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Chicago Title Insurance Company

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2005 003132

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

2005 JAN 13 AM 9:19

MICHAEL A. ...
RECORDS

MORTGAGE

Name of the noteholder secured by this Mortgage: Advantage National Bank

Address at which communications to the noteholder may be mailed or delivered: Advantage National Bank
75 E. Turner Avenue
Elk Grove, IL 60007
Attn: Mark C. Stetson

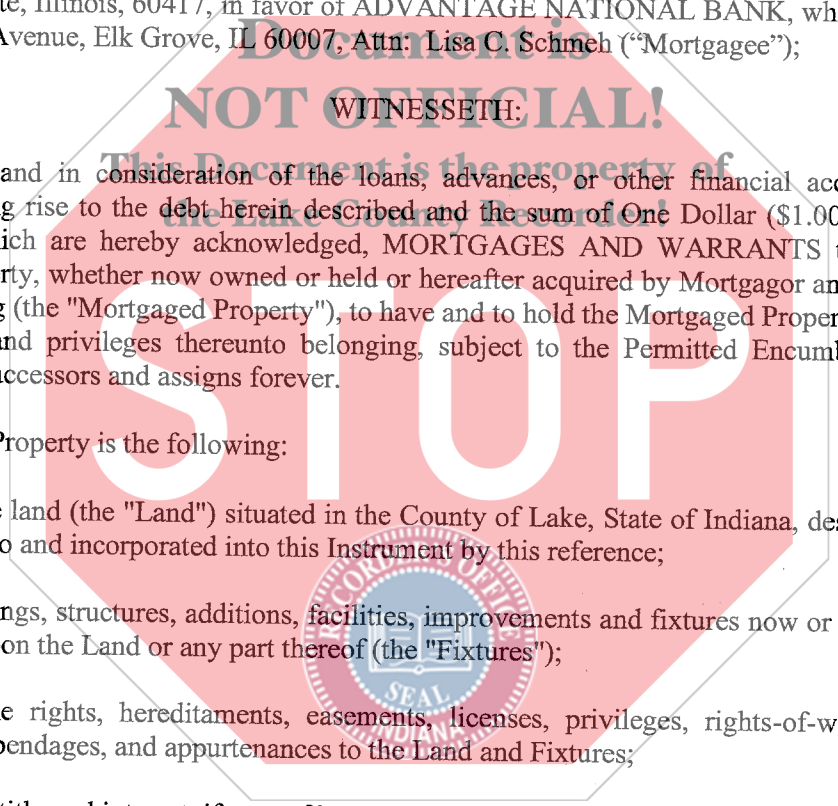
THIS MORTGAGE (referred to herein as "this Instrument"), executed on January 13, 2005, to be effective the 13th day of January, 2005, by CANAAN, LLC ("Mortgagor"), whose notice address is 26524 Greenwood, Crete, Illinois, 60417, in favor of ADVANTAGE NATIONAL BANK, whose notice address is 75 E. Turner Avenue, Elk Grove, IL 60007, Attn: Lisa C. Schmech ("Mortgagee");

WITNESSETH:

Mortgagor, for and in consideration of the loans, advances, or other financial accommodations by Mortgagee giving rise to the debt herein described and the sum of One Dollar (\$1.00), the receipt and adequacy of which are hereby acknowledged, MORTGAGES AND WARRANTS to Mortgagee the below real property, whether now owned or held or hereafter acquired by Mortgagor and whether now or hereafter existing (the "Mortgaged Property"), to have and to hold the Mortgaged Property, with all rights, appurtenances, and privileges thereunto belonging, subject to the Permitted Encumbrances, unto the Mortgagee, its successors and assigns forever.

The Mortgaged Property is the following:

- (1) all of the land (the "Land") situated in the County of Lake, State of Indiana, described in Exhibit A, attached hereto and incorporated into this Instrument by this reference;
- (2) all buildings, structures, additions, facilities, improvements and fixtures now or hereafter existing or constructed upon the Land or any part thereof (the "Fixtures");
- (3) all of the rights, hereditaments, easements, licenses, privileges, rights-of-way, water rights, permits, uses, appendages, and appurtenances to the Land and Fixtures;
- (4) all right, title and interest, if any, of Mortgagor in and to adjacent and nearby ways, roads, streets, boulevards, avenues, sidewalks, alleys or other public thoroughfares;



AS of 2005-003133

Handwritten initials/signature

Handwritten initials/signature: YP, ZP, CT

(5) all right, title and interest of Mortgagor in and to the rents, income, issues, profits and revenues of all of the foregoing, including to rents and royalties payable with respect to oil, gas or minerals located on or under the Land; and

(6) all right, title and interest of Mortgagor, including the right to receive the same, in and to all proceeds of insurance paid or payable as a result of damage to or destruction of the property described above and any awards which may be made with respect to the property described above as a result of the exercise of the right of eminent domain and any other damage or injury to or decrease in the value of the foregoing.

This conveyance is made, however, to secure all of the following (collectively, the "Secured Obligations"):

(1) The payment of all amounts due, including principal, interest, fees and expenses, from time to time (whether at stated maturity, by acceleration or otherwise), including future advances, under the following documents, all of which are incorporated herein by reference:

(a) each of the following:

(i) the Loan Note of Mortgagor, payable to the order of Mortgagee, dated January 13, 2005, in the original principal amount of \$1,600,000, having a maturity of December 31, 2005;

(ii) the Construction Loan Note of Mortgagor, payable to the order of Mortgagee, dated January 13, 2005, in the original principal amount of \$2,300,000, having a maturity of December 31, 2005;

(iii) the Loan Agreement between Mortgagor and Mortgagee dated January 13, 2005 (the "Loan Agreement"); and

(iv) the Loan Documents, including this Instrument.

(b) all additional security agreements, mortgages, deeds of trust, assignments or other security instruments which are executed and delivered to evidence, govern or secure obligations of Mortgagor under the documents described in clause (a) above;

(2) Any and all extensions, renewals, amendments, replacements, restatements, refinancings, refundings or other modifications (including modifications to interest rates or other payment terms) of any of the foregoing;

(3) The observance and performance by Mortgagor of each and every term, covenant, condition and agreement required by this Instrument to be observed and performed by Mortgagor;

(4) To the extent allowed by Law, advances made by Mortgagee for the reasonable protection of the Security Interest in the Collateral including amounts for taxes, insurance, repair, maintenance and preservation of the Collateral, completion of improvements on the Mortgaged Property and expenses of collection, sale, and foreclosure hereunder and that the same will have priority over any intervening or subsequent Security Interests; and

(5) To the extent allowed by Law, in addition to any other debt or obligation secured hereby, this Instrument shall secure unpaid balances of loan advances made after this Instrument is

delivered to the Recorder of Deeds for recording and all accrued and unpaid interest thereon. The maximum amount of unpaid loan indebtedness secured hereby, exclusive of interest, shall be Ten Million and No/100 Dollars (\$10,000,000.00).

The term "Secured Documents" means, unless otherwise specified, all of the documents referred to in clauses (1) (a), (1) (b), and (2), above, and "Secured Document" means any of such documents, individually. Each Secured Document is equal and without preference of one Secured Document over another.

Mortgagor further covenants, agrees, represents, and warrants as follows:

1. **General.** Unless the context of this Instrument clearly requires otherwise, (i) references to the plural include the singular and vice versa, (ii) references to any Person include such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Instrument, (iii) references to one gender include all genders, (iv) "including" is not limiting, (v) "or" has the inclusive meaning represented by the phrase "and/or", (vi) the words "hereof", "herein", "hereby", "hereunder" and similar terms in this Instrument refer to this Instrument as a whole, including its Exhibits, and not to any particular provision of this Instrument, (vii) the word "Section" or "section" and "Page" or "page" refer to a section or page, respectively, of this Instrument unless it expressly refers to something else, (viii) reference to any agreement, document, or instrument, including this Instrument, any other Loan Document and any agreement, document or instrument defined herein, means such agreement, document, or instrument as it may have been or may be amended, restated, extended, renewed, replaced, or otherwise modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, and includes all attachments thereto and instruments incorporated therein, if any, and (ix) general and specific references to any Law means such Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time. Section captions are for convenience only and do not affect the interpretation or construction of this Instrument.

2. **Defined Terms.** All capitalized terms not otherwise defined herein have the meanings given them in the Loan Agreement. Capitalized terms used and not otherwise defined herein or in the Loan Agreement have the meanings given them in the UCC. In addition, the following terms have the following meanings:

"Default Rate" means the highest rate of interest provided for after default under the terms of the Note.

"Mortgagee" means, in addition to the Mortgagee identified as such in this Instrument, any subsequent holder of any of the Secured Documents or the other Secured Obligations.

3. **Security Interest; Security Agreement; Fixture Filing.** Mortgagor also grants to Mortgagee to secure the Secured Obligations a Security Interest in all goods now owned or hereafter acquired by Mortgagor that are intended to be used or are actually used so as to become Fixtures, and all replacements thereof, substitutions therefor, and accessions thereto and cash and non-cash proceeds thereof (the "Personal Property Collateral"). The Personal Property Collateral and the Mortgaged Property are collectively referred to herein as the "Collateral." This Instrument constitutes a "security agreement" and a "fixture filing" as those terms are used in Article 9 of the UCC in effect in the jurisdiction where the Land is located. The address of Mortgagee (Secured Party) and Mortgagor (Debtor) are the addresses set forth for them in the introductory paragraph of this Instrument. This Instrument is to be filed for record in the real estate records where the Land is located. Mortgagor is the record owner of the Land.

4. **Construction Mortgage.** This Instrument secures obligations incurred to finance the construction of buildings and other improvements by Mortgagor and constitutes a "construction

mortgage" within the meaning of §9.1-334 of the Uniform Commercial Code of the State of Indiana, and the Secured Obligations evidenced by the Notes are to be disbursed from time to time by the Mortgagee to or for the benefit of Mortgagor to the extent provided in, and according to the provisions of, the Notes and the Loan Agreement.

5. Subrogation to Security Interests Satisfied. Mortgagee is subrogated for further security to the Security Interest, although released of record, of any and all Security Interests paid by Mortgagee with proceeds of the Secured Obligations by this Instrument or otherwise.

6. Escrow for Taxes and Assessments. If Mortgagee so requests, Mortgagor will pay to Mortgagee, on the first day of each month, one-twelfth (1/12th) of the annual charge against the Mortgaged Property for state, county and municipal taxes and assessments, general and special as estimated by Mortgagee; and upon Mortgagee's demand in writing, will promptly deposit with Mortgagee any amount in excess of said payments which is required to pay any such taxes and assessments when the same is due. These payments will be held in trust by Mortgagee, will not bear interest and will be applied by Mortgagee, upon its receipt from Mortgagor of all tax and assessment bills, to payment of general and special taxes and assessments as they become due. In the event the sums so paid by Mortgagor are not sufficient to pay any such general or special tax or assessment when due, Mortgagor will, immediately upon notice from Mortgagee, pay the deficiency to Mortgagee, and Mortgagee will then pay the general or special tax or assessment then due. All funds paid or deposited with Mortgagee pursuant to this Section, and all interest accrued thereon, constitute additional security for all Secured Obligations secured hereby and may be applied by Mortgagee against the same.

7. Assignment of Rents.

7.1. General. Mortgagor hereby assigns to Mortgagee all of the rents, issues, income, profits and revenues and any and all cash collateral arising from the Mortgaged Property, its interest as lessor in all existing and future leases of all or any part of the Mortgaged Property, and its interest as licensor in all existing and future licenses pertaining to the Mortgaged Property. Such assignment will not be construed as a consent by Mortgagee to any such lease or license or impose upon Mortgagee any obligations with respect thereto. This assignment is absolute and effective immediately; provided, however, that until the occurrence of an Event of Default, Mortgagor may receive the rents, issues, income, profits and revenues arising from the Mortgaged Property, but will hold the same as a trust fund to be applied to the Secured Obligations as they become due before using the same for any other purpose. Mortgagor will not terminate or cancel any such lease or license, or amend or modify the terms of any such lease or license, or terminate or accept a surrender or cancellation of any such lease or license, or reduce the rent or fees payable thereunder, or accept any prepayment of rent or fees (except such amount as may be required by the terms of the relevant lease or license to be prepaid for a period of not more than one month) without first obtaining the written consent of Mortgagee on each occasion. Mortgagor will, as and when requested from time to time by Mortgagee, execute, acknowledge and deliver to Mortgagee, in form approved by Mortgagee, one or more general or specific assignments of Mortgagor's interest under any lease or license now or hereafter affecting the whole or any part of the Mortgaged Property. Mortgagor will, on demand, pay to Mortgagee or reimburse Mortgagee for the payment of any reasonable costs or expenses incurred in connection with the preparation and recording of any such assignment.

7.2. Mortgagor's Obligations. Mortgagor will, with respect to any lease or license now or hereafter affecting all or any part of the Mortgaged Property: (i) perform or cause to be performed all of its obligations thereunder; (ii) enforce all of such lessees' and licensees' obligations thereunder; (iii) give Mortgagee prompt notice and a copy of any notice of any

default, termination or cancellation sent or received by Mortgagor, as lessor or licensor thereunder.

7.3. Other Awards. Mortgagor hereby assigns to Mortgagee any award hereafter made to Mortgagor in or with respect to any court proceedings involving any lessee or licensee of the Mortgaged Property in any bankruptcy, insolvency, or reorganization proceedings in any state or federal court, and any and all payments made by any such lessee or licensee in lieu of rent. The foregoing notwithstanding, if nothing is owing to Mortgagee on the Secured Obligations when such an award or payment is made, Mortgagor may collect and receive the same, and Mortgagee will promptly remit any such award or payment Mortgagee receives to Mortgagor if nothing is owing on the Secured Obligations at the time such remittance is made.

7.4. Other Information. Mortgagor will, promptly upon Mortgagee's request from time to time, prepare and deliver to Mortgagee such information concerning such leases and licenses affecting the Mortgaged Property as Mortgagee specifies. Mortgagor hereby authorizes Mortgagee to give written notice of this assignment at any time to any lessee or licensee under any of such leases and licenses.

8. Representations and Warranties of Mortgagor. Mortgagor represents and warrants as follows:

8.1. Mortgagor has full power and authority to execute this Instrument. Mortgagor will, at its expense, warrant and defend all such title and the priority of the Security Interest of this Instrument against all claims and demands and will maintain and preserve such Security Interest so long as all or any portion of the indebtedness or Secured Obligations secured hereby is outstanding.

8.2. Mortgagor has fee simple title to the Mortgaged Property, and owns the Personal Property Collateral, in each case free and clear of all restrictions, Security Interests, Encumbrances and charges of every kind and character, except the Permitted Encumbrances.

9. Covenants. Mortgagor covenants and agrees with Mortgagee as follows:

9.1. Payment of Principal and Interest and Compliance with Secured Documents. Mortgagor will pay the indebtedness evidenced by, and perform all of the covenants and agreements contained in, the Secured Documents in accordance with the terms thereof.

9.2. Payment of Lienable Charges and Claims. Mortgagor will pay, before they become delinquent, all taxes, penalties, assessments, charges and other amounts which if not so paid would result in the imposition of a Security Interest on any of the Collateral, and Mortgagor will pay all claims of contractors, subcontractors, materialmen, laborers and suppliers which if not paid would entitle the claimant to impose a Security Interest upon any of the Collateral, except such of the foregoing as are being diligently contested in good faith by Mortgagor by appropriate proceedings and for which Mortgagor has established adequate reserves therefor in accordance with GAAP; provided, however, that if in the reasonable judgement of Mortgagee, the Security Interest created by this Instrument is materially endangered or any material part of the Collateral is subject to imminent loss or diminution in value as a result of such contest, then Mortgagor will pay the same immediately upon demand by Mortgagee. Mortgagor will furnish to Mortgagee upon request evidence of its compliance with this Section.

9.3. Preservation of Collateral. Mortgagor will not commit or allow waste of the Collateral and will repair and maintain the Collateral so as to keep it in good repair and working order, ordinary wear and tear alone excepted.

9.4. Compliance with Laws. Mortgagor will comply with all Laws including Environmental Laws and fire and building codes of federal, state and local authorities applicable to the Collateral or the use of the Collateral; except such as are being diligently contested by Mortgagor in good faith by appropriate proceedings; provided, however, that if in the opinion of Mortgagee, the Security Interest created by this Instrument is materially endangered or the Collateral or any material part thereof is subject to imminent loss or diminution in value as a result of such contest, then Mortgagor will comply with the same promptly upon demand by Mortgagee. Mortgagor will comply with all requirements of every board of fire underwriters or similar body whose requirements apply to similar property in the area where any of the Collateral is located.

9.5. Alterations. Mortgagor will not commit or allow any alteration, demolition or removal of any of the improvements or Fixtures which would materially impair the value of the Collateral without the consent of Mortgagee.

9.6. Inspection by Mortgagee; Access to Collateral. Mortgagee may inspect the Collateral and all books and records of Mortgagor pertaining to the Collateral in the manner and to the extent provided in the Loan Agreement. Mortgagor will give Mortgagee access to the Collateral to exercise any of Mortgagee's rights and remedies under this Instrument.

9.7. Insurance. Mortgagor will at all times keep the Collateral insured in the manner and to the extent required in the Loan Agreement. In addition, if the area where the Collateral is located is now or in the future designated as a special flood hazard area pursuant to the Flood Disaster Protection Act of 1973 (as amended), and if the community where the Fixtures are located is participating in the National Flood Insurance Program, Mortgagor will obtain and continuously maintain a National Flood Insurance Program Standard Flood Insurance Policy or equivalent covering the Mortgaged Property. Mortgagee may, from time to time, require such additional insurance as Mortgagee may determine is reasonably necessary to protect Mortgagee's Security Interest hereunder or to assure repayment of all the Secured Obligations.

9.8. Insurance/Condemnation Proceeds. All Insurance/Condemnation Proceeds will be paid to Mortgagee for application to the Secured Obligations in the manner and to the extent provided in the Loan Agreement.

9.9. Mortgagee's Right to Cause Performance of Covenants. If Mortgagor fails to maintain any insurance and pay the premiums for insurance as required in Section 9.7, to pay all taxes, penalties, assessments, charges, and claims as required in Section 9.2, or to repair and maintain any of the Collateral as required in Section 9.3, or if Mortgagor fails to keep or perform any of Mortgagor's other covenants herein, Mortgagee may obtain such insurance, cause such repairs and maintenance to be made, pay such taxes, penalties, assessments, charges, or claims, or cause such other covenants to be performed. Mortgagor will pay to Mortgagee on demand all amounts paid by Mortgagee for the foregoing and the amount of all expenses incurred by Mortgagee in connection therewith, together with interest thereon from the date when incurred at the Default Rate. Such amounts and interest are secured by this Instrument, which creates a Security Interest in the Collateral prior to any right, title, interest, lien, or claim in or upon the Collateral subordinate to the Security Interest of this Instrument. Any such payments by Mortgagee will not be deemed a waiver of any Default. Mortgagee is not obligated to exercise Mortgagee's rights under this Section and is not liable to Mortgagor for any failure to do so.

9.10. Costs of Preserving or Enforcing This Instrument. Mortgagor will (to the extent permitted by law) pay to Mortgagee on demand the amount of all reasonable costs and expenses, including reasonable attorneys' fees and disbursements and reasonable appraisal fees, incurred by Mortgagee in connection with (i) amendment, interpretation or enforcement of this Instrument, Mortgagee's rights or remedies under this Instrument, or the priority of the lien and security interest of this Instrument, (ii) collection of any of the Secured Obligations, or (iii) any title examination or title insurance commitment or policy relating to the Mortgaged Property in conjunction with a modification or modifications to any of the Loan Documents or enforcement by Mortgagee of any of the Loan Documents, together with interest thereon at the Default Rate commencing, if a Default has occurred and is continuing, on the date of demand and otherwise commencing thirty (30) days after the date of demand. Such amounts and interest are secured by this Instrument, which creates a Security Interest in the Collateral prior to any right, title, interest, lien, or claim in or upon the Collateral subordinate to the Security Interest of this Instrument.

9.11. Change in Tax Law. If, after the date of this Instrument, any law becomes effective where any of the Collateral is located that imposes a tax on Mortgagee or any of the Secured Obligations based upon or as a consequence of the amount, value or existence of this Instrument or any of the Secured Obligations, Mortgagee will have the right to declare the Secured Obligations, including all accrued interest, immediately due and payable; provided, however, that Mortgagee will not have such right if Mortgagor is permitted by law to pay the whole of such tax in addition to the Secured Obligations, in which event Mortgagor will reimburse Mortgagee for such tax upon demand and the amount thereof will be secured by this Instrument, which creates a Security Interest in the Collateral prior to any right, title, interest, lien, or claim in or upon the Collateral subordinate to the Security Interest of this Instrument.

9.12. Defense of Title. Mortgagor will execute and deliver to Mortgagee, at Mortgagor's sole expense, such further assurances of title to the Collateral that are necessary to evidence, preserve or protect the Security Interest created by this Instrument. To the extent not covered by Title Insurance, Mortgagor will, at its sole expense, warrant and defend title to the Collateral and the priority of the Security Interest created by this Instrument against all claims and demands whatsoever, other than Permitted Encumbrances.

10. Condemnation. Mortgagor hereby assigns to Mortgagee, and this Instrument secures, all awards or payments, including any interest thereon, and the right to receive the same, which may be made with respect to the Collateral as a result of (i) condemnation or the exercise of the right of eminent domain by any public or quasi-public authority, (ii) the alteration of the grade of any street, or (iii) any other injury to or decrease in the value of the Collateral. Mortgagor agrees to execute and deliver such further instruments as may be requested by Mortgagee to confirm this assignment and sufficient for the purpose of assigning all proceeds from such awards or payments to Mortgagee.

11. Waiver of Homestead and Other Rights. Except to the extent contrary to applicable law, Mortgagor hereby releases and waives the benefit of (i) all laws now existing or hereafter enacted that provide for appraisal before sale of the items of the Collateral being sold, or that provide for the extension of the time for the enforcement of the collection of the Secured Obligations, or that create or extend the period for redemption of any of the Collateral from any sale thereof to collect the Secured Obligations, and (ii) the homestead exemption laws of the state where the Mortgaged Property is located.

12. Certifications. Mortgagor, upon the request of Mortgagee, will certify to Mortgagee or any proposed assignee of this Instrument, by a writing duly acknowledged, whether any offsets or defenses are alleged to exist against the Secured Obligations and the names and addresses of any lessees or

licensees of the Mortgaged Property or any part thereof, together with a summary of the material terms of their respective leases or licenses, the rents and fees payable thereunder and whether any default exists thereunder. Mortgagee may request such a certificate from Mortgagor at any time and from time to time. Such certificate will be executed and delivered to Mortgagee within ten (10) days of such request.

13. Default. Any one or more of the following constitutes a "Default" under this Instrument:

13.1. Default under Loan Agreement. The occurrence of any Event of Default under the Loan Agreement.

13.2. Covenants, Terms or Agreements of This Instrument. A default by Mortgagor in the due observance or performance of any covenant, term or agreement contained herein which continues for a period of thirty (30) days after the occurrence of such default or non-performance unless Mortgagor has commenced to cure same in good faith and diligently pursues same.

13.3. Representations and Warranties. Any representation or warranty made by Mortgagor herein proves to have been untrue or misleading in any material respect at the time when made or deemed to be made.

14. Remedies Upon Default. Upon the occurrence of a Default, Mortgagee may, at its option and without notice or demand to Mortgagor, do one or more of the following:

14.1. Acceleration of the Secured Obligations. Declare all of the outstanding Secured Obligations immediately due and payable, regardless of maturity. Upon the occurrence of an Event of Default described in Section 16.1.9 of the Loan Agreement, all the outstanding Secured Obligations automatically become immediately due and payable, regardless of maturity.

14.2. Letting of Collateral. Take immediate possession of some or all of the Collateral, with or without appointment of a receiver or application therefor, and lease or rent the same either in its own name or in the name of Mortgagor, and receive the rents, income, issues, profits and any other revenues thereof, and apply the same, after payment of all costs and expenses incurred by Mortgagee in doing the foregoing, including reasonable attorneys' fees and actual attorneys' expenses, to the Secured Obligations in accordance with the terms of the Loan Agreement. Mortgagor hereby irrevocably appoints Mortgagee as Mortgagor's attorney-in-fact to manage, repair, maintain, lease and rent the Collateral and to collect all rents, income, issues, profits and any other revenues thereof, with full power and authority to bring suit to collect the same and to give receipts therefor; provided, however, that Mortgagee is not obligated to do so. This power granted Mortgagee is deemed coupled with an interest and is irrevocable.

14.3. Foreclosure. Institute one or more actions of foreclosure on this Instrument or institute other proceedings according to law for foreclosure, and prosecute the same to judgment, execution and sale, for the collection of the Secured Obligations and all costs and expenses of such proceedings, including reasonable attorneys' fees and actual attorneys' expenses.

14.4. Sale of Personal Property Collateral. To the extent permitted by law, Mortgagee has the option of proceeding as to both the Mortgaged Property and the Personal Property Collateral in accordance with its rights and remedies in respect of the Mortgaged Property, in which event the default provisions of the UCC will not apply. Mortgagee also has the option of exercising, in respect of the Collateral consisting of Personal Property Collateral, all of the rights and remedies available to a secured party upon default under the applicable provisions of the UCC in effect in the jurisdiction where the Land is located. In the event Mortgagee elects to proceed with respect

to the Personal Property Collateral separately from the Mortgaged Property, whenever applicable provisions of the UCC require that notice be reasonable, ten (10) days notice will be deemed reasonable.

14.5. Remedies under the Loan Agreement. Without limiting the other rights and remedies of Mortgagee set forth in this Instrument, exercise any and all rights and remedies of Mortgagee specified in the Loan Agreement, or at law or equity.

15. Appointment of Receiver. In any action or proceeding for foreclosure, or upon actual or threatened waste to any part of the Collateral, Mortgagee will be entitled to the appointment of a receiver to take possession of, and to operate, maintain, and manage the Collateral, and to collect the rents, income, issues, profits and revenues from the Collateral and pay the same over to Mortgagee for application to the Secured Obligations in accordance with the terms of the Loan Agreement. Mortgagee will be entitled to the appointment of such a receiver as a matter of right without regard to the value of the Collateral or the solvency of Mortgagor or any other Person who may be legally or equitably liable for the payment or performance of the Secured Obligations, and Mortgagor and each such Person will be deemed to have waived such proof and to have consented to the appointment of such receiver. Should Mortgagee or any receiver collect any such sums, the sums so collected may not be substituted for payment of the Secured Obligations nor may they be used to cure the Default.

16. Other Matters Relating to Enforcement of Remedies. The term "Sale" in this Section 16 refers to a sale of an item of the Collateral made pursuant to judicial proceedings for foreclosure (a "Judicial Sale"). The term "Selling Official" in this Section 16 refers to the public officer who conducts the sale under execution or order of the court (in the case of a Judicial Sale).

16.1. Possession of Collateral Not Required. Upon any Sale of any item of the Collateral, it will not be necessary for the Selling Official to have any of the Collateral present or constructively in his possession.

16.2. Instruments of Conveyance and Transfer. Upon the completion of every Sale, the Selling Official will execute and deliver to each purchaser a bill of sale or deed of conveyance, as appropriate, for the items of the Collateral that are sold. Mortgagor hereby grants every such Selling Official the power as the attorney-in-fact of Mortgagor to execute and deliver in Mortgagor's name all deeds, bills of sale and conveyances necessary to convey and transfer to the purchaser all of Mortgagor's rights, title and interest in the items of Collateral which are sold. Mortgagor hereby ratifies and confirms all that such attorneys-in-fact lawfully do pursuant to such power. Nevertheless, Mortgagor, if so requested by the Selling Official or by any purchaser, will ratify any such sale by executing and delivering to such Selling Official or to such purchaser, as applicable, such deeds, bills of sale or other instruments of conveyance and transfer as may be specified in any such request.

16.3. Recitals. The recitals contained in any instrument of conveyance or transfer made by a Selling Official to any purchaser at any Sale will, to the extent permitted by law, conclusively establish the truth and accuracy of the matters stated therein, including the amount of the Secured Obligations, the occurrence of a Default, and the advertisement and conduct of such Sale in the manner provided herein or under applicable law. All prerequisites to such Sale will be presumed from such recitals to have been satisfied and performed.

16.4. Divestiture of Title; Bar. To the extent permitted by applicable law, every Sale, and every sale made as contemplated by Section 14.4, will operate to divest all rights, title, and interest of Mortgagor in and to the items of the Collateral that are sold, and will be a perpetual

bar, both at law and in equity, against Mortgagor and Mortgagor's heirs, executors, administrators, personal representatives, successors and assigns, and against everyone else, claiming the item sold either from, through or under Mortgagor or Mortgagor's heirs, executors, administrators, personal representatives, successors or assigns.

16.5. Purchase by Mortgagee. In any Sale, or sale made as contemplated by Section 14.4, Mortgagee may bid for and purchase any of the Collateral being sold, and will be entitled, upon presentment of the relevant Secured Documents and documents evidencing the same, to apply the amount of the Secured Obligations held by it against the purchase price for the items of the Collateral so purchased. The amount so applied will be credited against the Secured Obligations in accordance with the terms of the Loan Agreement.

16.6. Sale of Portion of Mortgaged Property. The Security Instrument created by this Instrument, as it pertains to any Mortgaged Property that remains unsold, will not be affected by a sale with respect to less than all of the Mortgaged Property.

17. Application of Sale Proceeds. The proceeds of any Judicial Sale or other sale or realization from the Collateral pursuant to this Instrument, and all other monies received by Mortgagee in any proceedings for the enforcement hereof, will be paid and applied in accordance with the terms of the Loan Agreement.

18. Partial Releases. Any part of the Collateral may be released by Mortgagee from the Security Interest created by this Instrument. Any such partial release is at the sole option of Mortgagee; Mortgagee is not obligated to grant partial releases. Any such partial release will not affect the Security Interest created by this Instrument as to the remainder of the Collateral.

19. Full Release. When the Secured Obligations are paid in full, all of Mortgagor's covenants and agreements in this Instrument are fully performed and this Instrument is no longer intended to secure future advances and future obligations, this Instrument will be released of record at the cost of Mortgagor.

20. Additional or Other Security. There may be additional security for the Secured Obligations, and Mortgagee may resort for the payment of the Secured Obligations to any other security therefor held by Mortgagee in such order and manner as Mortgagee may elect, without releasing or impairing the Security Interest created by this Instrument.

21. Effect of Extensions and Modifications. Mortgagee, at its sole option, may extend the time for the payment or performance of any of the Secured Obligations, or reduce the payments of principal or interest thereof, or accept a modification or renewal of the Secured Documents or other Secured Obligations (including modifications to interest rates or other payment terms), without the consent of any endorser, guarantor or other party to the Secured Documents or any other document evidencing any of the Secured Obligations. Any such extension, reduction, modification or renewal will not impair or affect the priority of the Security Interest created by this Instrument, or limit, release, discharge or affect the liability of Mortgagor, any endorser, guarantor or other party to the Secured Documents or any other document evidencing the Secured Obligations, except in accordance with the strict terms and tenor of any such extension, reduction, modification or renewal, and regardless of whether Mortgagor consents to any such extension, reduction, modification or renewal where a subsequent owner of the Mortgaged Property and Mortgagee is the parties to the extension, reduction, modification or renewal.

22. Conflict Between Documents. To the extent of any irreconcilable conflicts between the terms hereof and the terms of the Loan Agreement, the terms of the Loan Agreement will be deemed to control and this Instrument will be construed as if the irreconcilable terms were not contained herein.

23. Survival of Provisions. All representations, warranties, and covenants of Mortgagor contained herein survive the execution and delivery of this Instrument, and terminate only upon the full and indefeasible payment of all of the Secured Obligations, cancellation or termination of all of the Commitments, and when Mortgagee has no other commitment to extend credit or make advances to or for the account of Mortgagor.

24. Miscellaneous.

24.1. Notices. All notices, consents, requests and demands to or upon the respective parties hereto must be in writing, and will be deemed to have been given or made when delivered in person to those Persons listed on the first page hereof or when deposited in the United States mail, postage prepaid, or, in the case of telegraphic notice, or the overnight courier services, when delivered to the telegraph company or overnight courier service, or in the case of telex or telecopy notice, when sent, verification received, in each case addressed as set forth on the first page hereof, or to such other address as either party may designate by notice to the other in accordance with the terms of this Section. No notice given to or demand made on Mortgagor by Mortgagee in any instance entitles Mortgagor to notice or demand in any other instance.

24.2. Amendments and Waivers. No amendment to, waiver of, or departure from full compliance with any provision of this Instrument, or consent to any departure by Mortgagor herefrom, will be effective unless it is in writing and signed by authorized officers of Mortgagor and Mortgagee; provided, however, that any such waiver or consent will be effective only in the specific instance and for the purpose for which given. No failure by Mortgagee to exercise, and no delay by Mortgagee in exercising, any right, remedy, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise by Mortgagee of any right, remedy, power or privilege hereunder preclude any other exercise thereof, or the exercise of any other right, remedy, power or privilege.

24.3. Rights Cumulative. Each of the rights and remedies of Mortgagee under this Instrument is in addition to all of its other rights and remedies under applicable Law, and nothing in this Instrument may be construed as limiting any such rights or remedies.

24.4. Successors and Assigns. This Instrument binds Mortgagor and its successors and assigns and inures to the benefit of Mortgagee, and Mortgagee's successors, transferees, participants and assignees. Mortgagor may not delegate or transfer any of its obligations under this Instrument without the prior written consent of Mortgagee. With respect to Mortgagor's successors and assigns, such successors and assigns include any receiver, trustee or debtor-in-possession of or for Mortgagor.

24.5. Severability. Any provision of this Instrument which is prohibited, unenforceable or not authorized in any jurisdiction is, as to such jurisdiction, ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction unless the ineffectiveness of such provision would result in such a material change as to cause completion of the transactions contemplated hereby to be unreasonable.

24.6. Governing Law; No Third Party Rights. This Instrument is to be governed by and construed and interpreted in accordance with the internal Laws of the State of Illinois applicable to contracts made and to be performed wholly within such state, without regard to choice or conflicts of law principles. This Instrument is solely for the benefit of the parties hereto and their

A

respective successors and assigns, and no other Person has any right, benefit, priority or interest under, or because of the existence of, this Instrument. Notwithstanding the terms of the first sentence of this Section to the contrary, the parties agree that terms in this Instrument pertaining to the attachment and perfection of Mortgagee's Security Interest in the Collateral created hereunder and enforcement of Mortgagee's rights in the Collateral shall be governed by the laws of the State in which the Land is located.

24.7. Counterparts. This Instrument may be executed by the parties hereto on any number of separate counterparts, and all such counterparts taken together constitute one and the same instrument. It is not necessary in making proof of this Instrument to produce or account for more than one counterpart signed by the party to be charged.

24.8. Final Expression; No Course of Dealing. This Instrument, together with the Loan Agreement, the other Loan Documents and any other agreement executed in connection herewith or therewith, is intended by the parties as a final expression of their agreement and is intended as a complete and exclusive statement of the terms and conditions thereof. Acceptance of or acquiescence in a course of performance or course of dealing rendered or taken under or with respect to this Instrument, the Loan Agreement or the other Loan Documents will not be relevant to determine the meaning of this Instrument, the Loan Agreement or the other Loan Documents even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

24.9. Negotiated Transaction. Mortgagor and Mortgagee each represent to the other that in the negotiation and drafting of this Instrument each has been represented by and has relied upon the advice of counsel of its choice. Each of Mortgagor and Mortgagee affirm that its counsel has had a substantial role in the drafting and negotiation of this Instrument; therefore, this Instrument will be deemed drafted by each of Mortgagor and Mortgagee, and the rule of construction to the effect that any ambiguities are to be resolved against the drafter will not be employed in the interpretation of this Instrument.

24.10. Attorney's Fees and Other Costs. Mortgagor will reimburse Mortgagee for all expenses incurred by Mortgagee in seeking to collect or enforce the Secured Obligations and any other rights under this Instrument or any of the other Loan Documents or under any other instrument, document or agreement evidencing or executed in connection with any of the Secured Obligations, including reasonable attorneys' fees and actual attorneys' expenses (whether or not there is litigation), court costs and all costs in connection with any proceedings under the United States Bankruptcy Code, and any expenses incurred on account of damage to any property to which any of the Collateral may be affixed.

24.11. Assignment By Mortgagee. To the extent permitted in the Loan Agreement, Mortgagee may grant a participation interest in or assign or transfer to another Person any instrument, document or agreement evidencing any of the Secured Obligations and Mortgagee's rights under this Instrument, and may deliver all the property which is part of the Collateral and in its possession to the participant, assignee or transferee or to any Person acting as agent for Mortgagee.

24.12. Choice of forum. Subject only to the exception in the next sentence, Mortgagor and Mortgagee hereby agree to the exclusive jurisdiction of the federal court of the Northern District of Illinois and the state courts of Illinois located in Cook County or the City of Chicago, Illinois, and waive any objection based on venue or forum non conveniens with respect to any action instituted therein, and agree that any dispute concerning the relationship between Mortgagor and

Mortgagee or the conduct of either of them in connection with this Instrument or otherwise may be heard only in the courts described above. Notwithstanding the foregoing: (i) Mortgagee has the right to bring any action or proceeding against Mortgagor or its property in any courts of any other jurisdiction Mortgagee deems necessary or appropriate in order to realize on the Collateral or other security for the Secured Obligations, and (ii) each of the parties hereto acknowledges that any appeals from the courts described in the immediately preceding sentence may have to be heard by a court located outside those jurisdictions.

24.13. Service of Process. Mortgagor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Mortgagor at its address set forth on the first page hereof, and service so made will be deemed to be completed five (5) days after the same has so deposited in the U.S. Mails, certified or registered; or at Mortgagee's option, by service upon CT Corporation, which Mortgagor irrevocably appoints as Mortgagor's agent for the purpose of accepting service of process within the State of Illinois. Mortgagee will promptly forward by registered mail any process so served upon said agent to Mortgagor at its address on the first page hereof. Nothing in this Section affects the right of Mortgagee to serve legal process in any other manner permitted by Law.

24.14. Waiver of Jury Trial. Mortgagor and Mortgagee hereby waive any right to trial by jury of any claim, demand, action or cause of action (i) arising under this Instrument or any other Loan Document, or (ii) in any way connected with or related or incidental to the dealings of the parties hereto or either of them in respect of this Instrument or any other Loan Document, or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether sounding in contract or tort or otherwise. Mortgagor and Mortgagee agree and consent that any such claim, demand, action or cause of action will be decided by court trial without a jury and that either may file an original counterpart or a copy of this Instrument with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

24.15. Reinstatement. This Instrument and any and all Security Interests created or evidenced hereby will continue to be effective or be reinstated, as the case may be, as though such payments had not been made, if at any time any amount received by Mortgagee in respect of the Secured Obligations is rescinded or must otherwise be restored or returned by Mortgagee, including upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Mortgagor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, Mortgagor, any substantial part of its assets, or otherwise.

IN WITNESS WHEREOF, this Instrument has been duly executed as of the date first above written.



"MORTGAGOR"

CANAAN, LLC
by its Manager

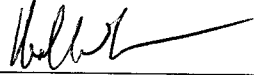
A handwritten signature in black ink, appearing to read "Dale M. Reiser".

DALE M. REISER

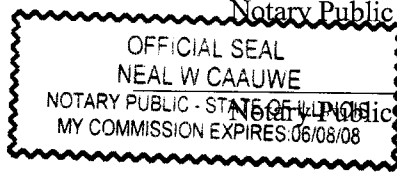
STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 13TH day of January, 2005, before me personally appeared Dale M. Reiser, to me personally known, who, being by me duly sworn, did say that he is the Member Manager of CANAAN LLC, an Illinois limited liability company, and that said instrument was signed in behalf of said company, by authority of its Members; and said Dale M. Reiser acknowledged said instrument's execution to be the free act and deed of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand in the City and State aforesaid, the day and year first above written.



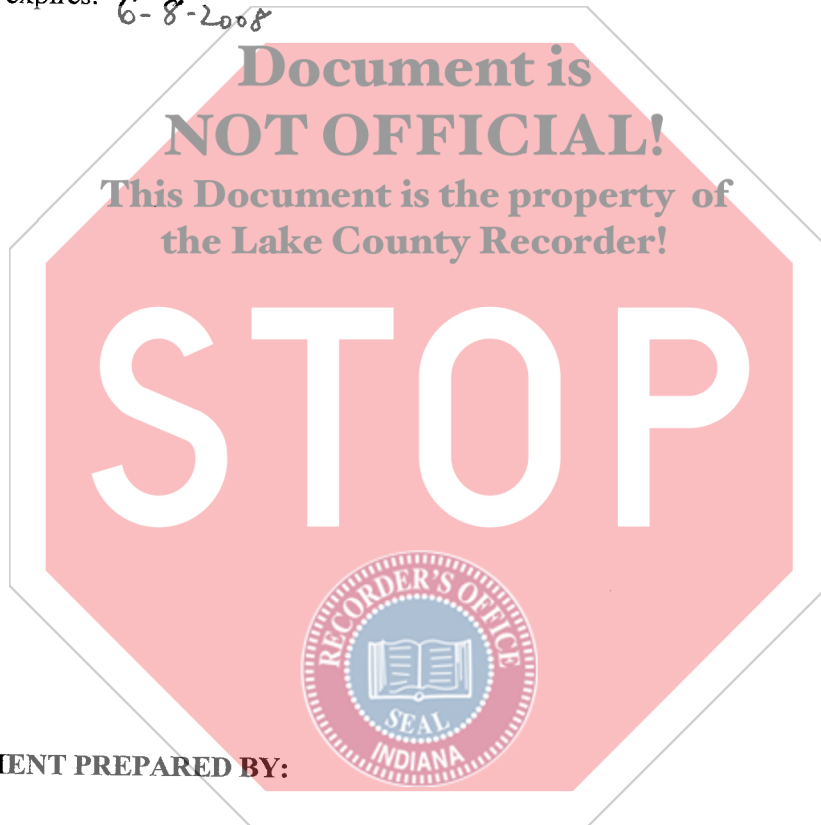
Notary Public - Signature



NEAL W. CAUWE

Notary Public - Printed

My Commission expires: 6-8-2008



THIS INSTRUMENT PREPARED BY:

Richmond A. Payne
Robinson, Pluymert, Piercey, MacDonald & Amato, Ltd.
2300 Barrington Road
Suite 220
Hoffman Estates, Illinois 60195

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

PART OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 1, TOWNSHIP 34 NORTH, RANGE 10 WEST OF THE SECOND PRINCIPAL MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 1, THENCE NORTH 89°55'47" WEST ALONG THE NORTH LINE OF SAID SECTION 1, A DISTANCE OF 350.00 FEET TO THE POINT OF BEGINNING; THENCE SOUTH, A DISTANCE OF 178.31 FEET TO A POINT LYING ON THE APPROXIMATE CENTERLINE OF THE EXISTING EXPLORER PIPELINE CO., THENCE SOUTH 42°15'25" WEST ALONG SAID APPROXIMATE CENTERLINE OF EXPLORER PIPELINE CO., A DISTANCE OF 1441.93 FEET; THENCE NORTH 00°02'46" EAST ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 1 AND SAID FINAL DEVELOPMENT PLAN, HANOVER NORTH, PHASE I, A DISTANCE OF 1246.73 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 1, THENCE NORTH 89°55'47" EAST ALONG THE NORTH LINE OF SAID SECTION 1, A DISTANCE OF 968.64 FEET TO THE POINT OF BEGINNING, CONTAINING 15.846 ACRES, MORE OR LESS, ALL IN LAKE COUNTY, INDIANA, EXCEPTING THEREFROM THE NORTH 50 FEET OF THE ABOVE LEGAL DEEDED TO LAKE COUNTY, INDIANA BY DEED RECORDED JUNE 3, 2004 AS DOCUMENT NO. 2004 046227.

