days after appointment; or

(viii) any of the Mortgagors shall make an assignment for the benefit of creditors, or shall admit in writing its or their insolvency or shall consent to the appointment of a receiver or trustee or liquidator of all or any portion of the Premises; or

(ix) the untruth or falsity of any of the warranties contained herein, the Collateral Assignment of Leases and Rents given to secure the payment of the Notes; or

(x) an Event of Default shall occur under any note, mortgage or other loan document evidencing or securing any indebtedness owned by Mortgagee and made or guaranteed by any of the Mortgagors; or

(xi) the death of any of the Mortgagors; or

(xii) any material adverse change in the financial condition of any of the Mortgagors or any material adverse change in the value of any collateral given or pledged as security for the indebtedness evidenced by any of the Notes.

(b) Upon the occurrence of an Event of Default, the entire indebtedness secured hereby, including, but not limited to, principal and accrued interest shall, at the option of the Mortgagee and without demand or notice to Mortgagors, become immediately due and payable with interest accruing thereafter on the unpaid principal balance of each of the Notes at the Default Interest Rate specified in the respective Notes and, thereupon, or at any time after the occurrence of any such Event of Default, the Mortgagee may:

(i) proceed to foreclose this Mortgage by judicial proceedings according to the statutes in such case provided, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time;

(ii) advance cash, insofar as the Mortgagee deems practicable, to protect its security for payment to such persons or entities and for such purposes as Mortgagee deems necessary or desirable under the circumstances, and without limitation on the foregoing; (a) to pay any lien; (b) contest the validity thereof; and (c) to make or advance, in the place and stead of the Mortgagors, any payment relating to taxes, assessments, water rates, sewer rentals, and other governmental or municipal charges, fines, impositions or liens asserted against the Premises and may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy of the bill, statement, or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien, or title or claim thereof, and the Mortgagee is further authorized to make or advance in the place and stead of the Mortgagors any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, or charge; or payment otherwise relating to any other purpose herein and hereby authorized but not enumerated in this Paragraph, and may do so whenever, in its reasonable judgment and discretion, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument, and, provided further, that in connection with any such advance, Mortgagee, in its option, may, and is hereby authorized to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Mortgagee's choosing;

(iii) take possession of the Premises and complete construction of the Improvements according to the Plans and in connection therewith:

(a) If the Event of Default necessitates, in the Mortgagee's opinion, a change in the Plans, to make such change and complete such construction according to the Plans as so changed;

(b) To employ such contractors, sub-contractors, agents, architects and inspectors as may be required for such purposes;

(c) To pay, settle or compromise all existing bills and claims which may be liens against the Premises or as may be necessary or desirable for the completion of the Improvements or to clear the title;

(d) To execute all applications and certificates in the name of Mortgagors which may be required by any of the contract documents and to do any and every act which Mortgagors might do in Mortgagors' own behalf, it being hereby agreed that such authorization shall be deemed to be a power coupled with an interest and cannot be revoked; and

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(e) To prosecute and defend all actions or proceedings in connection with the Premises or the construction of the Improvements; or

(iv) take such action and require such performance as it deems necessary.

All such advances and indebtedness authorized by this Paragraph 11 shall be repayable by Mortgagors upon demand with interest at the Default Interest Rate. The authority granted by this Paragraph 11 shall not, however, be construed as creating an obligation on the part of Mortgagee to complete the Improvements or any other improvements or to prosecute or defend actions in connection with the Premises or the construction of the Improvement or any other improvements or to do any other act which it is empowered to do hereunder.

(c) Expense of Litigation. In any suit to foreclose the lien of this Mortgage or enforce any other remedy of the Mortgagee under this Mortgage, any of the Notes, or any other document given to secure the indebtedness represented by any of the Notes, there shall be allowed and included as additional indebtedness in the judgment or decree, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, survey costs, and cost (which may be estimated as to items to be expended after entry of the decree), of procuring all abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree, the true condition of the title to or value of the Premises. All expenditures and expenses of the nature in this Paragraph mentioned, and such expenses and fees as may be incurred in the protection of said Premises and the maintenance of the lien of this Mortgage, including the fees of any attorney affecting this Mortgage, any of the Notes or the Premises, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagors, with interest thereon at the Default Interest Rate.

(d) Mortgagee's Right of Possession in Case of Event of Default. In any case in which, under the provisions of this Mortgage, the Mortgagee has a right to institute foreclosure proceedings whether or not the entire principal sum secured hereby is declared to be immediately due as aforesaid, or whether before or after the institution of legal proceedings to foreclose the lien hereof, or before or after sale thereunder, forthwith upon demand of Mortgagee, Mortgagors shall surrender to Mortgagee, and Mortgagee shall be entitled to take, actual possession of the Premises or any part thereof, personally or by its agent or attorneys, as for condition broken and Mortgagee, in its discretion, may enter upon and take and maintain possession of all or any part of said Premises, together with all documents, books, records, papers, and accounts of the Mortgagors, or the then owner of the Premises relating thereto, and may exclude the Mortgagors, and their agents or servants, wholly therefrom, and may, in its own name as Mortgagee and under the powers herein granted:

(i) hold, operate, manage and control the Premises and conduct the business, if any thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the Premises including actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, hereby granting full power and authority to exercise each and every of the rights, privileges, and powers herein granted at any and all times hereafter, without notice to the Mortgagors;

(ii) cancel or terminate any lease or sublease or management agreement for any cause or on any ground which would entitle Mortgagors to cancel the same;

(iii) extend or modify any then existing lease(s) or management agreement(s) and make new lease(s) or management agreement(s), which extensions, modifications, and new lease(s) or management agreement(s) may provide for terms to expire, or for options to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such lease(s) and management agreement(s) and the options or other such provisions to be contained therein, shall be binding upon Mortgagors and all persons whose interests in the Premises are subject to the lien hereof and shall also be binding upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge or the mortgage indebtedness, satisfactory of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser;

(iv) make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments, and improvements to the Premises as to Mortgagee may seem judicious, to insure and reinsure the Premises and all risks incidental to Mortgagee's possession, operation and management thereof, and to receive all avails, rents, issues and profits.

(e) Mortgagee's Determination of Priority of Payments. Any avails, rents, issues, and profits of the Premises received by the Mortgagee after having taken possession of the Premises, or pursuant to any assignment thereof to the Mortgagee under the provisions of this Mortgage or of any separate security documents or instruments shall be applied in payment of or on account of the following, in such order as the Mortgagee (or in case of a receivership) as the Court may determine:

(i) to the payment of the operation expenses of the Premises, which shall include reasonable compensation to the Mortgagee or the receiver and its agent or agents, if management of the Premises has been delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases, established claims for damages, if any, and

premiums on insurance hereinabove authorized;

(ii) to the payment of taxes, special assessments, and water taxes now due or which may hereafter become due on the Premises, or which may become a lien prior to the lien of this Mortgage;

(iii) to the payment of all repairs and replacements, of said Premises and of placing said property in such condition as will, in the judgment of Mortgagee or receiver, make it readily rentable;

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

(v) any overplus or remaining funds to the Mortgagors, their successors or assigns, as their rights may appear.

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(f) Appointment of Receiver. Upon or at any time after the filing of any complaint to foreclose this Mortgage, the Court may, upon application, appoint a receiver of the Premises. Such appointment may be made either before or after sale upon appropriate notice as provided by law and without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness secured hereby and without regard to the then value of the Premises, and without bond being required of the applicant. Such receiver shall have the power to take possession, control, and care of the Premises and to collect the rents, issues, and profits of the Premises during the pendency of such foreclosure suit, and, in case of a sale and a deficiency, during the full statutory period of redemption (provided that the period of redemption has not been waived by the Mortgagors), as well as during any further times when the Mortgagors, their respective heirs, administrators, executors, successors, or the assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, and profits, and all other powers which may be necessary or are useful in such cases for the protection, possession, control, management, and operation of the Premises during the whole of said period, to extend or modify any then new lease(s) or management agreement(s), and to make new lease(s) or management agreement(s), which extensions, modifications, and new lease(s) or management agreement(s) may provide for terms to expire, or for options to lease(s) to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder, it being understood and agreed that any such lease(s) and management agreement(s) and the options or other such provisions to be contained therein, shall be binding upon Mortgagors and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser.

(g) Application Of Proceeds of Foreclosure Suit. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: FIRST, on

account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Paragraph (b) hereof; SECOND, all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Notes, with interest thereon at the Default Interest Rate; THIRD, all principal and interest (calculated at the Default Interest Rate) remaining unpaid on the Notes, to be applied among the Notes as determined by the Mortgagee; and, FOURTH, any overplus to Mortgageors, their respective successors or assigns, as their rights may appear.

(h) Rescission of or Failure to Exercise. The failure of the Mortgagee to exercise the option for acceleration of maturity and/or foreclosure following any Event of Default as aforesaid, or to exercise any other option granted to the Mortgagee hereunder in any one or more instances, or the acceptance by Mortgagee of partial payments hereunder, shall not constitute a waiver of any such Event of Default nor extend or affect any cure period, if any, but such option shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Mortgagee, may, at the option of Mortgagee, be rescinded by written acknowledgment to that effect by the Mortgagee and shall not affect the Mortgagee's right to accelerate the maturity for any future Event of Default.

(i) Sale of Separate Parcels, Right of Mortgagee to Purchase. In the event of any foreclosure sale of said Premises, the same may be sold in one or more parcels. Mortgagee may be the purchaser at any foreclosure sale of the Premises or any part thereof.

(j) Waiver of Statutory Rights. Mortgageors, for themselves, and all who may claim through or under it, waive any and all right to have the property and estates comprising the Premises marshaled upon any foreclosure of the lien hereof and agrees that any Court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. Mortgageors hereby waive any and all rights of redemption from sale under any order or decree of foreclosure, pursuant to rights herein granted, on behalf of the Mortgageors and on behalf of each and every person, except decree or judgment creditors of Mortgageors acquiring any interest in or title to the Premises described herein subsequent to the date of this Mortgage.

MORTGAGORS HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY THE PROVISIONS OF THE STATUTES AND LAWS OF THE STATE OF INDIANA AND THE STATE OF ILLINOIS, ANY AND ALL RIGHTS OF REDEMPTION FROM SALE OR OTHERWISE UNDER ANY ORDER OR DECREE OF FORECLOSURE AND DISCLAIMS ANY STATUS AND RIGHTS WHICH IT MAY HAVE AS AN OWNER OF REDEMPTION. ON BEHALF OF THE MORTGAGORS, AND EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN, OR TITLE TO, THE PREMISES SUBSEQUENT TO THE DATE OF THIS MORTGAGE, AND ON BEHALF OF ALL OTHER PERSONS TO THE FULLEST EXTENT PERMITTED BY LAW, MORTGAGORS HEREBY WAIVE ANY AND ALL RIGHT TO REINSTATE THIS MORTGAGE OR TO CURE ANY DEFAULTS, EXCEPT SUCH RIGHTS OF REINSTATEMENT AND CURE AS MAY BE EXPRESSLY PROVIDED BY THE TERMS OF THIS MORTGAGE, THE NOTES AND THE OTHER LOAN

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DOCUMENTS SPECIFIED THEREIN.

(k) Default Interest Rate. The term "Default Interest Rate" shall be the highest Default Interest Rate as specified in any of the Notes.

12. RIGHTS AND REMEDIES ARE CUMULATIVE. All rights and remedies herein provided are cumulative and the holder of the Notes secured hereby and of every other obligation secured hereby may recover judgment hereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right afforded by this Mortgage.

13. GIVING OF NOTICE. Any notice or demands which either party hereto may desire or be required to give to the other party, shall be in writing and shall be hand delivered or mailed by certified mail, return receipt requested, addressed to such other party at the addresses, hereinbefore or hereinafter set forth, or at such other address as either party hereto may, from time to time, by notice in writing, designate to the other party, as a place for service of notice. All such notices and demands which are mailed shall be effectively given three (3) business days after the date of post marking. All such notices and demands which are hand delivered, shall be effectively given on the date of such delivery. In case no other address has been so specified, notices and demands hereunder shall be sent to the following address:

Mortgagee: LaSalle Bank National Association
8303 W. Higgins Road
6th Floor
Chicago, IL 60631

Mortgagors: James J. Leto
~~Wendy P. Leto~~
~~5224 Main Street~~ P.O. Box 883
~~2nd Floor~~
Downers Grove, IL 60515

14. TIME IS OF THE ESSENCE. It is specifically agreed that time is of the essence of this Mortgage. The waiver of the options or obligations secured hereby shall not at any time thereafter be held to be abandonment of such rights. Except as otherwise specifically required, notice of the exercise of any option granted to the Mortgagee herein, or in the Notes secured hereby is not required to be given.

15. COMMITMENT LETTER The indebtedness evidenced by the Mortgage Note Series A has been extended to Mortgagors by Mortgagee pursuant to the terms of a Commitment Letter dated August 28, 2000 from Mortgagee to Mortgagors and subsequently accepted by such Mortgagors. All terms and conditions of such Commitment Letter, to the extent not inconsistent with any of the terms or conditions of this Mortgage or the Mortgage Note Series A, are

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incorporated hereby by reference as if fully set forth.

16. COVENANTS TO RUN WITH THE LAND. All the covenants hereof shall run with the land.

17. CAPTIONS. The captions and headings of various Paragraphs are for convenience only, and are not to be construed as defining or limiting in any way the scope or intent of the provisions hereof.

18. GOVERNING LAW. Mortgagors do hereby acknowledge that all negotiations relative to the loans evidenced by the Notes, this Mortgage, and all other documents and instruments securing any of the Notes, took place in the State of Illinois. Mortgagors and Mortgagee (by making the loans evidenced by the Notes) do hereby agree that each of the Notes, this Mortgage and all other documents securing the Notes shall be construed and enforced according to the laws of the State of Illinois, except insofar as the enforcement of this Mortgage is subject to the laws of the State of Indiana, such enforcement shall be governed and construed in accordance with the laws of the State of Indiana. Any action to foreclose the lien of this Mortgage upon the Premises shall be litigated in a court of competent jurisdiction located in Lake County, IN.

19. APPLICATION OF INSURANCE PROCEEDS AND EMINENT DOMAIN AWARDS. (a) In the event of any such loss or damage to the Premises, as described in Paragraph 1(c)(1) hereof, Mortgagee may use or apply the proceeds of insurance, at its option in its sole discretion, as follows: (i) as a credit upon any portion of the indebtednesses secured hereby; or (ii) to reimbursement to Mortgagors for repairing and restoring the improvements in which event the Mortgagee shall not be obliged to see to the proper application thereof nor shall the amount so released or used for restoration be deemed a payment on the indebtedness secured hereby; or (iii) to deliver same to the Mortgagors.

(b) In the event that Mortgagee elects to make the proceeds of insurance available to Mortgagors for the restoration of the improvements so damaged, no disbursement of insurance proceeds shall occur unless Mortgagors are in compliance with each of the following conditions:

(i) No Event of Default, or conditions which with the mere passage of time could become an Event(s) of Default shall then exist under any of the terms, covenants and conditions of any of the Notes, this Mortgage, or any other documents or instruments evidencing or securing any of the Notes;

(ii) Mortgagee shall first be given satisfactory proof that such improvements have been fully restored or that by the expenditure of the proceeds of insurance, and any sums deposited by Mortgagors pursuant to the terms of subparagraph (iii) hereof, will be fully restored, free and clear of all mechanic's and materialmen's liens;

(iii) In the event such proceeds shall be insufficient to restore the improvements, Mortgagors shall deposit promptly with Mortgagee funds which, together with the insurance proceeds, would be sufficient to restore the improvements.

(c) The excess of the insurance proceeds above the amount necessary to complete any necessary restoration shall, after completion of the repair and restoration, be applied as a credit upon any portion, as selected by Mortgagee, of the indebtedness secured hereby, but the funds released by Mortgagee for restoration shall in no event, be deemed a payment of the indebtedness secured hereby.

(d) In the event Mortgagee shall elect to permit Mortgagors to use such proceeds for the restoring of the improvements, such proceeds shall be made available, from time to time, upon Mortgagee being furnished with satisfactory evidence of the estimated cost of such restoration and with architect's certificates, partial or final waivers of lien, as the case may be, contractors' sworn statements, and if the estimated cost of the work exceeds ten (10%) percent of the original principal amount of the indebtedness secured hereby, with all plans and specifications for such rebuilding or restoration as Mortgagee may reasonably require and approve. No payment made prior to the final completion of the work shall exceed ninety (90%) percent of the value of the work performed, from time to time, and at all times the undisbursed balance of said proceeds remaining in the hands of the Mortgagee shall be at least sufficient to pay for the cost of completion of the work, free and clear of any liens. In the event of foreclosure of this Mortgage, or other transfer of title to the Premises in extinguishment of the indebtedness secured hereby, all right, title, and interest of the Mortgagors, in and to any insurance policies then in force, and any claims or proceeds thereunder shall to the extent of the indebtedness, pass to the Mortgagee or any purchaser or grantee.

(2) In the event that Mortgagee elects to make available to the Mortgagors the proceeds of any award for eminent domain to restore any improvements on the Premises, no disbursement thereof shall occur unless Mortgagors are in compliance with each of the following conditions:

(i) No Event of Default shall then exist under any of the terms, covenants, and conditions of any of the Notes, this Mortgage, or any other documents or instruments evidencing or securing any of the Notes;

(ii) Mortgagee shall first be given satisfactory proof that such improvements have been fully restored or that by the expenditure of such award and any sums deposited with Mortgagee pursuant to the terms of subparagraph (iii) hereof, will be fully restored, free and clear of all mechanic's and materialmen's liens;

(iii) In the event such award shall be insufficient to restore the improvements, Mortgagors shall deposit promptly with Mortgagee funds which, together with the award proceeds, would be sufficient to restore the improvements;

(iv) The rental income to be derived from the improvements, subsequent to such taking by eminent domain, shall not adversely affect the Mortgagors' ability to pay the indebtedness evidenced by either of the Notes;

(v) The disbursement of the award will be made according to those provisions of Paragraph 19(d) which relate to the disbursement of insurance proceeds for repair and restoration of the improvements and the conditions precedent to be satisfied by the Mortgagors with regard thereto;

(vi) The excess of the proceeds of the award, above the amount necessary to complete such restoration, shall be applied as a credit upon any portion, as selected by Mortgagee, of the indebtedness secured hereby, but the proceeds of the award released by Mortgagee for restoration shall, in no event, be deemed a payment of the indebtedness secured hereby.

20. BINDING ON SUCCESSOR AND ASSIGNS. This Mortgage and all provisions hereof shall extend and be binding upon Mortgagors, and all persons claiming under or through Mortgagors, and the words "Mortgagors", when used herein, shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Notes or this Mortgage. The word "Mortgagee" when used herein, shall include the successors and assigns of the Mortgagee named herein, and the holder or holders, from time to time, of the Notes secured hereby. Whenever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall include all genders.

21. MORTGAGORS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE INDEBTEDNESS EVIDENCED BY THE NOTES, THIS MORTGAGE, THE NOTES, OR ANY OF THE LOAN DOCUMENTS SPECIFIED IN THE NOTES, OR ANY ACTS OR OMISSIONS OF THE MORTGAGEE, ITS OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS IN CONNECTION THEREWITH.

IN WITNESS WHEREOF, Mortgagors have caused these presents to be signed the day and year first above written.


James J. Leto


Wendy P. Leto

