

MORTGAGE AND SECURITY AGREEMENT

DOCUMENT NO.

620038388

THIS MORTGAGE AND SECURITY AGREEMENT, dated as of October 21, 2003, is from WILLOWGLEN ACADEMY – INDIANA, INC., an Indiana corporation having an office at 1744 North Farwell Avenue, Milwaukee, Wisconsin 53202 (“Borrower”), to TCF NATIONAL BANK, a Wisconsin banking association having an office at 500 West Brown Deer, Milwaukee, Wisconsin 53217 (“Lender”).

RECITAL

This Mortgage is given to secure the following (the “Obligations”): (1) the repayment by Borrower of loans in the aggregate principal amount not to exceed Ten Million Dollars (\$10,000,000.00) made by Lender to Borrower pursuant to that certain Credit Agreement dated this date among Borrower, Borrower’s affiliates and Lender (as amended, modified, supplemented or restated from time to time, the “Credit Agreement”) and evidenced by those certain Notes in such aggregate principal amount, dated this date, from Borrower and its affiliates to Lender and any extensions, renewals, refinancings or modifications of, or substitutes or replacements for them (the “Notes”); (2) the payment of all other amounts which Borrower has agreed to pay to Lender in the Credit Agreement, the Notes, this Mortgage and all other documents evidencing, securing or otherwise relating thereto (all such documents and instruments, as amended, modified and supplemented from time to time, are herein collectively referred to as the “Loan Documents”); (3) the repayment of all other loans and extensions of credit now or hereafter made by Lender to Borrower or its affiliates including any future advances; and (4) performance and observance by Borrower of all covenants and agreements contained in the Loan Documents.

AGREEMENTS

In consideration of the Recital and extensions of credit made or to be made by Lender to Borrower, Borrower agrees as follows:

1. Mortgage. Borrower hereby mortgages, conveys and assigns to Lender, its successors and assigns, and grants to Lender a security interest in:

1.1. The real estate described on Exhibit A attached hereto (the “Land”), together with all buildings, structures, fixtures and all other improvements now or hereafter constructed or located thereon (the “Improvements”) (the Land and the Improvements are herein collectively called the “Premises”).

2003 11 14 06 19

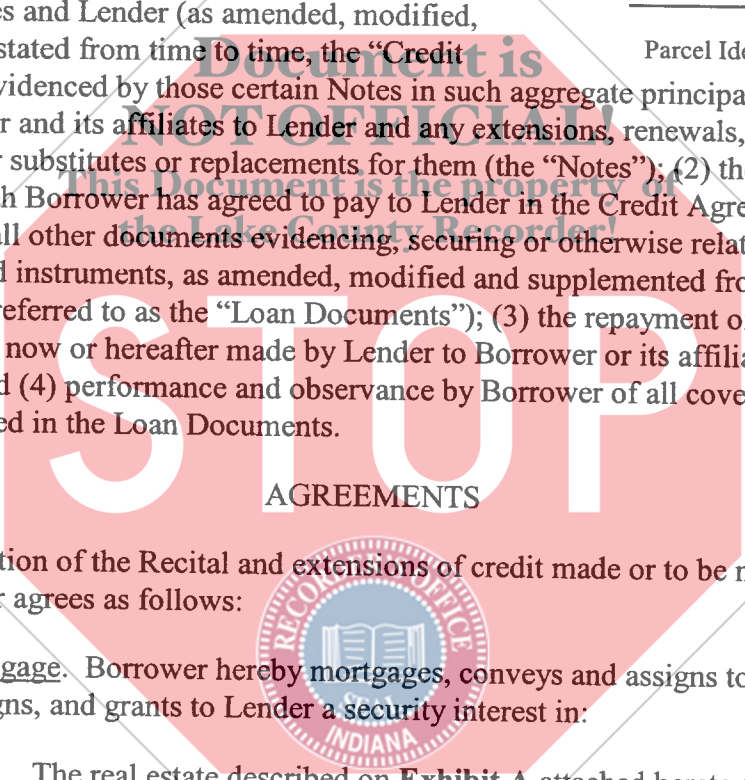
THIS SPACE RESERVED FOR RECORDING DATA

NAME AND RETURN ADDRESS

Kelley K. Falkner
Gutglass, Erickson, Bonville,
Seibel & Falkner, S.C.
735 North Water Street, Suite 1400
Milwaukee, WI 53202

25-41-108-8
25-41-108-9

Parcel Identification Number



Chicago Title Insurance Company

Asq# 2003-114850

40.00
K/M
CT

1.2. All of the following, which, with the Premises are (except where the context otherwise requires) herein collectively called the "Mortgaged Property":

1.2.1. all reversionary rights, title and interest in and to the highways, roads, streets and alleys bordering on or adjacent to the Land and replacements thereof, and all of the rights, privileges, tenements, hereditaments and appurtenances now or hereafter belonging to or in any way appertaining to the Land, or any part thereof, and all reversions or remainders and all rents, issues and profits of the Premises, including all rents, issues and profits thereof accruing after the occurrence of an Event of Default (as defined in Section 7 hereof) or during any period allowed by law for the redemption of the Premises after any foreclosure or other sale; and also all the estate, right, title, interest, property, claim and demand whatsoever of Borrower of, in and to the same and of, in and to every part and parcel thereof;

1.2.2. all right, title and interest of Borrower in and to any and all leases now or hereafter affecting the Premises whether written or oral and all agreements for use of the Premises (the "Leases"), together with all security therefor and all moneys payable thereunder;

1.2.3. all fixtures, furniture, furnishings, appliances, equipment, machinery and other property of every kind and description in which Borrower now has or at any time hereafter acquires an interest, whether now or at any time hereafter installed or located in, on or about or used in connection with the Premises, or any part thereof, including but not limited to all electrification equipment and power lines, whether owned individually or jointly with others, all water supply, heating, lighting, cooling, refrigerating, humidifying, dehumidifying, plumbing, sprinkler protection, fire extinguishing, incinerating, waste removal, cleaning, air-conditioning, ventilating, communicating, water-heating, television antenna and electrical systems, and the machinery, appliances, fixtures and equipment pertaining thereto, all switchboards, engines, motors, tanks, pumps, conduits, ducts, compressors, elevators, escalators, shades, awnings, venetian blinds, screens, screen doors, storm doors and windows, stoves, ranges, dishwashers, waste disposal units, curtain rods and fixtures, washing machines, clothes dryers, floor coverings, partitions, condensing units, range hoods, fans, lawn equipment, speakers, electrical wiring, pipe, signs, all built-in equipment, whether any of the foregoing are single units or centrally controlled, and all renewals, replacements and substitutions thereof and additions thereto and proceeds thereof, it being understood that all of the fixtures, furnishings, appliances, equipment, machinery and other property hereinabove described shall be subject to the lien of this Mortgage as if covered and conveyed hereby by specific and apt descriptions;

1.2.4. all right, title and interest of Borrower in and to accounts arising out of the operation of the Premises and general intangibles and contract rights arising out of or affecting the Premises, whether now owned or hereafter acquired,

together with all proceeds thereof, and all books and records relating to the Premises; and

1.2.5. any and all awards or payments, including interest thereon, and the right to receive the same, which may be made with respect to the Premises as a result of (a) the exercise of the right of eminent domain; (b) the alteration of the grade of any street; or (c) any other injury to or decrease in the value of the Premises (the "Awards").

2. Term of Mortgage. Lender's rights hereunder shall continue until such time as Borrower has paid and performed all of the Obligations, at which time Lender shall satisfy this Mortgage of record.

3. Representations and Covenants. Borrower represents and covenants with Lender that until all of the Obligations have been paid in full:

3.1. First Lien. Borrower is the owner of the Premises in fee simple and the Mortgaged Property is free and clear of all liens and encumbrances except for Permitted Liens, as defined in the Credit Agreement (the "Permitted Encumbrances"). Borrower will forever warrant and defend to Lender, its successors and assigns, the Mortgaged Property against all claims whatsoever. The lien of this Mortgage, subject only to the Permitted Encumbrances, is and will continue to be a valid and continuing first lien upon all of the Mortgaged Property. Borrower shall from time to time execute and deliver such further conveyances and instruments as may reasonably be requested by Lender in order to record the description of the Mortgaged Property and to make certain the Mortgaged Property is subject to the lien of this Mortgage on the record.

3.2. Removal of Improvements and Equipment. No part of the Mortgaged Property shall be removed, demolished or altered without the prior written consent of Lender.

3.3. Insurance.

3.3.1. Property Insurance. Borrower shall maintain, or cause to be maintained, property insurance on an all-risk basis including flood coverage up to the limits available in the National Flood Insurance program, from financially-responsible insurance companies, insuring the Mortgaged Property for the full replacement value of the Mortgaged Property.

3.3.2. Liability Insurance. Borrower shall maintain, or cause to be maintained, comprehensive general liability insurance and comprehensive automobile liability insurance (including coverage for all owned, non-owned, leased, or hired vehicles) with financially-responsible insurance companies, all in amounts Lender reasonably requires from time to time and at least equal to \$3,000,000 combined single limit for death, personal injury and property damage, as well as workers' compensation insurance (coverage B). All liability insurance

maintained shall designate Lender as an additional insured, as its interest may appear, and shall provide an agreement that the policy shall not be terminated or modified without at least thirty (30) days' prior written notice to Lender.

3.3.3. Adjustment of Losses and Application of Proceeds. Borrower will pay all insurance premiums when due. The policies will contain a mortgagee loss payee clause in favor of Lender, in form and content reasonably acceptable to Lender, that will identify Lender as "mortgagee loss payee." Each insurer is authorized and directed to make payments for loss directly to Lender unless Lender otherwise agrees in writing. The originals of all policies covering the Mortgaged Property will be deposited with Lender. In case of any casualty loss, or damage to the Mortgaged Property, Borrower will promptly give written notice of loss to all insurers and Lender, and Borrower shall consult with Lender as to how to proceed including settling and adjusting any claim under any insurance policy or policies required hereunder as aforesaid, provided, however, Borrower may adjust and collect for any losses arising out of a single occurrence aggregating not in excess of Twenty Five Thousand Dollars (\$25,000.00) so long as the proceeds from such recovery are applied to the repair or replacement of any such damage or loss. All proceeds from such insurance, except as provided above, will be applied, at Lender's option, to either the Obligations in such order as Lender may determine (including the payment of any prepayment premiums or fees under the Credit Agreement) or to the restoration of Improvements on the Mortgaged Property. In the event of foreclosure of this Mortgage or other transfer of title to the Mortgaged Property, all right, title and interest of Borrower in and to any insurance then in force will pass to the purchaser or grantee; however, Lender's interest will not be affected by any such transfer. If insurance proceeds are made available for rebuilding or restoration, and if the amount of such proceeds are insufficient to cover the cost of rebuilding or restoration, Borrower shall pay such cost in excess of the proceeds, before being entitled to reimbursement out of the proceeds. Any surplus which may remain out of said proceeds after payment of such cost of rebuilding or restoration shall, at the option of Lender, be applied on account of the Obligations or be paid to any other party entitled thereto. If insurance proceeds are made available for rebuilding or restoration, Borrower shall commence promptly rebuilding or restoration of said Improvements after the occurrence of the loss and shall prosecute the same to completion diligently, and said Improvements shall be so restored or rebuilt so that the Mortgaged Property shall have a commercial value at least as great as the commercial value of the Mortgaged Property immediately prior to such casualty loss or damage.

3.4. Taxes, Assessments and Other Charges.

3.4.1. Payment. Borrower will pay or cause to be paid, before the same become delinquent, all taxes, assessments, water charges, fines, impositions and other charges now or hereafter levied or assessed against the Mortgaged Property ("Taxes") or any part thereof and, upon request, will deliver to Lender receipts for

the payment of such items. Borrower will also pay, satisfy and obtain the release of all other claims, liens and encumbrances affecting or purporting to affect the title to, or which may be or appear to be liens on, the Mortgaged Property or any part thereof, and all costs, charges, interest and penalties on account thereof, including the claims of all persons supplying labor or materials to the Premises, and to give Lender, upon demand, evidence satisfactory to Lender of the payment, satisfaction or release thereof.

3.4.2. Changes in Laws. If, by the laws of the United States of America, or of any state or municipality having jurisdiction over Lender, Borrower or the Premises, any tax is imposed or becomes due in respect of the Notes or the recording of this Mortgage (or with respect to any of the Loan Documents) or on Lender's interest in the Mortgaged Property, then Borrower will timely pay such tax. If any law, statute, rule, regulation, order or court decree has the effect of (a) imposing upon Lender the payment of the whole or any part of the taxes required to be paid by Borrower; (b) changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages; or (c) changing the manner of collecting taxes, which adversely affect this Mortgage, the Notes, any other Loan Document or Lender, then, and in any such event, Borrower, upon demand by Lender, will pay such taxes or reimburse Lender therefor on demand, unless Lender determines, in Lender's sole and absolute discretion, that such payment or reimbursement by Borrower is unlawful, in which event the Obligations shall be due and payable sixty (60) days after written demand by Lender to Borrower. Nothing in this Section 3.4.2 shall require Borrower to pay any income, franchise or excise tax imposed upon Lender, excepting only taxes which may be levied against the income of Lender as a complete or partial substitute for taxes required to be paid by Borrower pursuant hereto.

3.4.3. Right to Contest. Notwithstanding any provision to the contrary contained in this Mortgage, Borrower will have the right to contest, in good faith and by appropriate proceedings, the assessment or collection of any Tax, judgment, lien, encumbrance or other claim (other than obligations arising out of the Notes), which may create a lien or encumbrance upon the Premises or any portion thereof, provided that, in the sole and absolute discretion of Lender:

3.4.3.1. such contest does not subject Lender to any, or potentially any, risk of criminal or civil liability; and

3.4.3.2. Borrower diligently prosecutes such dispute or contest to a prompt determination in a manner not prejudicial to Lender and promptly pays all amounts ultimately determined to be owing.

3.5. Escrows. Upon an Event of Default and request by Lender, Borrower will deposit with Lender or, if otherwise directed by Lender, with its designated mortgage loan correspondent/servicer, on or before the due date of each monthly installment of principal and interest under the Notes, an amount equal to 1/12 of Lender's estimate of all Taxes

and assessments and insurance premiums (collectively the "Charges") due on the Mortgaged Property for the succeeding year. Lender may, upon the presentation by Borrower of the bills therefor, pay the Charges out of such deposits or will, upon presentation of receipted bills therefor, reimburse Borrower out of such deposits for such payments made by Borrower.

If at any time Lender determines that the amounts previously deposited together with future expected payments will not be sufficient to pay the Charges when the Charges become due and payable from time to time, Lender may require Borrower to either increase the amount of any deposit by cash payment within five (5) days of request or increase future monthly deposits, or both, so that a sufficient amount will be on deposit when such Charges are due and payable. The excess of any such deposits shall be credited to subsequent payments to be made for such Charges.

When the Obligations have been fully paid, any remaining deposits shall be returned to Borrower. Lender may, at its option, without being required to do so, once Charges for any year have been paid in full, apply any deposits on hand to the Obligations, in such order and manner as Lender may elect, in its sole and absolute discretion. All deposits may be held by Lender and may be commingled with other funds of Lender, shall be held without interest thereon and shall not be subject to the decision or control of Borrower. All deposits are hereby pledged as additional security for the Obligations.

3.6. Maintenance and Repair. Borrower will maintain and keep, or cause any tenant to maintain and keep, the Mortgaged Property, including all parking lots and any sidewalks and curbs in front of the Mortgaged Property, in good and tenantable condition and repair, making or causing to be made all structural and nonstructural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen repairs, renewals and replacements. Borrower will not commit or suffer any waste of the Mortgaged Property and will promptly comply with, or cause to be complied with, all statutes, ordinances and requirements of any governmental authority relating to the Mortgaged Property. Borrower or Borrower's tenant will promptly repair, restore, replace or rebuild any part of the Mortgaged Property which may be damaged or destroyed by any casualty whatsoever or which may be affected by any proceeding of the character referred to in the following section so that upon completion of the repair, restoration and rebuilding of said buildings and Improvements there will not be any liens of any nature arising out of said repair, restoration and rebuilding, and the Mortgaged Property will have a commercial value at least as great as the value which existed prior to the casualty which caused such damage or destruction. Borrower will promptly comply with, or cause to be complied with, any direction or certificate of occupancy of any public officer or officers, and with the requirements of all policies of public liability, fire and other insurance at any time in force with respect to the Mortgaged Property, which shall impose any duty upon Borrower with respect to any part of the Mortgaged Property or the use, occupation or control thereof or the conduct of any business therein whether or not any of the same require structural repairs or alterations.

3.7. Condemnation. Notwithstanding any taking by eminent domain, alteration of the grade of any street or other injury to or decrease in value of the Mortgaged Property, Borrower will continue to make payments on the Obligations. Upon immediate notice to Lender of any action or proceeding relating to any condemnation or the exercise of any power of eminent domain affecting the Mortgaged Property, Borrower is hereby authorized, after consulting with Lender, to commence, appear in and prosecute in its name any action or proceeding relating to any condemnation or power of eminent domain and after consultation with Lender, to settle or compromise any claim in connection therewith. The Award is included in the Mortgaged Property, and the Award shall be held by Lender and, at the Lender's option, used to reduce the Obligations in such order as Lender may determine (including the payment of any prepayment premiums or fees under the Credit Agreement) or to reimburse Borrower for the cost of rebuilding or restoring buildings or Improvements on the Mortgaged Property, in which event the proceeds so used shall not be deemed a payment on the Obligations and the proceeds of the Award shall be applied and paid out in the same manner as is provided in Section 3.3.3 hereof for the payment of insurance proceeds toward the cost of rebuilding or restoration, provided, however, that Borrower may hold any Award up to Twenty-Five Thousand Dollars (\$25,000.00) so long as the proceeds of the Award are applied by Borrower to the rebuilding or restoration necessary. If the proceeds of the Award are applied to the reduction of the Obligations then Borrower shall not be obligated to rebuild or restore the Mortgaged Property. If the amount of such Award is insufficient to cover the cost of rebuilding or restoration, Borrower shall pay such cost in excess of the Award, before being entitled to reimbursement out of the Award. Any surplus which may remain out of said Award after payment of such cost of rebuilding or restoration shall, at the option of Lender, be applied on account of the indebtedness secured hereby or be paid to any other party entitled thereto. If the proceeds of the Award are available to Borrower for rebuilding, Borrower shall commence rebuilding or restoration of any remaining portion of the Mortgaged Property promptly after the taking and shall diligently pursue the same to completion.

3.8. Compliance With Restrictions, Laws, Etc. Borrower represents that the Mortgaged Property complies with all covenants and restrictions affecting it, with all applicable permits, authorizations and building and zoning laws and with all other laws, orders, ordinances, rules, regulations and requirements of all federal, state, county and municipal governments, departments, commissions, boards and offices, and Borrower covenants that Borrower will at all times so own and use the same and take all steps necessary to assure such compliance at all times, including keeping all required permits in full force and effect. Borrower will promptly advise Lender of any action, suit or proceeding pending, before any tribunal, board or body which might adversely affect the compliance of any of the Mortgaged Property with such covenants, restrictions, building, zoning and other laws, orders, ordinances, rules, regulations or requirements and will promptly, diligently and competently defend all such actions, suits or proceedings. Borrower will not initiate or consent to any zoning reclassification without Lender's written consent.

3.9. No Transfer or Subsequent Lien Without Consent. Borrower will not, without the prior written consent of Lender which may be withheld in Lender's sole and absolute discretion (a) except as otherwise permitted in Section 2.11 of the Credit Agreement, sell, assign, lease or transfer, or permit to be sold, assigned, leased or transferred any part of the Mortgaged Property, or any interest therein; or (b) pledge or otherwise encumber, create or permit to exist any mortgage, pledge, lien or claim for lien or encumbrance upon any part of the Mortgaged Property or interest therein.

3.10. Certificate as to Amount Due on Note. Borrower, upon request made either personally or by mail, will certify in writing to Lender or to any proposed assignee of this Mortgage, the amount then owing on the Obligations and whether any offsets or defenses exist against such indebtedness within ten (10) days in case the request is made personally, or within fifteen (15) days after the mailing of such request in case the request is made by mail.

3.11. Alterations. Borrower will not make any material alterations to any part of the Mortgaged Property without the prior written consent of Lender, which consent shall not be unreasonably withheld.

3.12. Use; Adverse Possession. Borrower will not, without the prior written consent of Lender, suffer or permit any material change in the general nature of the occupancy of the Mortgaged Property, nor will Borrower permit any portion of the Mortgaged Property to be used for any unlawful purpose. Borrower will not make or permit any use of the Mortgaged Property that could with the passage of time result in the creation of any right of user, or any claim of adverse possession or easement on, to or against any part of the Mortgaged Property in favor of any person or the public.

3.13. Right of Inspection. Lender, its employees or agents, may at all reasonable times upon prior notice to Borrower, enter upon the Premises and inspect the Mortgaged Property.

3.14. Maintain Existence. Borrower will do all things necessary to maintain its existence and continue its business and comply with all applicable laws, regulations and ordinances. Borrower will not be liquidated, dissolved or terminated.

3.15. Payment of Expenses. Borrower will pay on demand (a) all reasonable out-of-pocket expenses incurred by Lender in connection with the negotiation, execution, administration, amendment or enforcement of this Mortgage, the other Loan Documents or any other document or instrument to be delivered hereunder including the reasonable fees and expenses of Lender's counsel, (b) any taxes (including any interest and penalties relating thereto) payable by Lender (other than taxes based upon the Lender's net income) on or with respect to the transactions contemplated by this Mortgage (Borrower hereby agreeing to indemnify Lender with respect thereto) and (c) all reasonable out-of-pocket expenses, including the reasonable fees and expenses of Lender's counsel, incurred by Lender in connection with any litigation, proceeding or dispute in any way related to Lender's relationship with Borrower, whether arising hereunder or otherwise. The

obligations of Borrower under this section shall be one of the Obligations and shall survive payment of the Note.

4. Protective Advances. If Borrower fails, after written notice from Lender, to perform any covenant or agreement of Borrower in any Loan Document, Lender may, at its option, perform the same, and the cost thereof, with interest at the Default Rate, shall immediately be due from Borrower to Lender and shall be one of the Obligations. Lender, in making any payment: (a) relating to Charges, may do so according to any bill, statement or estimate, without inquiry into the validity of any tax, assessment, tax lien or title or claim thereof; (b) for the purchase, discharge, compromise or settlement of any lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; or (c) in connection with the rental, operation or management of the Premises or the payment of operating costs and expenses thereof, may do so in such amounts and to such persons as Lender may deem appropriate. Nothing contained herein shall be construed to require Lender to advance or expend moneys for any purpose mentioned herein, or for any other purpose.

5. Waivers by Borrower. To the greatest extent that such rights may then be lawfully waived, Borrower hereby agrees for itself and any persons claiming under Borrower that it will not, at any time, insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of (a) any exemption, stay, extension or moratorium law now or at any time hereafter in force; (b) any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained or pursuant to the decree, judgment or order of any court of competent jurisdiction; (c) any law now or at any time hereafter made or enacted granting a right to redeem the Mortgaged Property so sold or any part thereof or any rights of redemption from sale under any order or decree of foreclosure of this Mortgage; (d) any minimum bid or upset price law; or (e) any right to require marshaling of assets by Lender.

6. Security Agreement and Financing Statements.

6.1. Fixture Filing. This Mortgage is intended to be a fixture filing under the Code. The addresses of Borrower, as debtor, and Lender, as secured party, are set forth in Section 9.2 of this Mortgage. Borrower will, from time to time when requested by Lender, execute and deliver such financing and continuation statements and other documents as Lender may request to perfect and maintain the priority of the security interest created by this Mortgage and any separate security agreements securing payment of the Obligations and will pay to Lender within ten (10) days of demand by Lender, any expenses incurred by Lender in connection with the preparation, execution and filing of any such documents. Borrower hereby authorizes Lender to sign any financing statements on Borrower's behalf or file the same without Borrower's signature. Lender will have the right to exercise any and all of its rights hereunder pursuant to the provisions of the Code, with such rights being construed in accordance with such Code and without waiving or relinquishing any rights which it may have as Lender. This Mortgage may be utilized separately as a security agreement alone, mortgage alone or mortgage and security agreement combined. Written notice, when required by law, sent

to Borrower at least ten (10) calendar days (counting the day of sending) before a proposed disposition of any Personal Property, is reasonable notice.

6.2. Set Off. To the extent not prohibited by law, Borrower grants to Lender a security interest and lien in any deposit account Borrower may at any time have with Lender (except accounts, the interest on which is exempt from federal income tax). Lender may, at any time after the occurrence of an Event of Default, set off any amount due under the Obligations against any deposit balances Borrower may at any time have with Lender or other money now or hereafter owed Borrower by Lender.

7. Events of Default. Each of the following events shall be an "Event of Default" under this Mortgage:

7.1. the occurrence of an "Event of Default" (as defined therein) under the Credit Agreement; or

7.2. Borrower fails to comply with any of the provisions of this Mortgage and such failure remains uncured for a period of thirty (30) days after written notice from Lender.

8. Remedies. If any one or more of the Events of Default described in Section 7 occurs and is continuing, then and upon the happening of any such event, Lender may, at its option and without notice, to the extent not prohibited by applicable law, take any action available at law or in equity for the enforcement of this Mortgage, including, without limitation, any one or more of the remedies set forth in this Section 8 in any order which Lender sees fit:

8.1. Right to Accelerate. Lender may declare any of the Obligations to be immediately due and payable and upon such declaration such Obligations shall become and be due and payable immediately.

8.2. Right to Foreclose. Lender may institute and maintain an action of mortgage foreclosure against all or any part of the Mortgaged Property and proceed in any such action to final judgment and execution thereon for all sums due hereunder, together with interest thereon at the Default Rate and all costs of suit, including, without limitation, reasonable attorneys' fees and disbursements and title continuation expenses. Interest at the Default Rate shall be due on any judgment obtained by Lender from the date of judgment until actual payment is made of the full amount of the judgment.

8.3. Right to Appoint Receiver. Lender shall be entitled as a matter of right, without notice and without giving bond to Borrower, or anyone claiming under Borrower, to have a receiver appointed for Lender's benefit of all or part of the Mortgaged Property and of the earnings, income, rents, issues and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer and Borrower hereby irrevocably consents to such appointment.

8.4. Right to Enter. Lender, either itself or by its agents or attorneys, may, in its sole discretion, enter upon and take possession of the Mortgaged Property, or any part

or parts thereof, and may exclude Borrower and its agents and servants wholly therefrom, and Lender may use, operate, manage and control the Mortgaged Property, or any part thereof, and conduct the business thereof (either itself or by its attorneys and agents), including leasing space therein, and may collect any and all rents, issues and profits due or to become due without prejudice to its rights to foreclosure, to appointment of a receiver and other rights and from time to time, either by purchase, repair or construction may maintain, restore and insure and keep insured, the Mortgaged Property or any part thereof; and after paying all of the expenses of operating the Mortgaged Property, Lender will apply the moneys arising therefrom to the payment of the Obligations in such order as Lender determines.

8.5. Right to Sell. Lender, in its sole discretion, after purchase of the Mortgaged Property at a foreclosure sale or upon receipt of a deed in lieu of foreclosure, may, with or without entry, personally or by attorney, sell to the highest bidder all or any part of the Mortgaged Property, and all right, title and interest therein as an entirety, or in separate lots, as Lender may elect, and in one sale or in any number of separate sales held at one time or at any number of times, all in any manner and upon such notice as required by law. Upon the completion of any such sale or sales, Lender shall transfer and deliver, or cause to be transferred and delivered, to the purchaser the property so sold, in the manner and form provided by law, and Lender is hereby irrevocably appointed the true and lawful attorney-in-fact of Borrower, in its name and stead, to make all necessary transfers of property thus sold, and for that purpose Lender may execute and deliver, for and in the name of Borrower, all necessary instruments of assignment and transfer, Borrower hereby ratifying and confirming all that said attorney-in-fact shall lawfully do. All proceeds of any such sale or sales remaining after payment of the Obligations shall be paid to Borrower, its successors and assigns, or to whomever is entitled to receive them.

8.6. Right to Reimbursement. If Lender commences proceedings to foreclose this Mortgage or commences any other suit in equity, action at law or other appropriate proceeding, to enforce its rights under any Loan Document, Borrower agrees to pay to Lender all reasonable costs of such suit, action or proceeding as well as all reasonable expenses incurred in procuring title insurance and the reasonable fees of Lender's attorneys in connection therewith, which costs and fees shall be one of the Obligations and shall be included in the judgment in any such suit, action or proceeding.

8.7. Rights as Secured Party. Lender may exercise the rights and remedies available to a secured party under the Uniform Commercial Code of the state in which the Mortgaged Property is situated with respect to all personal property in which Lender has a security interest under this Mortgage. Upon the occurrence of any Event of Default, Lender shall have the right to cause any of the Personal Property to be sold at any one or more public or private sales as permitted by applicable law, and Lender shall further have all other rights and remedies, whether at law, in equity, or by statute, as are available to secured creditors. Any such sale may be conducted by an employee or agent of Lender. Any person, including both Lender and Borrower, shall be eligible to purchase any part or all of such personal property at any such sale. Any and all expenses incurred by Lender for retaking, holding, preparing for sale, selling or the like (including reasonable attorneys

fees and expenses) shall be borne by Borrower. Borrower, upon Lender's demand and at Borrower's expense, shall assemble the personal property and make it available to Lender wherever Lender requires. Lender shall give Borrower such notice of the time and place of any public sale or other disposition of the personal property or of the time on or after which Lender intends to make any private sale or other disposition as required by applicable law. If Lender gives Borrower such notice in accordance with the notice requirements of this Mortgage, then such notice shall be deemed reasonable notice to Borrower and in compliance with applicable law.

8.8. Judgment on the Debt. Lender may recover judgment against Borrower for the entire unpaid principal balance, accrued interest, and all other sums secured by this Mortgage; and neither the recovery of judgment nor the levy of execution thereof on any property, including the Premises, shall affect Lender's rights hereunder or the lien hereof.

8.9. Cumulative Remedies. No remedy herein conferred upon or otherwise available to Lender is intended to be or shall be construed to be exclusive of any other remedy or remedies; but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Default or Event of Default, or an acquiescence therein. Lender's exercise of any remedy provided herein or in the Loan Documents for a Default or Event of Default shall not be construed as a waiver of Lender's right to exercise any other remedy provided in the Loan Documents for that same or subsequent default.

9. Lender's Performance of Defaulted Acts. Upon the occurrence of an Event of Default, Lender may, at its option and whether electing to declare the Obligations due and payable or not, (i) perform the same without waiver of any other remedy, and/or (ii) purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Mortgaged Property and the maintenance of the lien created hereby, including reasonable attorney's fees, with interest on all such items at the Default Rate (as defined in the Credit Agreement), shall be repayable by the Borrower without demand and shall be tacked and impressed as an additional lien upon the Mortgaged Property prior to any right, title, interest or claim attaching or accruing subsequent to the lien of this Mortgage and shall be deemed to be secured by and collectible as part of this Mortgage. Inaction of Lender shall never be considered as a waiver of any right accruing to it on account of any such default on the part of Lender.

10. Lender's Reliance in Making Payments. Lender, in making any payment herein and as hereby authorized, (i) relating to Taxes, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the validity or accuracy thereof, and (ii) relating to any prior lien or title or claim thereof, may do so without inquiry as to the validity or amount of any such prior lien or title or claim which may be asserted, and (iii) may do so whenever, in its sole judgment, such payment or payments shall seem necessary or desirable to protect the security created by this Mortgage; provided, however, that in connection

with any such payment as aforesaid, Lender, at its option, may and is hereby authorized to obtain a continuation report of title prepared by a title insurance company, the expense of which shall be repayable by the Mortgagor upon demand and shall be secured hereby.

11. Assignment of Rents and Leases. All right, title and interest of the Borrower in and to (i) all future leases upon all or any part of the Mortgaged Property, (ii) all of the rents, income, receipts, revenues, issues and profits from or due or arising out of the Mortgaged Property and (iii) all deposits given as security for the faithful performance of each of such leases and all guaranties of any or all of such leases, are hereby assigned simultaneously herewith to the Lender as security for the payment of the Notes. All or any such leases shall be subordinate to this Mortgage. Borrower, as lessor under such leases, shall comply with all material provisions in such leases with which the lessor is required to comply, and shall faithfully and fully enforce all material terms and conditions of such leases. If Borrower shall not comply with or enforce each such lease, Lender may (without being required to), perform and enforce such leases, and all amounts expended by Lender in connection therewith shall be immediately due Lender and shall be secured by the lien hereof. Borrower has on the date hereof executed and delivered to Lender an Assignment of Leases and Rents, which Assignment is a document separate and distinct from this Mortgage, and is not secondary to, but is on a parity and of equal dignity with this Mortgage.

12. Miscellaneous.

12.1. Subrogation. Lender is hereby subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the proceeds of the Note.

12.2. Notices. All notices or other communications required or permitted to be given by this Mortgage or any other Loan Documents shall be in writing and shall be considered as properly given if mailed by first-class United States mail, postage prepaid, registered or certified with return receipt requested, or delivered to the intended addressee in person or delivered to a overnight courier service. Notice that is mailed or given to the overnight courier service shall be effective upon its deposit in the United States mail or when given to the overnight courier service. Notice given in any other manner shall be effective only if and when received by the addressee. For purposes of notice, the addresses of the parties shall be:

If to the Bank:

TCF National Bank
500 West Brown Deer Road
Milwaukee, WI 53217
Attn.: Russ McMinn, Senior Vice President
Facsimile No. 414-351-8680

With a copy to:

Kelley K. Falkner
Gutglass Erickson Bonville Seibel & Falkner
735 North Water Street, Suite 1400
Milwaukee, WI 53202

If to the Borrowers: c/o Phoenix Care Systems, Inc.
1744 North Farwell Avenue
Milwaukee, WI 53202
Attn.: Donald R. Fritz, Leonard Dziubla & David Perhach
Facsimile No. 414-225-9403

With a copy to: Norman J. Matar
Davis & Kuelthau, S.C.
111 East Kilbourn Avenue, Suite 1400
Milwaukee, WI 53202
Facsimile: 414-276-9369

Any party may change its address for notice to any other location within the continental United States by giving thirty (30) days' notice to the other party in the manner set forth herein for giving notices.

12.3. Governing Law: Nonhomestead. This Mortgage shall be governed by and construed in accordance with the internal laws of the State of where the Land is located. The invalidity or unenforceability of any provision of this Mortgage shall not affect the validity or enforceability of any other provision. The Premises are nonhomestead property.

12.4. Entire Agreement. This Mortgage, together with the other Loan Documents, shall constitute the entire agreement of Borrower and Lender pertaining to the subject matter thereof and supersede all prior or contemporaneous agreements and understandings of Borrower and Lender in connection therewith.

12.5. Amendments. This Mortgage and the other Loan Documents may be amended only by a written amendment signed by Borrower and Lender.

12.6. Binding Effect. This Mortgage and the other Loan Documents shall be binding upon and shall inure to the benefit of the respective successors and assigns of Borrower and Lender except that the Borrower's rights and obligations may not be assigned without the prior written consent of Lender.

12.7. Time of the Essence. Time is of the essence with respect to payment of Obligations, the performance of all covenants of the Borrower and the payment of taxes, assessments, sewer, water and similar charges and insurance premiums.

12.8. WAIVER OF TRIAL BY JURY. BORROWER, AND LENDER BY ACCEPTING DELIVERY OF THIS MORTGAGE, EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THE OBLIGATIONS OR ANY LOAN DOCUMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTION OF

BORROWER OR LENDER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER'S EXTENSION OF CREDIT TO BORROWER.

12.9. Consent to Jurisdiction and Venue. Borrower, and Lender by accepting delivery of this Mortgage, each agree to submit to personal jurisdiction in the State where the Land is located in any action or proceeding arising out of this Mortgage or any of the other Loan Documents and, in furtherance of such agreement, Borrower and Lender each agree and consent that, without limiting other methods of obtaining jurisdiction, personal jurisdiction over Borrower or Lender in any such action or proceeding may be obtained within the jurisdiction of any court located in the State where the Land is located and that any process or notice of motion or other application to any such court in connection with any such action or proceeding may be served upon Borrower or Lender by registered mail to or by personal service at the last known address of Borrower or Lender, whether such address be within or without the jurisdiction of any such court. Borrower, and Lender by accepting delivery of this Mortgage, each consent that venue for any legal proceeding related to enforcement of this Mortgage shall be the county in which the Land is located.

WILLOWGLEN ACADEMY – INDIANA, INC.

By: Ronald Figueroa
Name: LEONARD I DZUBLA
Its: CEO

STATE OF WISCONSIN)
) ss
COUNTY OF MILWAUKEE)

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

Personally came before me this 21st day of October, 2003, the above-named LEONARD I DZUBLA to me known to be the CEO of Willowglen Academy – Indiana, Inc. to be the person who executed the foregoing instrument and acknowledged the same.

[Signature]
Notary Public, State of Wisconsin
My Commission Expires: 10/15/Permanent

This instrument was drafted by and after recording should be returned to:

Kelley K. Falkner
Gutglass, Erickson, Bonville, Seibel & Falkner, S.C.
735 North Water Street, Suite 1400
Milwaukee, Wisconsin 53202

EXHIBIT A

Lots 8 to 15, both inclusive, Block 1 in Broadhurst Subdivision, in the City of Gary, as per plat thereof, recorded in Plat Book 19 page 13, in the Office of the Recorder of Lake County, Indiana.

Address: 4955 Broadway, Gary, Indiana

