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MORTGAGE AND SECURITY AGREEMENT

This MORTGAGE AND SECURITY AGREEMENT (the "Mortgage") is made June 25, 2002 between Griffith Apartments Limited Partnership, an Indiana limited partnership (hereinafter referred to as "Mortgagor"), and CoVest Banc, National Association, a national banking association, having an office at 770 West Dundee Road, Arlington Heights, IL 60004 (hereinafter referred to as "Mortgagee").

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WITNESS:

WHEREAS, Mortgagor is indebted to Mortgagee in the principal amount not to exceed \$2,800,000.00 together with interest thereon from and after the date hereof at the rates provided in that certain Mortgage Note of even date herewith ("Mortgage Note"), a copy of which is attached hereto and made a part hereon as Exhibit "1"; and

WHEREAS, as a condition of making the loan evidenced by the aforesaid Mortgage Note, Mortgagee has required that Mortgagor mortgage the "Premises" (as hereinafter defined) to the Mortgagee, and Mortgagor has executed, acknowledged, and delivered this Mortgage to secure any indebtedness existing at the date hereof and evidenced by the Mortgage Note and any modifications, renewals or extensions thereof, and any indebtedness represented by future advances from Mortgagee to Mortgagor, whether such advances are obligatory or to be made within twenty (20) years from the date hereof to the same extent as if such future advances were made on the date hereof, provided, however, that although the amount of indebtedness that may be secured by this Mortgage may increase from time to time, the total unpaid balance so secured at any one time shall not exceed a maximum principal amount of \$10,000,000.00, plus interest thereon, late charges and any disbursements made for the payment of taxes, special assessments, insurance on the Premises, or other items deemed necessary by Mortgagee to be made to protect the lien thereof, together with interest at the Default Interest Rate herein specified on any such disbursements under the aforesaid Mortgage Note.

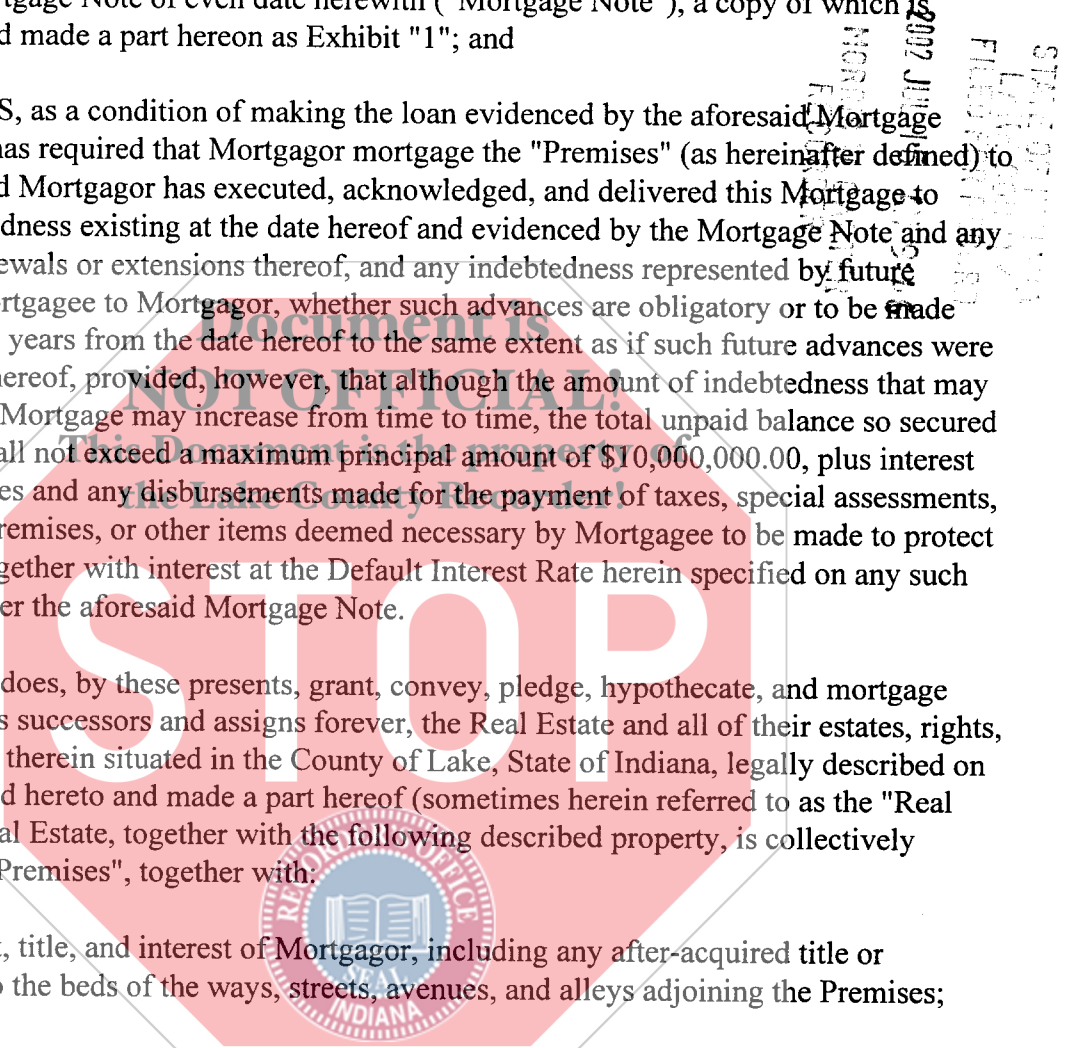
Mortgagor does, by these presents, grant, convey, pledge, hypothecate, and mortgage unto Mortgagee, its successors and assigns forever, the Real Estate and all of their estates, rights, titles, and interests therein situated in the County of Lake, State of Indiana, legally described on Exhibit "2" attached hereto and made a part hereof (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 Mortgagor, 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,

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and the reversion and reversions and remainder and remainders thereof;

C. In accordance with the Collateral Assignment of Lease(s) and Rent(s) dated of even date herewith made by Mortgagor in favor of Mortgagee, all rents, issues, proceeds, and profits 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 Mortgagor 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 in effect in the State of Indiana from time to time [the "Code]"), this Mortgage is hereby deemed to be, as well, a Security Agreement under the Code for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to the Mortgagee as the Secured Party (as such term is defined in the Code), and Mortgagor hereby represents and warrants to Mortgagee that Mortgagor has 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, including without limitation any claims of the members and managers of Mortgagor, except those of Mortgagee.

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 Mortgagor shall pay the principal and all interest as provided by the Mortgage Note and any modifications, renewals or extensions thereof, 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 Mortgagor, otherwise to remain in full force and effect.

I. MORTGAGOR'S COVENANTS. To protect the security of this Mortgage, Mortgagor agrees and covenants with the Mortgagee that Mortgagor shall:

A. PAYMENT OF PRINCIPAL AND INTEREST. Pay promptly when due the principal and interest on the indebtedness evidenced by the Mortgage Note at the times and in the manner herein and in the Mortgage Note 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. Mortgagor 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 Mortgagor has notified Mortgagee in writing of the intention of Mortgagor to contest the same, before any tax or assessment has been increased by any interest, penalties, or costs; and (c) that Mortgagor 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 Mortgagor, 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 prior written notice to Mortgagor, 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 Mortgagor shall forthwith upon written 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 Mortgagor is not then in default hereunder, the Mortgagee shall, upon the final disposition of such contest and upon Mortgagor's 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 Mortgagor.

(2) Deposit each month, on the date when the monthly payment under the Mortgage Note is due with the Mortgagee, an amount equal to 1/12th of the annual general real estate taxes for the Premises, all as reasonably estimated by Mortgagee on a "when issued and payable" basis, with such additional reserve as may be required by Mortgagee. Mortgagee shall not be obligated to pay interest or earnings of any kind on funds on deposit with it pursuant to this Paragraph.

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 Mortgagor. 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 shall be currently paid and 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. Mortgagor 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, Mortgagor 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.

(3) Deposit each month, on the date when the monthly payment under the Mortgage Note is due with the Mortgagee, an amount equal to 1/12th of the annual insurance premiums for the insurance required by this Mortgage, as reasonably estimated by Mortgagee. Mortgagee shall not be obligated to pay interest or earnings of any kind on funds on deposit with it pursuant to this Paragraph.

D. PRESERVATION AND RESTORATION OF PREMISES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS. Not permit any building or other improvement 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, which consent shall not be unreasonably withheld or unduly delayed, 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, Mortgagor 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.

Mortgagor further agrees 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 Mortgagor in connection with any existing or presently contemplated use of the said Premises.

**E. CREATION OF LIENS AND TRANSFER OF OWNERSHIP.** (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) Neither permit the Premises nor the partnership, ownership or other equity interests of Guarantor (defined below) in Mortgagor, 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. ENVIRONMENTAL COVENANTS.** (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 Mortgagor 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 Mortgagor 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 Mortgagor hereby agrees to pay any reasonable 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 in excess of \$5,000.00 (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, Mortgagor 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 Mortgagor, 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 Mortgagor 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, Mortgagor shall not take any remedial action the cost of which shall exceed \$5,000.00 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 Mortgagor 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 Mortgagor 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) Mortgagor establishes 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. REPORTS. 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. (a) By January 30 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, Mortgagor shall provide Mortgagee with personal financial statements on forms to be prescribed by Mortgagee for each of Mortgagor and that certain beneficial owner of a limited partnership interest in Mortgagor who has unconditionally guaranteed to Mortgagor the full and prompt repayment of the Mortgage Note and performance and observance of all the terms, covenants and conditions of the Loan Documents described in the Mortgage Note (herein referred to as "Guarantor").

(b) While any portion of the indebtedness evidenced by the Mortgage Note is outstanding, on or before each January 30 (as of the year just immediately ended) Mortgagor shall provide Mortgagee with an annual operating statement (to be prepared in accordance with generally accepted accounting principles consistent with the previous years' operating statements) for the Premises and all other real estate owned by any of Borrower or Guarantor,



which annual operating statements will indicate the total rental income for the Premises and such other real estate, the annual expenses therefor, and debt service payments made thereon.

(c) While any portion of the indebtedness evidenced by the Mortgage Note is outstanding, on or before each January 30 (as of the year just immediately ended), Mortgagor shall provide Mortgagee with a certified rent roll of the Premises, which rent roll shall indicate the name of each tenant, annual and monthly rent for each leased space, percentage rent, if any, amount of space being leased, and the lease expiration date.

(d) Mortgagor shall maintain on deposit with Mortgagee all accounts relative to the ownership or operation of the Premises.

(e) Mortgagor shall maintain the Debt Service Ratio at 1.15 to 1.0 at all times while any portion of the indebtedness evidenced by the Mortgage Note is unpaid. Debt Service Ratio shall mean an amount represented by a fraction, the numerator of which shall be an amount equal to the annual rental income of the Premises less annual normal operating expenses (including, but not limited to, expenses for heat, light, real estate taxes and maintenance of the Premises) and the denominator of which shall be the amount necessary to pay principal and interest under the Mortgage Note for the year in which the amount represented by the numerator is calculated. Mortgagee shall determine whether Mortgagor is maintaining the Debt Service Ratio at 1.15 to 1.0 annually (or more frequently if required by Mortgagee) commencing on December 31, 2003.

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 Mortgagor 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 reasonable 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 Mortgagor 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 Mortgagor.

3. EMINENT DOMAIN. So long as any portion of the principal balance evidenced by the Mortgage Note 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 Mortgagor to Mortgagee, to the extent of the unpaid indebtedness evidenced by the Mortgage Note, 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. Mortgagor 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. Mortgagor 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 Mortgagor for any taking, either permanent or temporary, under any such proceeding.

4. ACKNOWLEDGMENT OF DEBT. Mortgagor 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.

5. INSPECTION OF PREMISES AND BOOKS AND RECORDS. Mortgagor shall upon reasonable advance notice and subject to the rights of tenants under their respective leases permit Mortgagee to inspect the Premises at all reasonable times and from time to time. Mortgagor 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 written 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 Mortgagor's offices, hereinbefore identified or at such other location as may be mutually agreed upon.

6. ILLEGALITY OF TERMS HEREOF. Nothing herein or in the Mortgage Note contained nor any transaction related thereto shall be construed or shall so operate either presently or prospectively, (a) to require Mortgagor 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 Mortgagor 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 Mortgagor, 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. This Mortgage shall constitute a Security Agreement as defined in the Code with respect to (a) all sums at any time on deposit for the benefit of Mortgagor or held by the Mortgagee (whether deposited by or on behalf of Mortgagor or anyone else) pursuant to any of the provisions of this Mortgage, the Note or any other documents or instruments evidencing or securing the loan evidenced by the Note, and (b) with respect to any of the personal property described in Paragraph D of the granting clause of this Mortgage and all replacements of, substitutions for, additions to, and the proceeds thereof (collectively referred to as the "Collateral"), and that a security interest in and to the Collateral is hereby granted to the Mortgagee, and the Collateral and all of Mortgagor's right, title and interest therein are hereby assigned to Mortgagee, all to secure the full and prompt payment of the Note and other obligations or liabilities secured by this Mortgage. Mortgagor (being the Debtor as that term is used in the Code) is and will be the true and lawful owner of the Collateral and has rights in the power to transfer the Collateral, subject to no liens, charges or encumbrances other than the lien hereof, other liens and encumbrances benefitting Mortgagee and no other party, and liens and encumbrances, if any, expressly permitted by the other Loan Documents. The Collateral is to be used by Mortgagor solely for business purposes. The Collateral will be kept at the Premises and will not be removed therefrom without the consent of Mortgagee (being the Secured Party as that term is used in the Code). Mortgagor, at its own cost and expense, upon demand, will furnish to Mortgagee such further information and will execute and deliver to Mortgagee such financing statements and other documents in form satisfactory to Mortgagee and will do all such acts as Mortgagee may request at any time or from time to time or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral subject to no other liens or encumbrances, other than liens or encumbrances benefitting Mortgagee. Mortgagor will pay the cost of filing or recording such financing statements or other documents, and this instrument, in all public offices wherever filing or recording is deemed by Mortgagee to be desirable.

Upon an Event of Default hereunder, Mortgagee shall have the remedies of a secured party under the Code, including, without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose, so far as Mortgagor can give authority therefor, with or without judicial process, may enter (if this can be done without breach of the peace) upon any place which the Collateral or any part thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to real estate, such removal

shall be subject to the conditions stated in the Code); and Mortgagee shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral as provided in the Code. Mortgagee may render the Collateral unusable without removal and may dispose of the Collateral on the Premises. Mortgagee may require Mortgagor to assemble the Collateral and make it available to Mortgagee for its possession at a place to be designated by Mortgagee which is reasonably convenient to both parties. Mortgagee will give Mortgagor at least ten (10) days' prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition thereof is made. The requirements of reasonable notice shall be met if such notice is mailed, by certified United States mail or equivalent, postage prepaid, to the address of Mortgagor hereinafter set forth at least ten (10) days before the time of the sale or disposition. Mortgagee may buy at any public sale. Mortgagee may buy at private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations. Any such sale may be held in conjunction with any foreclosure sale of the Premises. If Mortgagee so elects, the Premises and the Collateral may be sold as one lot. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling and the attorneys' fees and legal expenses incurred by Mortgagee, shall be applied against the Indebtedness in such order or manner as Mortgagee shall select. Mortgagee will account to Mortgagor for any surplus realized on such disposition.

This Mortgage is intended to be a financing statement within the purview of Section 9-502(b) of the Code with respect to the Collateral and the goods described herein, which goods are or may become fixtures relating to the Premises. The addresses of Mortgagor (Debtor) and Mortgagee (Secured Party) are hereinbelow set forth. This Mortgage is to be filed for recording with the Recorder of Deeds of the county or counties where the Premises are located. To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all Leases between Mortgagor or its agents as lessor or franchisee, as the case may be, and various tenants named therein, as lessee or franchiser named therein, as the case may be, including all extended terms and all extensions and renewals of the terms thereof, as well as any amendments to or replacement of said Leases, together with all of the right, title and interest of Mortgagor, as lessor thereunder.

Mortgagor represents and warrants that:

- i. Mortgagor's chief executive office is located in the State of Illinois;
- ii. Mortgagor's state of formation is the State of Indiana;
- iii. Mortgagor's organizational identification number is LP90010021.

Mortgagor agrees that Mortgagee is authorized to file a financing statement describing the Collateral. To the extent permitted by the provisions of the Code, Mortgagor herewith specifically authorizes Mortgagee to file or record unsigned Financing Statements, or Financing

Statements signed only by the Mortgagee as secured party, from time to time to perfect Mortgagor's security interest in the Collateral.

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 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 estimate 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 Mortgagor 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 Mortgagor upon demand with interest at the Default Interest Rate.

10. BUSINESS LOAN. Mortgagor warrants, represents, and agrees that the proceeds of the Mortgage Note will be used for business purposes, and that the indebtedness evidenced by the Mortgage Note 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 the monthly interest payments or monthly principal and interest payments under the Mortgage Note secured hereby, which default or failure remains uncured for a period of fifteen (15) days, or a default in making the final principal and accrued interest payment required under the Mortgage Note; or
- (iii) any default in the performance or observance of any other term, covenant, or condition in this Mortgage or in any other instrument now or hereafter evidencing or securing said indebtedness which default continues for thirty (30) days or such lesser

time as may be specified herein or in any other document for such default following written notice thereof to the Mortgagor, provided that if Mortgagor is diligently pursuing a cure of such default but such default is not susceptible to being cured within such thirty (30) day or lesser time period, Mortgagor shall have an additional period necessary to cure such default, which additional period shall not exceed thirty (30) days; or

(iv) if the Mortgagor or Guarantor, 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 the Mortgagor or Guarantor 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 the Mortgagor or Guarantor shall be adjudicated a bankrupt, or a trustee or a receiver shall be appointed for the Mortgagor or Guarantor which appointment is not relinquished within sixty (60) days for all or any portion of the Premises or its or his 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 the Mortgagor or Guarantor in any involuntary proceeding for the reorganization, dissolution, liquidation, or winding up of the Mortgagor or Guarantor 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) the Mortgagor or Guarantor 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 material untruth or falsity of any of the warranties contained herein, the Collateral Assignment of Lease(s) and Rent(s) given to secure the payment of the Mortgage Note; 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 Mortgagor; or

(xi) any material adverse change in the financial condition of Mortgagor or Guarantor, in the ability of Mortgagor to repay the loan indebtedness evidenced by the Mortgage Note or in the value of any collateral given or pledged as security for the indebtedness evidenced by the Mortgage Note, all as determined by the Mortgagee in its

reasonable judgment.

(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 Mortgagor, become immediately due and payable with interest accruing thereafter on the unpaid principal balance of the Mortgage Note at the Default Interest Rate, (as hereinafter defined) 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, either out of the proceeds of the loan evidenced by the Mortgage Note, or, if the proceeds of such loan remaining undistributed are insufficient for such purposes out of additional funds, 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 Mortgagor, 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 Mortgagor 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.

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

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

The authority granted by this Paragraph 11 shall not, however, be construed as creating an obligation on the part of Mortgagee to complete any improvements to the Premises or to

prosecute or defend actions in connection with the Premises or the construction of 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, the Mortgage Note, or any other document given to secure the indebtedness represented by the Mortgage Note, 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, the Mortgage Note 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 Mortgagor, 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, Mortgagor shall surrender to Mortgagee, and Mortgagee shall be entitled to take, actual possession of the Premises or any part thereof, personally or by its agent or attorneys, 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 Mortgagor, or the then owner of the Premises relating thereto, and may exclude the Mortgagor, 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 Mortgagor;



(ii) cancel or terminate any lease or sublease or management agreement for any cause or on any ground which would entitle Mortgagor 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 Mortgagor 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; and/or

(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; and

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

(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 subject to the rights of tenants under their respective leases, 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 Mortgagor), as well as during any further times when the Mortgagor, its 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 Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from 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 Paragraphs (b) and (c) hereof; SECOND, all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Mortgage Note, with interest thereon at the Default Interest Rate; THIRD, all principal and interest (calculated at the Default Interest Rate) remaining unpaid on the Mortgage Note; and, FOURTH, any overplus to Mortgagor, its 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. Mortgagor, for itself, and all who may claim through or under it, waives any and all right to have the property and estates comprising the Premises 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. Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure, pursuant to rights herein granted, on behalf of the Mortgagor and on behalf of each and every person, except decree or judgment creditors of Mortgagor 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 MORTGAGE NOTE AND THE OTHER LOAN DOCUMENTS SPECIFIED THEREIN.

(k) Default Interest Rate. The term "Default Interest Rate" shall be Five percent (5.0%) in excess of the then applicable Interest Rate in effect under the Mortgage Note.

12. RIGHTS AND REMEDIES ARE CUMULATIVE. All rights and remedies herein provided are cumulative and the holder of the Mortgage Note 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: CoVest Banc, National Association  
770 West Dundee Road  
Arlington Heights, IL 60004  
Attention: Leonard Eichas, Vice President

with copy to: Timothy S. Breems  
Ruff, Weidenaar & Reidy, Ltd.  
222 N. LaSalle Street, Suite 1525  
Chicago, IL 60601

Mortgagor: Griffith Apartments Limited Partnership  
Attention: James V. Madary, Sr.  
c/o JVM Realty Corporation  
2211 York Road, Suite 300A  
Oak Brook, IL 60523

with copy to: Jerrold M. Peven  
Schwartz Cooper Greenburger Krauss  
180 N. LaSalle Street, Suite 2700  
Chicago, IL 60601

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 Mortgage Note secured hereby is not required to be given.

15. THIS PARAGRAPH IS INTENTIONALLY OMITTED.

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 loan evidenced by the Mortgage Note, this Mortgage, and all other documents and instruments securing the Mortgage Note, took place in the State of Illinois. Mortgagors, and Mortgagee (by making the loan evidenced by the Mortgage Note) do hereby agree that the Mortgage Note, this Mortgage and all other documents securing the Mortgage Note 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 indebtedness secured hereby; or (ii) to reimbursement to Mortgagor 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, which option Mortgagee shall not unreasonably reject in the event that Mortgagee is assured that all of the conditions of sub-paragraph (b) below shall be satisfied; or (iii) to deliver same to the Mortgagor.

(b) In the event that Mortgagee elects to make the proceeds of insurance available to Mortgagor for the restoration of the improvements so damaged, no disbursement of insurance proceeds shall occur unless Mortgagor is 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 the Mortgage Note, this Mortgage, or any other documents or instruments evidencing or securing the Mortgage Note;

(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 Mortgagor 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, Mortgagor 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 Mortgagor 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 Mortgagor, 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 Mortgagor the proceeds of any award for eminent domain to restore any improvements on the Premises, no disbursement thereof shall occur unless Mortgagor is 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 the Mortgage Note, this Mortgage, or any other documents or instruments evidencing or securing the Mortgage Note;

(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, Mortgagor 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 the Mortgage Note;

(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 Mortgagor 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 Mortgagor, and all persons claiming under or through Mortgagor, and the words "Mortgagor", when used herein, shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Mortgage Note or this Mortgage. The word "Mortgagee" when used herein, shall include the successors and assigns of the Mortgagee named herein, and the holder or holders, from time to time, of the Mortgage Note 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.

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

Griffith Apartments Limited Partnership,  
an Indiana limited partnership,

By: Griffith Apartments G.P., Inc., an Illinois corporation, its General Partner,

By:   
James V. Madary, Sr., President

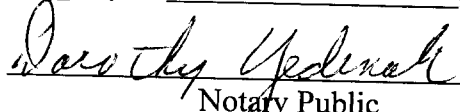
This instrument prepared by and mail to:  
Timothy S. Breems  
Ruff, Weidenaar & Reidy, Ltd.  
222 N. LaSalle Street  
Suite 1525  
Chicago, IL 60601



STATE OF Illinois )  
 ) SS  
COUNTY OF Cook )

I, the undersigned, a Notary Public in and for said county, in the State aforesaid, DO HEREBY CERTIFY that James V. Madary, Sr., President of Griffith Apartments G.P., Inc., an Illinois corporation, as General Partner of Griffith Apartments Limited Partnership, an Indiana limited partnership, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President of Griffith Apartments G.P., Inc., an Illinois corporation, as General Partner of Griffith Apartments Limited Partnership, an Indiana limited partnership, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Griffith Apartments G.P., Inc., an Illinois corporation, and Griffith Apartments Limited Partnership, an Indiana limited partnership, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 25th day of June, 2002.

  
Notary Public

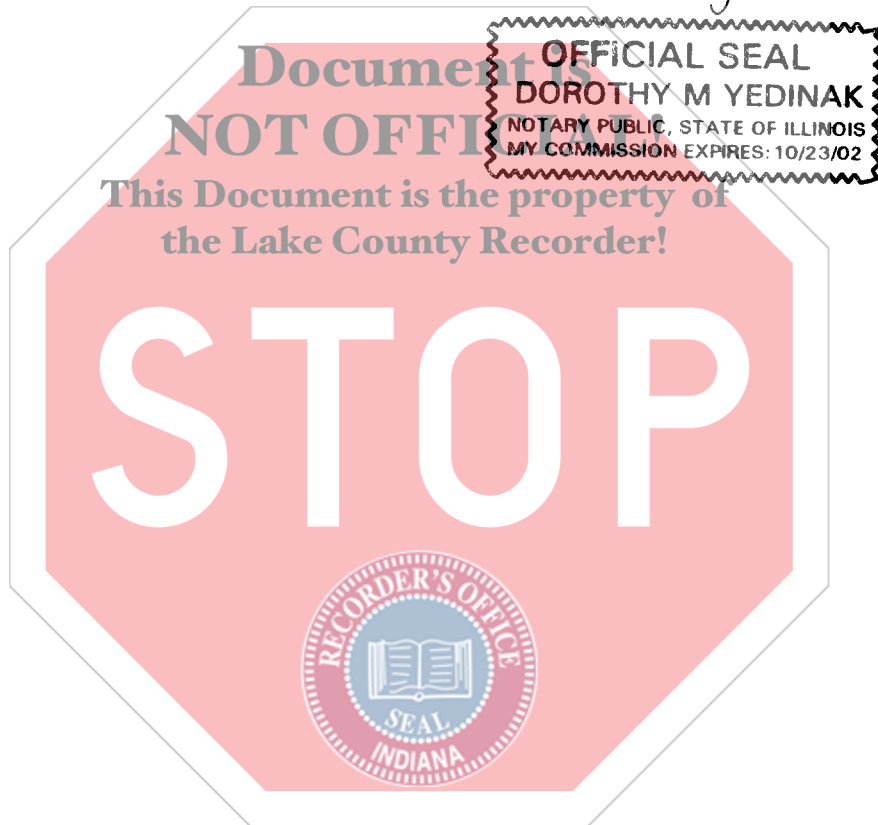




EXHIBIT 1

MORTGAGE NOTE

\$2,800,000.00

June \_\_, 2002

FOR VALUE RECEIVED, the undersigned, Griffith Apartments Limited Partnership, an Indiana limited partnership ("Borrower"), hereby promises to pay to the order of CoVest Banc, National Association ("Bank"), a national banking association, having an office at 770 West Dundee Road, Arlington Heights, IL 60004, the principal sum of Two Million Eight Hundred Thousand Dollars (\$2,800,000.00) or so much thereof as is advanced by the Bank from time to time and interest at the Interest Rate specified below at the times and in the manner hereinafter specified.

The interest payable hereunder shall be calculated at the Interest Rate specified below on the basis of a year consisting of 360 days and shall be paid for the actual number of days elapsed.

The Interest Rate shall be calculated at an annual rate equal to Three percent (3.0%) (300 basis points) in excess of the yield on United States Treasury Bills having 3-month maturities in effect on a date prior to the funding of the loan evidenced by this Mortgage Note as determined by the Bank (the "Interest Rate"), provided that the Interest Rate shall be adjusted every week thereafter to be equal to Three percent (3.0%) (300 basis points) in excess of the yield on United States Treasury Bills having 3-month maturities based upon such yield resulting from the weekly auction of such 3-month United States Treasury Bills as determined by the Bank as a fixed Interest Rate for the next week of the term of the loan evidenced by this Mortgage Note, provided further that the Interest Rate shall never be greater than four percent (4.0%) above the initial Interest Rate under this Note upon the disbursement of the loan evidenced by this Note.

On August 15, 2002 and continuing on the fifteenth (15<sup>th</sup>) day of each month thereafter, Borrower shall pay to the Bank interest at the applicable Interest Rate specified above on the outstanding principal balance of this Mortgage Note and the sum of \$2,740.00 to be applied to the principal balance of this Mortgage Note, except that the final payment of the entire outstanding principal balance of this Mortgage Note and accrued interest thereon shall be paid by Borrower to the Bank on July 15, 2007.

All payments hereunder shall be first applied to any late charges, fees and costs due hereunder, then to interest due and the remainder to principal.

After maturity, whether by acceleration or otherwise, or after the occurrence of an Event of Default (as described below) the Default Interest Rate on the outstanding principal balance shall be Five percent (5.0%) in excess of the then applicable Interest Rate in effect as aforesaid.

THIS IS A BALLOON NOTE AND ON THE MATURITY DATE (JULY 15, 2007) THE ENTIRE OUTSTANDING PRINCIPAL BALANCE OF THIS MORTGAGE NOTE WILL THEN BECOME DUE AND PAYABLE BY BORROWER TO THE BANK.

The Bank may impose a late charge of five (5%) per cent of the amount of the monthly payment due in any month in which payment of the monthly installment is received more than fifteen (15) days after its due date.

All payments of principal and interest and any fees and expenses owed to the Bank hereunder from time to time shall be paid by automatic debit from an operating account of Borrower held at the Bank such that such payments will be deducted by the Bank automatically on the due date from said operating account. Borrower shall maintain sufficient funds in the operating account on the dates the Bank enters debits authorized by this Mortgage Note. If there are insufficient funds in the operating account on the date the Bank enters any debit authorized by this Mortgage Note, the debit will be reversed. The Bank shall review annually (or more frequently if required by the Bank) the extent to which Borrower has complied with said operating account and automatic debit requirements, which review shall include a review of the activity in and of said operating account, and, in the event that the Bank determines in its sole discretion that Borrower has failed to comply with the requirements of this paragraph, Borrower shall pay to the Bank a non-compliance fee (in addition to, and not in lieu of, any late charges that may be due or may have been due under this Mortgage Note) equal to \$2,500.00. Said non-compliance fee shall be additional loan indebtedness added to the outstanding principal balance of this Mortgage Note and payable upon demand. Payments of both principal and interest are to be made at such place as the legal holders of this Mortgage Note may from time to time appoint and in the absence of such appointment, at the office of the Bank noted above.

Provided that no Event of Default exists hereunder, Borrower reserves the privilege to prepay the entire unpaid principal balance with accrued interest thereon to date of payment provided that Borrower shall pay to the Bank a prepayment premium or release fee in the amount of \$30,000.00 upon any prepayments made prior to July 15, 2005 and without premium or penalty thereafter.

Borrower shall maintain the Debt Service Ratio at 1.15 to 1.0 at all times while any portion of the indebtedness evidenced by this Mortgage Note is unpaid. Debt Service Ratio shall mean an amount represented by a fraction, the numerator of which shall be an amount equal to the annual rental income of the real estate legally described in the Mortgage hereinafter defined (the "Mortgaged Premises") less annual normal operating expenses (including, but not limited to, expenses for heat, light, real estate taxes and maintenance of the Mortgaged Premises) and the denominator of which shall be the amount necessary to pay principal and interest under this Mortgage Note for the year in which the amount represented by the numerator is calculated. The Bank shall determine whether Borrower is maintaining the Debt Service Ratio at 1.15 to 1.0 annually (or more frequently if required by the Bank) commencing on December 31, 2003.

The payment of this Mortgage Note is secured by (i) a Mortgage and Security Agreement bearing even date herewith to the Bank on real estate in Griffith, Indiana (the "Mortgage"); (ii) a Collateral Assignment of Lease(s) and Rent(s) on said real estate; and (iv) a Guaranty executed by a limited partner of Borrower (the "Guarantor") (collectively the "Loan Documents"). The Loan Documents, including each of their provisions, are incorporated herein as if fully set forth.

It shall be an Event of Default under this Mortgage Note if

(i) There shall be a failure to provide the insurance specified in the Mortgage;

(ii) There shall be a default in making any monthly interest payment or monthly principal and interest payment, if applicable, required hereunder which default continues for fifteen (15) days or a default in making the final principal and accrued interest payment required hereunder when due; or if

(iii) There shall be a default in the performance or observance of any other term, covenant, or condition in this Mortgage Note, the Mortgage, or any other Loan Documents which default continues for thirty (30) days (or such lesser time as any of the aforesaid Loan Documents may specify) following written notice thereof to the Borrower, provided that if Borrower is diligently pursuing a cure of such default but such default is not susceptible to being cured within such thirty (30) day or lesser time period, Borrower shall have an additional period necessary to cure such default, which additional period shall not exceed thirty (30) days.

In the Event of Default, the Bank shall have the right to

(i) Demand from Borrower and the Guarantor, subject to such limitations applicable to the Guarantor only as provided in the Guaranty, the principal balance, unpaid interest, and other charges due under this Mortgage Note;

(ii) Foreclose the Mortgage;

(iii) Pursue any other remedies available to it under the provisions of the Mortgage or other Loan Documents.

The holder of this Mortgage Note may grant to Borrower or Guarantor any extension or extensions of time of payment hereof, in whole or in part; may grant a renewal or renewals of this Mortgage Note in whole or in part; may enter into a modification agreement or agreements with respect to the Mortgage or other Loan Documents which secure the payment of this Mortgage Note and may release a portion or portions of the real estate described in the Mortgage which secures the payment of this Mortgage Note, and no such extension, renewal, modification agreement or release shall in any way affect Borrower's or Guarantor's obligations and liability upon this Mortgage

Note except to the extent that for any such releases, payments are made to reduce the principal amount of this Mortgage Note.

If this Mortgage Note is placed in the hands of an attorney for consultation or collection or is collected by legal proceedings because of the occurrence of an Event of Default, Borrower agrees to pay all reasonable costs of such consultation or collection including reasonable attorney's fees.

Whenever any of the parties desires to give any notice to another party, it shall be sufficient for all purposes if such notice is hand delivered or sent by registered or certified United States mail, postage prepaid, addressed to the intended recipient at the last address theretofore specified by such addressee in a written notice given to the sender. In case no other address has been so specified, notices hereunder shall be sent to the following addresses:

THE BANK

CoVest Banc, National Association  
770 West Dundee Road  
Arlington Heights, IL 60004  
Attention: Leonard Eichas, Vice President

BORROWER

Griffith Apartments Limited Partnership  
c/o Griffith Apartments G.P., Inc.  
2211 York Road, Suite 300A  
Oak Brook, IL 60523

with a copy to:

Timothy S. Breems  
Ruff, Weidenaar & Reidy, Ltd.  
222 N. LaSalle Street, Suite 1525  
Chicago, IL 60601

with a copy to:

Jerrold M. Peven  
Schwartz Cooper Greenberger & Krauss  
180 N. LaSalle Street, Suite 2700  
Chicago, IL 60601

Any notice given in the manner specified above shall be deemed to have been given on the day it is personally delivered or three (3) days after it is deposited in the United States mail.

The makers, endorsers, guarantors, sureties and all other parties liable for the payment of any sum due or to become due under the terms of this Mortgage Note severally waive presentment for payment, notice of dishonor and protest.

This Mortgage Note shall be governed by and construed in accordance with the laws of the State of Illinois.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN ANY OF THE LOAN DOCUMENTS TO THE CONTRARY, THE BANK SHALL NOT BE LIABLE, REQUIRED OR OBLIGATED TO ADVANCE FUNDS TO OR FOR THE BENEFIT OF BORROWER, ANY GUARANTOR OR ANY BORROWING ENTITY OR PERSON IN WHICH THE BORROWER AND/OR GUARANTOR HAS AN INTEREST, WHICH EXCEED THE LEGAL LENDING LIMIT OF THE BANK.

Griffith Apartments Limited Partnership,  
an Indiana limited partnership,

By: Griffith Apartments G.P., Inc., an Illinois corporation, its General Partner

By: \_\_\_\_\_  
James V. Madary, Sr., President



**EXHIBIT "2"**

**LEGAL DESCRIPTION OF PREMISES**

PARCEL 1: LOT 127, THE PARK 3<sup>RD</sup> ADDITION TO THE TOWN OF GRIFFITH, AS PER PLAT THEREOF, RECORDED IN PLAT BOOK 36 PAGE 85, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.

PARCEL 2: LOTS 128 TO 133, BOTH INCLUSIVE, THE PARK 4<sup>TH</sup> ADDITION TO THE TOWN OF GRIFFITH, AS PER PLAT THEREOF, RECORDED IN PLAT BOOK 37 PAGE 4, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.

Key No.: 26-272-45

Address: 1318 N. Wood Avenue, Griffith, IN

PARCEL 3: OUTLOT "A", VINE GARDENS SECOND ADDITION TO THE TOWN OF GRIFFITH, AS PER PLAT THEREOF, RECORDED IN PLAT BOOK 35 PAGE 99, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.

PARCEL 4: OUTLOT "A", GLENVIEW FIRST ADDITION TO THE TOWN OF GRIFFITH, AS PER PLAT THEREOF, RECORDED IN PLAT BOOK 37 PAGE 38, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.

Key No.: 26-274-1  
Address: 820 N. Wheeler Avenue and 825 Glenwood Avenue, Griffith, IN

