

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
FORT MEYERS DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

FOUNDING PARTNERS CAPITAL
MANAGEMENT and WILLIAM L.
GUNLICKS,

Defendants,

FOUNDING PARTNERS STABLE-
VALUE FUND, LP, FOUNDING
PARTNERS STABLE-VALUE FUND
II, LP, FOUNDING PARTNERS
GLOBAL FUND, LTD., and
FOUNDING PARTNERS HYBRID-
VALUE FUND, LP,

Relief Defendants.

CASE NO. 2:09-cv-00229-JES-SPC

**MOTION TO CLARIFY AND/OR MODIFY THE TEMPORARY ASSET FREEZE
BY NORTH SHORE COMMUNITY BANK & TRUST COMPANY, INC.**

North Shore Community Bank & Trust Company, Inc. (“**North Shore**”), pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, moves for clarification and/or modification of the Temporary Asset Freeze to permit North Shore to exercise its offset and foreclosure and other rights under its Loan Agreement and Mortgage, and says:

1. On April 20, 2009, this Court entered a Temporary Restraining Order which, among other things, froze the assets of William L. Gunlicks, Founding Partners Capital Management (collectively, the “**Defendants**”) and the Relief Defendants until further order of the Court. This Order was extended indefinitely by this Court’s Order dated May 7, 2009. North Shore was not a party to any of the proceedings that resulted in the orders freezing the assets of the Defendants and Relief Defendants, and had no notice of those proceedings.

2. Since receiving notice of this Court's asset freeze orders on June 1 (April 20, 2009, Order) and June 2 (May 7, 2009, Order), North Shore has complied with those orders.

3. At the time those orders were entered, William and Pamela Gunlicks were the joint owners of a deposit account at North Shore with a positive balance of approximately \$113,000 ("**Bank Account**"), and were the obligors to North Shore on a Home Equity Line of Credit Agreement with a principal balance of \$1,400,000 ("**Loan**") secured by a first priority mortgage on residential real property located in Winnetka, Illinois ("**Property**"). The Loan calls for monthly interest payments which vary according to market fluctuations, but range between \$4,500 and \$6,000 per month.

4. On July 14, 2009, this Court entered an Order lifting its freeze as to the deposit account at North Shore for the limited purpose of permitting William L. Gunlicks to withdraw \$3,000 per month for living expenses and \$75,000 for legal expenses from the joint bank account in the name of William and Pamela Gunlicks at North Shore. North Shore was not a party to and was not given notice of the proceedings resulting in the July 14, 2009, Order.

5. Counsel for Mr. Gunlicks sent a copy of the July 14, 2009, order to North Shore's counsel on July 16, 2009. In response, counsel for North Shore raised the issues presented by the default on the Loan and Mortgage and North Shore's offset rights with counsel for Mr. Gunlicks and sought to find a resolution to those issues. The issues were not resolved.

6. Although counsel for Mr. Gunlicks proposed to North Shore that Mr. Gunlicks be permitted to withdraw the first monthly installment of \$3,000, Mr. Gunlicks did not present a check or take any other step to withdraw funds from the Bank Account in accordance with the July Order or otherwise.

7. Instead, on July 29, 2009, without notice or prior discussion with North Shore regarding the requested relief, Mr. Gunlicks sought an order specifically authorizing disbursement of funds from the North Shore account.¹ This Court denied that motion on July 31, 2009, and vacated the portion of the July 14, 2009, order that allowed attorneys' fees and living expenses to be paid from the North Shore account. North Shore learned of Mr. Gunlicks' July 29, 2009, motion and its disposition when its counsel reviewed the docket sheet for this matter on August 4, 2009. Currently, the North Shore account remains frozen, consistent with the previously issued Temporary Asset Freeze orders.

8. Under the Loan executed by William Gunlicks, and his wife, Pamela Gunlicks, and a mortgage executed Pamela Gunlicks which was also signed by William Gunlicks for the purpose of waiving any homestead rights in the Property, North Shore has a security interest in the Property. North Shore also has priority offset rights against the Bank Account, under the terms of the contract and Illinois law. The Temporary Asset Freeze orders may impact North Shore's rights relating to the Property and the Bank Account.

9. As of the preparation of this motion, William and Pamela Gunlicks are in arrears on the monthly payments due to North Shore from them pursuant to their Loan Agreement.

10. Further, although the Property securing the amounts borrowed under the Loan is titled solely in the name of Pamela Gunlicks, the breadth of the the Temporary Asset Freeze may arguably preclude North Shore from exercising its foreclosure and other rights under the Loan Agreement and Mortgage.

11. In support of its Motion, North Shore relies on and incorporates the attached Declaration of Jolie Horen ("**Horen Dec.**") and the following Memorandum of Law.

¹North Shore does not agree with the representations made in that motion.

WHEREFORE, North Shore requests (i) clarification and/or modification of the Temporary Asset Freeze to permit North Shore to exercise its offset rights as against the Account and (ii) clarification that the Asset Freeze does not apply to the Property so that North Shore may exercise its foreclosure and other rights under the Loan Agreement and Mortgage as against the Property owned by Pamela Gunlicks or modification of the Asset Freeze to permit North Shore to exercise those rights.

Local Rule 3.01(g) Certification

Pursuant to Local Rule 3.01(g), counsel for North Shore has conferred with counsel for all parties and represents that:

1. William Gunlicks opposes the motion, except that he would agree to offset only to the extent necessary to bring mortgage payments current, exclusive of late fees;
2. The Securities and Exchange Commission does not oppose North Shore's exercise of its foreclosure rights as a general matter, but reserves its rights as to the applicability of the asset freeze to preserve any excess equity to which William Gunlicks has any entitlement;
3. The Receiver takes no position on North Shore's desire to exercise its foreclosure rights, but remaining equity, if any, must remain under the asset freeze; and
4. The Securities and Exchange Commission and the Receiver oppose North Shore's exercise of its offset rights.

MEMORANDUM OF LAW

I. Summary of Argument

William Gunlicks and his wife, Pamela Gunlicks have a joint deposit bank account at North Shore with a balance of approximately \$113,000. They also owe North Shore more than

\$1,400,000 under the terms of a loan agreement entered into on August 31, 2005 which is secured by a property owned by Pamela Gunlicks. Pamela Gunlicks mortgaged the property to North Shore on August 31, 2005. In connection with the making of that mortgage, William Gunlicks waived his homestead rights in the mortgaged property on September 6, 2005.

William and Pamela Gunlicks have defaulted on their obligations under the loan by not making loan payments when due. As a result, North Shore is entitled to exercise offset rights against the Gunlicks' bank account and is also entitled to commence foreclosure proceedings and pursue other remedies under both the loan and the mortgage. This Court's asset freeze orders impact North Shore's offset rights and may also impact its foreclosure and other rights under the loan and the mortgage.

North Shore now seeks relief on the following basis. First, the mortgaged property belongs solely to Pamela Gunlicks and is not, therefore, subject to the asset freeze orders. Second, North Shore is adverse to William Gunlicks; it is not acting as his agent, employee or servant and is not acting in concert or participation with him. Third, North Shore is entitled to exercise its offset rights under contract and law in connection with those precise funds. Fourth, to the extent that North Shore's exercise of its offset and foreclosure and/or other rights under the Loan and Mortgage result in additional equity remaining in the Property to which William Gunlicks has a claim, North Shore will maintain such funds in a manner directed by this Court.

II. Relevant Facts

On January 15, 1997, the Gunlicks established the Bank Account in the names of Pamela and William Gunlicks at North Shore. Horen Dec. at ¶ 2. The deposit of funds into the Bank Account by the Gunlicks created a debtor-creditor relationship between North Shore as the

debtor, and each of William and Pamela Gunlicks as the creditor.² North Shore's obligation to pay any amounts owed on the debt represented by the funds in the Bank Account is subject to contractual offset rights of North Shore contained in agreements between it and William and Pamela Gunlicks, as more fully described below. *See* Horen Dec. at Exh. B, p. 2 (Right of Setoff).

On August 31, 2005, William and Pamela Gunlicks entered into the Loan, a Home Equity Line of Credit Agreement with North Shore in the amount of \$1,400,000, which was secured by the Mortgage which was executed by Pamela Gunlicks on the same day. Horen Dec. at ¶ 4, Exhs. B and C. Specifically, the Loan is secured by the Mortgage on the Property which is real property located at 341 Sheridan Rd, Winnetka, IL 60093. The title to the Property is in Pamela Gunlicks' name. *See* Horen Dec. at Exhs. B (Loan Agreement), C (Mortgage) and D (Deed). William Gunlicks waived all rights and benefits of the homestead exemption laws of the State of Illinois as to all debts secured by the Mortgage. *See* Horen Dec. at Exh. C, p. 12. The Loan was used to purchase the Property. Horen Dec. at ¶ 6. The current principal balance owed on the Loan is \$1,400,000. *See* Horen Dec. at ¶ 7. The Gunlicks also owe unpaid interest and late fees on the Loan, and are obliged to pay attorney's fees associated with North Shore's efforts to collect on the amounts owed under the Loan. Horen Dec. ¶ 8, *see also* Horen Dec. Exh B at 3-4.

The Loan is to be repaid in 119 monthly installments, followed by a balloon payment due on August 31, 2015. *See* Horen Dec. at Exh. B, p. 1. The terms of the Loan provide that, if the Gunlicks fail to make a required monthly payment, North Shore may offset any amounts it owes

² The Account Agreement is governed by Illinois law. *See* Horen Dec. at Exh. A, p. 2. Under Illinois law, the relationship between a bank and its depositor is a contractually based debtor-creditor relationship. The bank, after receiving funds, is the debtor, and the depositor, having given funds to the bank, is the creditor. *See Selby v. DuQuoin State Bank*, 223 Ill. App. 3d 104, 584 N.E.2d 1055, 165 Ill. Dec. 621 (5th Dist., 1991); *Securities Fund Services, Inc. v. American National Bank and Trust*, 542 F. Supp. 323 (N.D.Ill., 1982). Florida law is the same on this point. *See Carl v. Republic Sec. Bank*, 282 F. Supp. 2d 1358, 1366 (S.D. Fla. 2003) (citing *Grillo v. City Nat'l Bank of Miami*, 354 So. 2d 959, 960 (Fla. 3d DCA 1978)).

to the Gunlicks by reason of deposits made to the Bank Account against the amount of the monthly payments due under the Loan. *See* Horen Dec. at Exh. B, p. 2. These offset rights arise immediately upon default and do not require notice to the Gunlicks. *See* Horen Dec. at Exh. B, pp. 2, 3.

Furthermore, failure to pay the amounts due under the Loan in accordance with its terms is an Event of Default under the Mortgage, which renders the entire amount owed under the Loan immediately due and payable and permits North Shore to commence foreclosure proceedings against the Property or pursue other remedies. *See* Horen Dec. at Exh. C, p. 7-8. Again, these rights arise immediately upon default and do not require notice to the Gunlicks. *See* Horen Dec. at Exh. C, p. 7-8.

Pamela and William Gunlicks defaulted on the Loan by failing to make the June 2009 payment of \$4,756.16. *See* Horen Dec. at ¶ 8. Consequently, prior to this Court's July 14, 2009, Order, the entire amount owing under the Loan was due and payable. *See* Horen Dec. at Exh. B, p. 3. Thereafter, the Gunlicks continued their default by failing to make the July 2009 payment due under the Loan of \$4,602.73. *See* Horen Dec. at ¶ 8. They also owe late charges in the amount of \$467.95 and are obliged to pay collection costs, including attorneys fees. *Id.*, Horen Dec. Exh. B at 3-4. According to the terms of the Loan and the Account Agreement and under common law, North Shore is entitled to exercise its offset rights and collect the amount owed from the Bank Account, thereby eliminating any debt it owes to the Gunlicks by reason of the Bank Account. *See* Horen Dec. at Exh. B, p. 2; *see also, Fisher v. State Bank of Annawan*, 643 N.E. 2d 811 (Ill. 1994)(discussing contractual and common law setoff rights). Further, the default on the Loan entitles North Shore to commence foreclosure proceedings or pursue other

remedies as against the Property and those obligated on the Loan—namely Pamela and William Gunlicks. *See* Horen Dec. at Exh. C, p. 7-8.

North Shore is not a party to this action. North Shore is also not an officer of any party and is not the agent, servant, employee or attorney of any party to the SEC action. Similarly, North Shore is not a person in active concert or participation with any party to the action or any of their officers, agents, servants, employees or attorneys.

III. Procedural Background

In April 2009, the Securities and Exchange Commission (“**the SEC**”) instituted this action against the Defendants and the Relief Defendants. On April 20, 2009, this Court entered a Temporary Restraining Order which, among other things, froze the assets of the Defendants and Relief Defendants until further order of the Court (“**the Temporary Asset Freeze**”). The assets of Pamela Gunlicks were not frozen pursuant to the Temporary Asset Freeze.

Those who received notice of the Temporary Asset Freeze were “restrained from directly or indirectly transferring, setting off . . . any assets or property, including but not limited to cash. . . . and/or property pledged or hypothecated as collateral for loans . . . owned by, controlled by, or in the possession of . . . (2) William L. Gunlicks . . .”

North Shore was given no notice of the proceedings that resulted in the Temporary Asset Freeze and did not receive notice of the Temporary Asset Freeze until June 1, 2009. As of June 1, 2009, the Bank Account had a balance of \$113,443,85. *See* Horen Dec. at ¶ 3. As noted above, this meant that North Shore was indebted to the Gunlicks in this amount.

On June 2, 2009, counsel for North Shore orally advised a representative of the SEC of the bank’s offset rights and agreed to confirm that position in writing. After that discussion, the SEC representative sent North Shore an Opinion and Order, dated May 7, 2009. In that Opinion

and Order, this Court continued the Temporary Asset Freeze indefinitely. North Shore was given no notice of the proceedings that resulted in the May 7, 2009, Opinion and Order. North Shore has complied with the terms of the asset freeze orders.

On July 14, 2009, after North Shore's offset and foreclosure rights had been triggered by the default of Pamela and William Gunlicks, this Court entered an Order lifting the Temporary Asset Freeze to allow William L. Gunlicks to withdraw \$3,000 per month for living expenses and \$75,000 for legal expenses from the Bank Account ("**the July 14 Order**"). On July 31, 2009, this Court vacated the portion of the July 14 Order that allowed Mr. Gunlicks to make withdrawals from the Bank Account ("**the July 31 Order**"). North Shore was given no notice and had no knowledge of the proceedings that resulted in either the July 14 or the July 31 Orders.

IV. Legal Argument

At this juncture, North Shore is faced with two major concerns. First, although the Property securing the amounts borrowed under the Loan is held solely in the name of Pamela Gunlicks, the broad terms of the Temporary Asset Freeze could arguably preclude North Shore from exercising its foreclosure and other rights against the Property. Second, the Temporary Asset Freeze appears to bar North Shore from exercising its contractual and common law offset rights with respect to the Bank Account. Accordingly, North Shore, by this motion, seeks confirmation of its right to foreclose on the Property and clarification that its offset rights are not impaired by any orders of this Court.

A. This Court has the power to modify its orders in the interest of justice

Rule 54(b) provides that a non-final, interlocutory order "is subject to revision at any time before the entry of judgment adjudicating all the claims and the rights and liabilities of all the parties." Rule 54(b) does not set forth the specific grounds for revision, but a district court has the inherent power to reconsider and revise its orders in the interests of justice. [*CSX Transp., Inc. v. City of Pensacola, Fla.*, 936 F. Supp. 885, 889 (N.D. Fla. 1995)]; *see also John Simmons Co. v. Grier Brothers*

Co., 258 U.S. 82, 90-91, 42 S. Ct. 196, 66 L. Ed. 475, 1923 Dec. Comm'r Pat. 669 (1922).

Delta Health Group, Inc. v. United States HHS, 459 F. Supp. 2d 1207, 1227-28 (N.D. Fla. 2006).

Because the orders entered by this court on April 20 and May 7, 2009 “did not dispose of all parties and claims in this case” and final judgment has not yet been entered, those orders are subject to revision under Rule 54. *Hauck v. Borg Warner Corp.*, 2006 U.S. Dist. LEXIS 95909, 8-10 (M.D. Fla. October 12, 2006).

B. The Temporary Asset Freeze does not apply to North Shore or the Property.

The Temporary Asset Freeze was entered without North Shore’s knowledge. The asset freeze applies to “the Defendants, their directors, officers, agents, servants, employees, attorneys, depositories, banks, and persons in active concert or participation with anyone or more of them and who receive notice of this order” As of the date it received notice, North Shore has complied with the extended Temporary Asset Freeze, even though it is not in active concert or participation with the Defendants and Relief Defendants. Far from being legally identified with Gunlicks, North Shore’s interests are adverse to his.

Significantly, the Property is solely owned by Pamela Gunlicks who is not a subject of the Temporary Asset Freeze. Mrs. Gunlicks also holds an undivided one half interest in the Bank Account and is empowered to draw against all funds on deposit. This Court should allow North Shore to exercise its foreclosure and offset rights and clarify the Temporary Asset Freeze to recognize that North Shore’s offset and foreclosure rights are not affected and may be freely exercised in compliance with the terms of the Loan and the Mortgage.

C. To the extent the Temporary Asset Freeze does apply to North Shore, it should be modified to allow North Shore to exercise its contractual rights.

If the Court finds that the Temporary Asset Freeze does apply to North Shore, it should modify that Order to allow North Shore to foreclose on the Property and exercise its offset rights. North Shore's funds were used to purchase the Property and North Shore has a valid security interest therein. That security interest would take precedence over any order of disgorgement which may eventually be entered.

In considering a motion to modify an asset freeze, the Court in *SEC v. Lauer* described a third-party's foreclosure interest as a "compelling" reason to grant the motion. *See SEC v. Lauer*, Case No. 03-80612-CIV-MARRA/SELTZER, 2006 U.S. Dist. LEXIS 61392, 19 (S.D. Fla. August 2, 2006). The situation in *Lauer* was similar to the one presented here. The Court in that case had entered an asset freeze in an SEC action which prevented third parties from exercising their foreclosure rights with respect to the defendant's property. North Shore's foreclosure interest in the Property is equally compelling.

As was the case in *Lauer*, the Property is not part of the Receivership Estate established in this matter since it is not an asset of the entities that comprise that estate. The funds loaned by North Shore were used to purchase the Property. William and Pamela Gunlick have defaulted under the Loan, and Pamela Gunlicks has defaulted on the Mortgage. North Shore is simply a secured lender that is not being paid and that holds a lien which would be satisfied prior to any other parties in this action. Accordingly, this Court should lift the freeze to allow North Shore to exercise its foreclosure and other rights related to the Property.

Additionally, it would be inequitable to allow William Gunlicks' alleged fraud to deny North Shore its contractual and common law offset rights. The asset freeze is meant to prevent Gunlicks from dissipating his assets which may, in the future, be subject to an Order of Disgorgement. *See Temporary Asset Freeze at 2. Preventing North Shore from exercising its*

offset rights does not, however, serve that purpose since North Shore has a prior interest. Instead, preventing North Shore from exercising its contractual rights prevents an innocent third-party from recovering property to which it is entitled, and should the asset freeze on the Bank Account be lifted while precluding the exercise of offset, forces that third party to become a lender to a borrower who is already in default.

The relief sought by North Shore will not prejudice any defrauded investors. As secured lien holder, North Shore's interest will be satisfied first upon any disposition of the Property and only if there is excess equity would those amounts be available to pay a disgorgement judgment or to benefit defrauded investors. North Shore will preserve any excess equity to which William Gunlicks has any entitlement pending order of the Court, so that any such amounts are available for a possible disgorgement judgment.³

³Typically, the foreclosure court would have jurisdiction to adjudicate the interests of any claimants to surplus. *See* 735 Ill. Comp. Stat. 5/15-1512(d) (Illinois Mortgage Foreclosure Law, "Application of Proceeds of Sale and Surplus.")

V. Conclusion

For all of the reasons stated herein, North Shore requests that this Court enter an Order permitting North Shore to exercise its offset and foreclosure rights under the Loan and Mortgage and apply any funds realized to accrued unpaid interest, accrued expenses (including attorney's fees) and unpaid principal due and owing under the Loan while preserving any excess equity pending further order of the Court.

Dated: August 12, 2009.

s/Philip V. Martino
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Attorneys for North Shore Community Bank & Trust Company

CERTIFICATE OF SERVICE (Electronic Filing)

I CERTIFY that on this 12th day of August, 2009, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send a notice of electronic filing to the following: Christian Ian Anderson, Paul A. Calli, Marissel Descalzo, Michael D. Magidson, Traci H. Rollins, Walter J. Tache and Rhett Traband and a copy by United States Mail to the following Non-CM/ECF Participants: None.

s/Philip V. Martino

Attorney

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
FORT MEYERS DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

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FOUNDING PARTNERS CAPITAL
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GUNLICKS,

Defendants,

FOUNDING PARTNERS STABLE-
VALUE FUND, LP, FOUNDING
PARTNERS STABLE-VALUE FUND
II, LP, FOUNDING PARTNERS
GLOBAL FUND, LTD., and
FOUNDING PARTNERS HYBRID-
VALUE FUND, LP,

Relief Defendants.

CASE NO. 2:09-cv-00229-JES-SPC

DECLARATION OF JOLIE HOREN

I, Jolie Horen, state as follows:

1. I am employed by North Shore Community Bank & Trust Company (“**North Shore**”), as Vice President and Officer. I am over the age of 21 and, based upon my position and my review of documents under my supervision and control, I know the following of my own knowledge to be true.

2. On January 15, 1997, William Gunlicks and Pamela Gunlicks established a joint bank account at North Shore (“**the Bank Account**”). A true and correct copy of the terms and conditions applicable to that bank account is attached hereto as **Exhibit “A.”**

3. As of June 1, 2009, the balance of the Bank Account was \$113,443.85. Each of William Gunlicks and Pamela Gunlicks hold an undivided one half interest in the Bank Account.

4. On August 31, 2005, the Gunlicks entered into a Home Equity Line of Credit Agreement (“**the Loan**”) with North Shore in the amount of \$1,400,000.00, which was secured by a mortgage executed by Pamela Gunlicks on the same day. Specifically, the Loan is secured by the Mortgage on real property located at 341 Sheridan Rd, Winnetka, IL 60093 (“**the Property**”), title to which is vested in Pamela Gunlicks’ name pursuant to a Warranty Deed duly recorded with the Cook County Recorder of Deeds on October 31, 2005 as document number 0530411023. William Gunlicks waived all rights and benefits of the homestead exemption laws of the State of Illinois as to all debts secured by the Mortgage. True and correct copies of the Loan and the Mortgage are attached hereto as **Exhibits “B”** and “**C**” respectively. A true and correct copy of the deed to the Property is attached hereto as **Exhibit “D.”**

5. The Loan and Mortgage were duly recorded with the Cook County Recorder of Deeds on October 31, 2005 as document number 0530411024.

6. The proceeds of the Loan were used to purchase the Property.

7. The Loan is to be repaid in 119 monthly installments, followed by a balloon payment due on August 31, 2015. The amount of the payment varies according to market fluctuations, but range between \$4,500 and \$6,000 per month. The current principal amount owed under the Loan is \$1,400,000. The Gunlicks also owe unpaid interest on the Loan and are obliged to pay attorneys’ fees associated with North Shore’s efforts to collect on the amounts owed.

8. The Gunlicks defaulted on the Loan by failing to make the June 2009 and July 2009 payments when due. The amount due for June 2009 is \$4,756.16. The amount due for July 2009 is \$4,602.73. The Gunlicks also owe a late fee of \$467.95, representing 5% of the past due

payments. In addition, under the terms of the Loan, the Gunlicks must pay North Shore its collection costs, including attorneys fees.

9. North Shore has taken no action to exercise its offset, foreclosure and other rights under the Loan and Mortgage due to the asset freeze orders entered in this action. North Shore did not receive notice of this Court's asset freeze orders dated April 20, 2009, and May 7, 2009, until June 1 and June 2, 2009, respectively.

10. Prior to June 1, 2009, North Shore received no notice and had no knowledge of the proceedings which resulted in the asset freeze.

Pursuant to 28 U.S.C. §1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed this 11th day of August, 2009.



JOLIE HOREN

Vice President, North Shore Community Bank & Trust Company

EXHIBIT “A”

Your DEPOSIT ACCOUNT

Terms and Conditions

Electronic Transfers

Funds Availability

Truth in Savings

**TERMS AND CONDITIONS
OF YOUR ACCOUNT**

IMPORTANT ACCOUNT OPENING INFORMATION - Federal law requires us to obtain sufficient information to verify your identity. You may be asked several questions and to provide one or more forms of identification to fulfill this requirement. In some instances we may use outside sources to confirm the information. The information you provide is protected by our privacy policy and federal law.

AGREEMENT - This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s) with us. Please read this carefully. If you sign the signature card or open or continue to have your account with us, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this document. If you have any questions, please call us.

This agreement is subject to applicable federal laws and the laws of the state of Illinois (except to the extent that this agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this document is to:

- (1) summarize some laws that apply to common transactions;
- (2) establish rules to cover transactions or events which the law does not regulate;
- (3) establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
- (4) give you disclosures of some of our policies to which you may be entitled or in which you may be interested.

If any provision of this document is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variation in writing either on the signature card for your account or in some other document.

As used in this document the words "we," "our," and "us" mean the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account. The headings in this document are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular.

LIABILITY - You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You authorize us to deduct these charges directly from the account balance as accrued. You will pay any additional reasonable charges for services you request which are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) liable for any account shortage resulting from charges or overdrafts, whether caused by you or another with access to this account. This liability is due immediately, and can be deducted directly from the account balance whenever sufficient funds are available. You have no right to defer payment of this liability, and you are liable regardless of whether you signed the item or benefited from the charge or overdraft. This includes liability for our costs to collect the deficit including, to the extent permitted by law, our reasonable attorneys' fees.

DEPOSITS - We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us"). Before settlement of any item becomes final, we act only as your agent, regardless of the form of indorsement or lack of indorsement on the item and even though we may provide you provisional credit for the item. We may reverse any provisional credit for items that are lost, stolen, or returned. Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars. We are not responsible for transactions by mail or outside depository until we actually record them. We will treat and record all transactions received after our "daily cutoff time" on a business day we are open, or received on a day we are not open for business, as if initiated on the next following business day that we are open. At our option, we may take an item for collection rather than for deposit. If we accept a third-party check for deposit, we may require any third-party indorsers to verify or guarantee their indorsements, or indorse in our presence.

WITHDRAWALS - Unless clearly indicated otherwise on the account records, any of you, acting alone, who signs in the space designated for signatures on the signature card may withdraw or transfer all or any part of the account balance at any time. Each of you (until we receive written notice to the contrary) authorizes each other person signing the signature card to indorse any item payable to you or your order for deposit to this account or any other transaction with us. We may charge your account for a check even though payment was made before the date of the check, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us, by any method we do not specifically permit, which is greater in number than the frequency permitted, or which is for an amount greater or less than any withdrawal limitations. Even if we honor a nonconforming request, we may treat continued abuse of the stated limitations (if any) as your act of closing the account. We will use the date the transaction is completed by us (as opposed to the date you initiate it) to apply the frequency limitations. The fact that we may honor withdrawal requests that overdraw the available account balance does not obligate us to do so later. See the funds

availability policy disclosure for information about when you can withdraw funds you deposit. For those accounts for which our funds availability policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal.

We may require not less than 7 days' notice in writing before each withdrawal from an interest-bearing account other than a time deposit, or from any other savings account as defined by Regulation D. Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your notice of penalty for early withdrawal.

OWNERSHIP OF ACCOUNT AND BENEFICIARY DESIGNATION - These rules apply to this account depending on the form of ownership and beneficiary designation, if any, specified on the account records. We make no representations as to the appropriateness or effect of the ownership and beneficiary designations, except as they determine to whom we pay the account funds.

Individual Account - is an account in the name of one person.

Joint Account - With Survivorship (And Not As Tenants In Common) - is an account in the name of two or more persons. Each of you intend that when you die the balance in the account (subject to any previous pledge to which we have agreed) will belong to the survivor(s). If two or more of you survive, you will own the balance in the account as joint tenants with survivorship and not as tenants in common.

Revocable Trust or Pay-On-Death Account - If two or more of you create this type of account, you own the account jointly with survivorship. Beneficiaries of either of these account types cannot withdraw unless: (1) all persons creating the account die, and (2) the beneficiary is then living. If two or more beneficiaries are named and survive the death of the owner(s) of the account, such beneficiaries will own this account in equal shares, without right of survivorship. The person(s) creating either a Pay-On-Death or Revocable Trust account reserves the right to: (1) change beneficiaries, (2) change account types, and (3) withdraw all or part of the account funds at any time.

BUSINESS ACCOUNTS - Earnings in the form of interest, dividends, or credits will be paid only on collected funds, unless otherwise provided by law or our policy. We may require the governing body of the legal entity opening the account to give us a separate authorization telling us who is authorized to act on its behalf. We will honor the authorization until we actually receive written notice of a change from the governing body of the legal entity.

STOP PAYMENTS - Unless otherwise provided, the rules in this section cover stopping payment of items such as checks and drafts. Rules for stopping payment of other types of transfers of funds, such as consumer electronic fund transfers, may be established by law or our policy. If we have not disclosed these rules to you elsewhere, you may ask us about those rules.

We may accept an order to stop payment on any item from any one of you. You must make any stop-payment order in the manner required by law and we must receive it in time to give us a reasonable opportunity to act on it before our stop-payment cutoff time. Because stop-payment orders are handled by computers, to be effective, your stop-payment order must precisely identify the number, date, and amount of the item, and the payee.

You may stop payment on any item drawn on your account whether you sign the item or not, if you have an equal or greater right to withdraw from this account than the person who signed the item. Generally, if your stop-payment order is given to us in writing it is effective for six months. Your order will lapse after that time if you do not renew the order in writing before the end of the six-month period. If the original stop-payment order was verbal your stop-payment order will lapse after 14 calendar days if you do not confirm your order in writing within that time period. We are not obligated to notify you when a stop-payment order expires. A release of the stop-payment request may be made only by the person who initiated the stop-payment order.

If you stop payment on an item and we incur any damages or expenses because of the stop payment, you agree to indemnify us for those damages or expenses, including attorneys' fees. You assign to us all rights against the payee or any other holder of the item. You agree to cooperate with us in any legal actions that we may take against such persons. You should be aware that anyone holding the item may be entitled to enforce payment against you despite the stop-payment order.

Our stop-payment cutoff time is one hour after the opening of the next banking day after the banking day on which we receive the item. Additional limitations on our obligation to stop payment are provided by law (e.g., we paid the item in cash or we certified the item).

TRANSFER LIMITATIONS - For savings and money market accounts you may make up to six transfers or withdrawals by means of a preauthorized, automatic, or telephonic transfer to another account of yours or to a third party during any calendar month (or statement cycle of at least four weeks). Of these six, you may make no more than three transfers to a third party by check, debit card, or similar order. A preauthorized transfer includes any arrangement with us to pay a third party from your account at (i) a predetermined time; (ii) on a fixed schedule or (iii) upon oral or written orders including orders received through the automated clearing house (ACH). If the transfer or withdrawal is initiated in person, by mail, or at an ATM then there is no limit on the number of payments that may be made directly to you, directly to us for amounts you owe us, or transfers to other accounts you have with us. Withdrawals by phone are also unlimited if you are requesting that a check be mailed to you.

AMENDMENTS AND TERMINATION - We may change any term of this agreement.

Rules governing changes in interest rates are provided separately in the Truth-in-Savings disclosure or in another document. For other changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Items presented for payment after the account is closed may be dishonored. When you close your account, you are responsible for leaving enough money in the account to cover any outstanding items to be paid from the account. Reasonable notice depends on the circumstances, and in some cases such as when we cannot verify your identity or we suspect fraud, it might be reasonable for us to give you notice after the change or account closure becomes effective. For instance, if we suspect fraudulent activity with respect to your account, we might immediately freeze or close your account and then give you notice. You agree to keep us informed of your current address at all times. Notice from us to any one of you is notice to all of you. If we have notified you of a change in any term of your account and you continue to have your account after the effective date of the change, you have agreed to the new term(s).

STATEMENTS - Statements are a valuable tool to help prevent fraudulent or mistaken transfers. Your statement will show the transactions that occurred in connection with your account during the statement period. Your statement will provide sufficient information for you to reasonably identify the items paid (item number, amount, and date of payment). You should keep a record of each transaction as it is made so that when we give you the information in the statement, you will have a complete understanding of each transaction listed.

You have some responsibilities in connection with your statement. You must examine your statement with "reasonable promptness." Also, if you discover (or reasonably should have discovered) any unauthorized signatures or alterations, you must promptly notify us of the relevant facts. As between you and us, if you fail to do either of these duties, you must bear the loss entirely yourself or share the loss with us (we may have to share some of the loss if we failed to use ordinary care and if we substantially contributed to the loss). The loss you might bear, in whole or part, could be not only with respect to items listed on the statement, but also other items with unauthorized signatures or alterations by the same wrongdoer. Of course, an attempt can be made to recover the loss from the thief, but this is often unsuccessful.

You agree that the time you have to examine your statement and report to us will depend on the circumstances, but you will not, in any circumstance, have a total of more than 30 days from when we first send or make the statement available to you.

You further agree that if you fail to report any unauthorized signatures, alterations, or any other errors in your account within 60 days of when we first send or make the statement available, you cannot assert a claim against us on any items in that statement, and as between you and us the loss will be entirely yours. This 60-day limitation is without regard to whether we exercised ordinary care. The limitation in this paragraph is in addition to those contained in the second paragraph of this section.

Contact us if you do not receive your regular statement. If this is a business account, you agree that you will have at least two people review your statements, notices, and returned checks, or in the alternative, the person who reviews these will be someone who does not have authority to transact business on the account.

ACCOUNT TRANSFER - If you attempt to transfer or assign all or a part of your account, we will not be bound by the transfer or assignment until we agree in writing to the transfer or assignment. We are not required to accept or recognize any transfer or assignment. Unless we agree otherwise in writing, any rights of a transferee or assignee will be subject to our right of setoff or prior security interest. We have no obligation to notify you or any other person before disbursing any funds from your account in accordance with what we in good faith believe to be the terms of the transfer or assignment.

DIRECT DEPOSITS - If, in connection with a direct deposit plan, we deposit any amount in an account which should have been returned to the Federal Government for any reason, you authorize us to deduct the amount of our liability to the Federal Government from the account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

TEMPORARY ACCOUNT AGREEMENT - If this option is selected, this is a temporary account agreement. Each person who signs in the space designated for signatures on the signature card (except as indicated to the contrary) may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

SETOFF - We may (without prior notice and when permitted by law) set off the funds in this account against any due and payable debt you owe us now or in the future, by any of you having the right of withdrawal, to the extent of such persons' or legal entity's right to withdraw. If the debt arises from a note, "any due and payable debt" includes the total amount of which we are entitled to demand payment under the terms of the note at the time we set off, including any balance the due date for which we properly accelerate under the note.

This right of setoff does not apply to this account if: (a) it is an IRA or other tax-deferred retirement account, or (b) the debt is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest), or (c) the debtor's right of withdrawal only arises in a representative capacity. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of setoff.

RESTRICTIVE LEGENDS - The automated processing of the large volume of checks we receive prevents us from inspecting or looking for special instructions or "restrictive legends" on every check. Examples of restrictive legends placed on checks are "must be presented within 90 days", "not valid for more than \$1,000.00", or "two signatures required." For this reason, we are not required to honor any restrictive legend placed on checks you write unless we have agreed in writing to the restriction. We are not responsible for any losses, claims, damages, or expenses that result from your placement of these or other special instructions on your checks.

ACH AND WIRE TRANSFERS - This agreement is subject to Article 4A of the Uniform Commercial Code - Fund Transfers as adopted in the state in which you have your account with us. If you originate a fund transfer for which Fedwire is used, and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by automated clearing house association rules. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. If we receive a credit to an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

FACSIMILE SIGNATURES - Unless you make advance arrangements with us, we have no obligation to honor facsimile signatures on your checks or other orders. If we do agree to honor items containing facsimile signatures, you authorize us, at any time, to charge you for all checks, drafts, or other orders, for the payment of money, that are drawn on us. You give us this authority regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen filed with us, and contain the required number of signatures for this purpose. You must notify us at once if you suspect that your facsimile signature is being or has been misused.

PLEDGES - Unless we agree otherwise in writing, each owner of this account may pledge all or any part of the funds in it for any purpose to which we agree. Any pledge of this account must first be satisfied before the rights of any surviving account owner or account beneficiary become effective. For example, if an account has two owners and one of the owners pledges the account (i.e., uses it to secure a debt) and then dies, (1) the surviving owner's rights in this account do not take effect until the debt has been satisfied, and (2) the debt may be satisfied with the funds in this account.

POWER OF ATTORNEY - You may wish to appoint an agent to conduct transactions on your behalf. (We, however, have no duty or agreement whatsoever to monitor or insure that the acts of the agent are for your benefit.) This may be done by allowing your agent to sign in that capacity on the signature card or by separate form, such as a power of attorney. A power of attorney continues until your death or the death of the person given the power. If the power of attorney is not "durable," it is revoked when you become incompetent. We may continue to honor the transactions of the agent until: (a) we have received written notice or have actual knowledge of the termination of the authority or the death of an owner, and (b) we have had a reasonable opportunity to act on that notice or knowledge. You agree not to hold us responsible for any loss or damage you may incur as a result of our following instructions given by an agent acting under a valid power of attorney.

STALE-DATED CHECKS - We are not obligated to, but may at our option, pay a check, other than a certified check, presented for payment more than six months after its date. If you do not want us to pay a stale-dated check, you must place a stop-payment order on the check in the manner we have described elsewhere.

UTMA ACCOUNTS - Under the Uniform Transfers to Minors Act, the funds in the account are owned by the child who has unconditional use of the account when he or she reaches the age of majority. Before that time, the account may be accessed only by the custodian (or successor custodian), and the funds must be used for the benefit of the child. We, however, have no duty or agreement whatsoever to monitor or insure that the acts of the custodian (or successor custodian) are for the child's benefit. For this type of account, the child's SSN/TIN is used for the Backup Withholding Certification.

FIDUCIARY ACCOUNTS - Accounts may be opened by a person acting in a fiduciary capacity. This account may be opened and maintained by a person or persons named as a trustee under a written trust agreement, or as executors, administrators, or conservators under court orders. You understand that by merely opening such an account, we are not acting in the capacity of a trustee in connection with the trust nor do we undertake any obligation to monitor or enforce the terms of the trust or letters.

BACKUP WITHHOLDING/TIN CERTIFICATION - Federal tax law requires us to report interest payments we make to you of \$10 or more in a year, and to include your taxpayer identification number (TIN) on the report. Interest includes dividends, interest and bonus payments for purposes of this rule. Therefore, we require you to provide us with your TIN and to certify that it is correct. The TIN is either a social security number (SSN) or an employer identification number (EIN). For most

organization or business accounts other than sole proprietorships, the appropriate TIN is the EIN of the organization or business entity. For sole proprietorships, either the SSN or the EIN is appropriate. However, we must supply the IRS with both the individual owner's name and the business name of the sole proprietorship. The appropriate TINs for various other types of accounts are:

Account type - TIN

Individual - SSN of the individual.

Joint Account - SSN of the owner named first on the account.

Uniform Gift/Transfer to Minor - SSN of the minor.

Informal (Revocable) Trust - SSN of the owner.

In some circumstances, federal law requires us to withhold and pay to the IRS a percentage of the interest that is earned on funds in your accounts. This is known as backup withholding. We will not have to withhold interest payments when you open your account if you certify your TIN and certify that you are not subject to backup withholding due to underreporting of interest. We may subsequently be required to begin backup withholding if the IRS informs us that you supplied an incorrect TIN or that you underreported your interest income. If you do not have a TIN, we may defer backup withholding if you certify that you do not have a TIN but have applied for one. However, we must begin backup withholding if you do not supply us with a certified TIN within 60 days. If you do not have a TIN because you are a foreign person (either an individual who is a nonresident alien or a foreign organization) you must certify your foreign status. If you are an exempt payee (receiver of interest payments), you do not need to certify your TIN, but you will have to certify your exempt status and supply us with your TIN. The most common exempt payees are corporations, organizations exempt from tax under Section 501(a), and an individual retirement plan or a custodial account under Section 403(b)(7). If you do not supply us with the appropriate TIN, we may refuse to open your account.

LOST, DESTROYED, OR STOLEN CERTIFIED, CASHIER'S, OR TELLER'S CHECKS

- Under some circumstances you may be able to assert a claim for the amount of a lost, destroyed, or stolen certified, cashier's or teller's check. To assert the claim: (a) you must be the remitter (or drawer of a certified check) or payee of the check, (b) we must receive notice from you describing the check with reasonable certainty and asking for payment of the amount of the check, (c) we must receive the notice in time for us to have a reasonable opportunity to act on it, and (d) you must give us a declaration (in a form we require) of your loss with respect to the check. You can ask us for a declaration form. Even if all of these conditions are met, your claim may not be immediately enforceable. We may pay the check until the ninetieth day after the date of the check (or date of acceptance of a certified check). Therefore, your claim is not enforceable until the ninetieth day after the date of the check or date of acceptance, and the conditions listed above have been met. If we have not already paid the check, on the day your claim is enforceable we become obligated to pay you the amount of the check. We will pay you in cash or issue another certified check.

At our option, we may pay you the amount of the check before your claim becomes enforceable. However, we will require you to agree to indemnify us for any losses we might suffer. This means that if the check is presented after we pay your claim, and we pay the check, you are responsible to cover our losses. We may require you to provide a surety bond to assure that you can pay us if we suffer a loss.

SECURITY - It is your responsibility to protect the account numbers and electronic access devices (e.g., an ATM card) we provide you for your account(s). Do not discuss, compare, or share information about your account number(s) with anyone unless you are willing to give them full use of your money. An account number can be used by thieves to encode your number on a false demand draft which looks like and functions like an authorized check. If you furnish your access device and grant actual authority to make transfers to another person (a family member or coworker, for example) who then exceeds that authority, you are liable for the transfers unless you have been notified that transfers by that person are no longer authorized.

Your account number can also be used to electronically remove money from your account. If you provide your account number in response to a telephone solicitation for the purpose of making a transfer (to purchase a service or merchandise, for example), payment can be made from your account even though you did not contact us directly and order the payment.

You must also take precaution in safeguarding your blank checks. Notify us at once if you believe your checks have been lost or stolen. As between you and us, if you are negligent in safeguarding your checks, you must bear the loss entirely yourself or share the loss with us (we may have to share some of the loss if we failed to use ordinary care and if we substantially contributed to the loss).

ADDRESS OR NAME CHANGES - You are responsible for notifying us of any change in your address or your name. Unless we agree otherwise, change of address or name must be made in writing by at least one of the account holders. Informing us of your address or name change on a check reorder form is not sufficient. We will attempt to communicate with you only by use of the most recent address you have provided to us. If provided elsewhere, we may impose a service fee if we attempt to locate you.

INTEREST BEARING CHECKING NOW ACCOUNT ORGANIZATION - We have organized your Interest Bearing Checking NOW account in a nontraditional way. Your Interest Bearing Checking NOW account consists of two subaccounts. One of these is a transaction subaccount (e.g., a checking subaccount). You will transact business on this subaccount. The other is a nontransaction subaccount (e.g., a savings subaccount). You cannot directly access the nontransaction subaccount, but you agree that we may automatically, and without a specific request from you, initiate individual transfers of funds between subaccounts from time to time at no cost to you.

This account organization will not change the amount of federal deposit insurance available to you, your available balance, the information on your periodic statements, or the interest calculation, if this is an interest-bearing account. You will not see any difference between the way your Interest Bearing Checking NOW account operates and the way a traditionally organized Interest Bearing Checking NOW account operates, but this organization makes us more efficient and helps to keep costs down.

ELECTRONIC FUND TRANSFERS YOUR RIGHTS AND RESPONSIBILITIES

Indicated below are types of Electronic Fund Transfers we are capable of handling, some of which may not apply to your account. Please read this disclosure carefully because it tells you your rights and obligations for the transactions listed. You should keep this notice for future reference.

Electronic Fund Transfers Initiated By Third Parties. You may authorize a third party to initiate electronic fund transfers between your account and the third party's account. These transfers to make or receive payment may be one-time occurrences or may recur as directed by you. These transfers may use the Automated Clearing House (ACH) or other payments network. Your authorization to the third party to make these transfers can occur in a number of ways. For example, your authorization to convert a check to an electronic fund transfer or to electronically pay a returned check charge can occur when a merchant provides you with notice and you go forward with the transaction (typically, at the point of purchase, a merchant will post a sign and print the notice on a receipt). In all cases, these third party transfers will require you to provide the third party with your account number and bank information. This information can be found on your check as well as on a deposit or withdrawal slip. Thus, you should only provide your bank and account information (whether over the phone, the Internet, or via some other method) to trusted third parties whom you have authorized to initiate these electronic fund transfers. Examples of these transfers include, but are not limited to:

- **Preauthorized credits.** You may make arrangements for certain direct deposits to be accepted into your checking or savings account(s).
- **Preauthorized payments.** You may make arrangements to pay certain recurring bills from your checking or savings account(s).
- **Electronic check conversion.** You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to pay for purchases or pay bills.
- **Electronic returned check charge.** You may authorize a merchant or other payee to initiate an electronic funds transfer to collect a charge in the event a check is returned for insufficient funds.

TeleBank Telephone Transfers - types of transfers - You may access your account by telephone 24 hours a day at (866) 721-2455 using your personal identification number, a touch tone phone, and your account numbers, to:

- transfer funds between checking and savings
- make payments from checking or savings to loan accounts with us
- get information about:
 - the account balance of checking or savings accounts
 - the last ten deposits to checking or savings accounts
 - the last ten withdrawals from checking or savings accounts

ATM Transfers - types of transfers and frequency and dollar limitations - You may access your account(s) by ATM using your ATM card and personal identification number or Visa® Debit Card and personal identification number, to:

- make deposits to checking or savings account(s)
- get cash withdrawals from checking or savings account(s) with an ATM card
 - you may make no more than four withdrawals per day
 - you may withdraw no more than \$500.00 per day
- transfer funds from savings to checking account(s)
- transfer funds from checking to savings account(s)
- get information about:
 - the account balance of your checking or savings accounts

Some of these services may not be available at all terminals.

Types of ATM Card Point-of-Sale Transactions - You may access your checking account(s) to purchase goods (in person), pay for services (in person), and get cash from a merchant, if the merchant permits, or from a participating financial institution.

Point-of-Sale Transactions - frequency and dollar limitations - Using your ATM card:

- you may make no more than four transactions per day
- you may not exceed \$500.00 in transactions per day

Types of Visa® Debit Card Point-of-Sale Transactions - You may access your checking account(s) to purchase goods (in person or by phone), pay for services (in person or by phone), get cash from a merchant, if the merchant permits, or from a participating financial institution, and do anything that a participating merchant will accept.

Point-of-Sale Transactions - frequency and dollar limitations - Using your Visa® Debit Card:

- you may make no more than four transactions per day (when PIN is used)
- you may not exceed \$500.00 in transactions per day (when PIN is used) or \$1,000.00 per day (without PIN)

Currency Conversion and International Transactions. When you use your Visa® Debit Card at a merchant that settles in currency other than US dollars, the charge will be converted into the US dollar amount. The currency conversion rate used to determine the transaction amount in US dollars is either a rate selected by Visa from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate Visa itself receives, or the government-mandated rate in effect for the applicable central processing date. The conversion rate in effect on the processing date may differ from the rate in effect on the transaction date or posting date.

Visa USA charges us a .8% International Service Assessment on all international transactions, regardless of whether there is a currency conversion. If there is a currency conversion, the International Service Assessment is 1% of the transaction. In either case, we pass this international transaction fee on to you. An international transaction is a transaction where the country of the merchant is outside the USA.

Advisory Against Illegal Use. You agree not to use your card(s) for illegal gambling or other illegal purpose. Display of a payment card logo by, for example, an online merchant does not necessarily mean that transactions are lawful in all jurisdictions in which the cardholder may be located.

Verified by VISA. When using your Visa® Debit Card to purchase goods or services over the Internet, you may come across merchants that use the Verified by VISA program. Verified by VISA is a system designed to reduce disputes and fraudulent activity by ensuring that the person using your Visa® Debit Card to purchase goods and service online is in fact you. The objective of the program is to improve the security of Internet transactions as well as cardholder and merchant confidence in Internet purchases.

We participate in the Verified by VISA program and are proud to offer you this service. Prior to using the Verified by VISA program you must register for the program. You may sign up for Verified by VISA by going to www.usa.visa.com and following the simple online instructions.

Please see your cardholder agreement for additional information relating to the use of your Visa® Debit Card.

On-Line Banking Computer Transfers - types of transfers - You may access your account(s) by computer through the internet by logging onto our website at www.nscbank.com and using your user ID and password, to:

- transfer funds between checking and savings
- make payments from checking or savings to loan account(s) with us
- make payments from checking to third parties using the Bill Payment service
 - refer to our separate fee schedule for applicable charges
- get information about:
 - the account balance of checking or savings account(s)
 - deposits to checking or savings accounts
 - withdrawals from checking or savings accounts

FEES

- We do not charge for direct deposits to any type of account.
- We do not charge for preauthorized payments from any type of account.

Except as indicated elsewhere, we do not charge for these electronic fund transfers.

ATM Operator/Network Fees. When you use an ATM not owned by us, you may be charged a fee by the ATM operator or any network used (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer).

DOCUMENTATION

- **Terminal transfers.** You can get a receipt at the time you make a transfer to or from your account using an automated teller machine or point-of-sale terminal. However, you may not get a receipt if the amount of the transfer is \$15 or less.
- **Preauthorized credits.** If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call us at (866) 721-2455 to find out whether or not the deposit has been made.

- **Periodic statements.**

You will get a monthly account statement from us for your checking accounts.

You will get a monthly account statement from us for your statement savings accounts, unless there are no transfers in a particular month. In any case, you will get a statement at least quarterly.

For passbook accounts, we do not send periodic statements. You may bring your passbook to us and we will record any deposits or withdrawals that were made since the last time you brought in your passbook.

PREAUTHORIZED PAYMENTS

- **Right to stop payment and procedure for doing so.** If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here is how:

Call or write us at the telephone number or address listed in this brochure in time for us to receive your request 3 business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call.

Please refer to our separate fee schedule for the amount we will charge you for each stop payment order you give.

- **Notice of varying amounts.** If these regular payments may vary in amount, the person you are going to pay will tell you, 10 days before each payment, when it will be made and how much it will be. (You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.)
- **Liability for failure to stop payment of preauthorized transfer.** If you order us to stop one of these payments 3 business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

FINANCIAL INSTITUTION'S LIABILITY

Liability for failure to make transfers. If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

- (1) If, through no fault of ours, you do not have enough money in your account to make the transfer.
- (2) If you have an overdraft line and the transfer would go over the credit limit.
- (3) If the automated teller machine where you are making the transfer does not have enough cash.
- (4) If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- (5) If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- (6) There may be other exceptions stated in our agreement with you.

CONFIDENTIALITY

We will disclose information to third parties about your account or the transfers you make:

- (1) where it is necessary for completing transfers; or
- (2) in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant; or
- (3) in order to comply with government agency or court orders; or
- (4) if you give us written permission.

UNAUTHORIZED TRANSFERS

(a) Consumer liability.

• **Generally.** Tell us AT ONCE if you believe your card and/or PIN has been lost or stolen, or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us within 2 business days after you learn of the loss or theft of your card and/or PIN, you can lose no more than \$50 if someone used your card and/or code without your permission.

If you do NOT tell us within 2 business days after you learn of the loss or theft of your card and/or PIN, and we can prove we could have stopped someone from using your card and/or PIN without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transfers that you did not make, including those made by card, PIN or other means, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods.

• **Additional Limit on Liability for Visa® Debit Card.** Unless you have been grossly negligent or have engaged in fraud, you will not be liable for any unauthorized transactions using your lost or stolen Visa® Debit Card. This additional limit on liability does not apply to ATM transactions or to transactions using your Personal Identification Number which are not processed by VISA®.

(b) Contact in event of unauthorized transfer. If you believe your card and/or PIN has been lost or stolen, call or write us at the telephone number or address listed in this brochure. You should also call the number or write to the address listed in this brochure if you believe a transfer has been made using the information from your check without your permission.

ERROR RESOLUTION NOTICE

In Case of Errors or Questions About Your Electronic Transfers, Call or Write us at the telephone number or address listed in this brochure, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

- (1) Tell us your name and account number (if any).
- (2) Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- (3) Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days (5 business days for Visa® Debit Card point-of-sale transactions and 20 business days

if the transfer involved a new account) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days (90 days if the transfer involved a new account, a point-of-sale transaction, or a foreign-initiated transfer) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (5 business days for Visa® Debit Card point-of-sale transactions and 20 business days if the transfer involved a new account) for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account. Your account is considered a new account for the first 30 days after the first deposit is made, unless each of you already has an established account with us before this account is opened.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

NORTH SHORE COMMUNITY BANK & TRUST COMPANY
 1145 WILMETTE AVE.
 WILMETTE, ILLINOIS 60091
 Business Days: Monday through Friday
 Excluding Federal Holidays
 Phone: (847) 853-1145
 MORE DETAILED INFORMATION IS AVAILABLE
 ON REQUEST

YOUR ABILITY TO WITHDRAW FUNDS

This policy statement applies to "transaction" accounts. Transaction accounts, in general, are accounts which permit an unlimited number of payments to third persons and an unlimited number of telephone and preauthorized transfers to other accounts of yours with us. Checking accounts are the most common transaction accounts. Feel free to ask us whether any of your other accounts might also be under this policy.

Our policy is to delay the availability of funds from your cash and check deposits. During the delay, you may not withdraw the funds in cash and we will not use the funds to pay checks that you have written.

Please remember that even after we have made funds available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

DETERMINING THE AVAILABILITY OF A DEPOSIT

The length of the delay is counted in business days from the day of your deposit. Every day is a business day except Saturdays, Sundays, and federal holidays. If you make a deposit before 3:00 P.M. (2:00 P.M. at an ATM) on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 3:00 P.M. (2:00 P.M. at an ATM) or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

The length of the delay varies depending on the type of deposit and is explained below.

Same-Day Availability

Funds from electronic direct deposits to your account, cash deposited and wire transfers will be available on the day we receive the deposit.

Next-Day Availability

Funds from the following deposits are available on the first business day after the day of your deposit:

U.S. Treasury checks that are payable to you.

Checks drawn on North Shore Community Bank & Trust Company.

If you make the deposit in person to one of our employees, funds from the following deposits are also available on the first business day after the day of your deposit:

State and local government checks that are payable to you if you use a special deposit slip available from our tellers.

Cashier's, certified, and teller's checks that are payable to you if you use a special deposit slip available from our tellers.

Federal Reserve Bank checks, Federal Home Loan Bank checks, and postal money orders, if these items are payable to you.

If you do not make your deposit in person to one of our employees (for example, if you mail the deposit), funds from these deposits will be available on the next business day after the day we receive your deposit.

Other Check Deposits

The delay for other check deposits depends on whether the check is a local or a nonlocal check. To see whether a check is a local or a nonlocal check, look at the routing number on the check:

Personal Check		Business Check	
Pay to the order of _____ \$ _____ dollars		Name of Company Address, City, State _____ 20 _____	
Bank Name and Location _____ 123456789 000000000 000		Pay to the order of _____ \$ _____ dollars	
Routing Number		Bank Name and Location _____ 000000000 123456789 000000000 000	
		Routing Number	

If the first four digits of the routing number (1234 in the examples above) are 0710, 2710, 0711, 2711, 0712, 2712, 0719, 2719, 0750, 2750, 0759, or 2759, then the check is a local check. Otherwise, the check is a nonlocal check. Some checks are marked "payable through" and have a four- or nine-digit number nearby. For these checks, use the four-digit number (or the first four digits of the nine-digit number), not the routing number on the bottom of the check, to determine if these checks are local or nonlocal. Our policy is to make funds from local and nonlocal checks available as follows.

1. Local checks. The first \$400 from a deposit of local checks will be available on the first business day after the day of your deposit. The remaining funds will be available on the second business day after the day of your deposit.

For example, if you deposit a local check of \$700 on a Monday, \$400 of the deposit is available on Tuesday. The remaining \$300 is available on Wednesday.

2. Nonlocal checks. The first \$400 from a deposit of nonlocal checks will be available on the first business day after the day of your deposit. The remaining funds will be available on the third business day after the day of your deposit.

For example, if you deposit a \$700 nonlocal check on a Monday, \$400 of the deposit is available on Tuesday. The remaining \$300 is available on Thursday.

3. Local and nonlocal checks. If you deposit both categories of checks, \$400 from the checks will be available on the first business day after the day of your deposit, not \$400 from each category of check.

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

If we accept for deposit a check that is drawn on another bank, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

LONGER DELAYS MAY APPLY

Case-by-case delays. In some cases, we will not make all of the funds that you deposit by check available to you according to the preceding schedule. Depending on the type of check that you deposit, funds may not be available until the fifth business day after the day of your deposit. The first \$100 of your deposits, however, may be available on the first business day.

If we are not going to make all of the funds from your deposit available according to the preceding schedule, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit.

If you will need the funds from a deposit right away, you should ask us when the funds will be available.

Safeguard exceptions. In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

We believe a check you deposit will not be paid.

You deposit checks totaling more than \$5,000 on any one day.

You redeposit a check that has been returned unpaid.

You have overdrawn your account repeatedly in the last six months.

There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh (7) business day after the day of your deposit for local checks and no later than the ninth (9) business day after the day of your deposit for nonlocal checks.

SPECIAL RULES FOR NEW ACCOUNTS

If you are a new customer, the following special rules may apply during the first 30 days your account is open.

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the

checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second business day after the day of your deposit.

Funds from all other check deposits will be available on the fourteenth business day after the day of your deposit.

DEPOSITS AT AUTOMATED TELLER MACHINES

Funds from any deposits (cash or checks) made at automated teller machines (ATMs) we own or operate will be available on the second business day after the day of deposit, except that U.S. Treasury checks that are payable to you will be available on the first business day after the day of deposit.

Funds from any deposits (cash or checks) made at automated teller machines (ATMs) we do not own or operate will not be available until the second business day after the day of your deposit.

See separate schedule for ATM locations or visit our website www.nscbank.com.

SUBSTITUTE CHECKS AND YOUR RIGHTS

As our customer we think it's important for you to know about substitute checks. As a result, we want to advise you that you may begin to see differences when you receive your account statement, view your account information online, or request a copy of your original check for proof of payment. The following Substitute Check Disclosure provides information about substitute checks and your rights. So you will recognize a substitute check when you begin to receive them, we have included a copy of the front side of a substitute check along with an explanation of the substitute check's components.

What is a substitute check?

To make check processing faster, federal law permits banks to replace original checks with "substitute checks." These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

What are my rights regarding substitute checks?

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

How do I make a claim for a refund?

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us at:

North Shore Community Bank
1145 Wilmette Avenue
Wilmette, IL 60091

You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include —

- A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check or the following information to help us identify the substitute check: the check number, the amount of the check, the date of the check, and the name of the person to whom you wrote the check.

SUBSTITUTE CHECK IMAGE

③ *051000033*
10/28/2004
3112003355102116

This is a LEGAL COPY of
your check. You can use it
the same way you would
use the original check.

④ [121000374] 10/28/2004
0025671467874451

① Pat Payor
101 Your Street
Your City, USA 10101

68-4567123
4321

DATE Oct 28, 2004

PAY TO THE ORDER OF ABC Company \$ 147.50

One hundred forty-seven and 50/100 DOLLARS

Your Financial Institution
Your City, USA 10101

Memo School supplies Pat Payor MP

② ⑤

⑥ ①0123456789 0123456789 4321 ①0000014750①
①0123456789 0123456789 4321 ①0000014750①

These numbers correspond with the numbers on the Substitute Check Image:

- 1 An image of the original check appears in the upper right-hand corner of the substitute check.
- 2 A substitute check is the same size as a standard business check.
- 3 The information in asterisks relates to the "reconverting bank"—the financial institution that created the substitute check.
- 4 The information in brackets (appears sideways facing check image) relates to the "truncating bank"—the financial institution that took the original check out of the check processing system.
- 5 The Legal Legend states: *This is a LEGAL COPY of your check. You can use it the same way you would use the original check.*
- 6 The MICR lines at the bottom of the image of the original and at the bottom of the substitute check are the same except for the "4" at the beginning of the MICR line on the substitute check, which indicates that it is a substitute check being moved forward for collection purposes. It is also possible for the MICR line on the substitute check to begin with a "5" if the item is being returned. The rest of the MICR line is the same as the original check to ensure that it is processed as though it were the original.

TRUTH-IN-SAVINGS DISCLOSURE

NORTH SHORE CHECKING ACCOUNT

Minimum balance to open the account - You may open this account with any initial deposit.

Minimum balance to avoid imposition of fees - A maintenance fee will be imposed every statement cycle unless you maintain either a minimum daily balance of \$400.00 or a minimum average daily balance of \$800.00 for the monthly statement cycle. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

See separate fee schedule.

ECONOMY CHECKING ACCOUNT

Minimum balance to open the account - You may open this account with any initial deposit.

Fees:

A monthly service charge fee will be charged each statement cycle.

A per item fee will be charged for each debit transaction (withdrawal, check paid, automatic transfer or payment out of this account) in excess of ten during a statement cycle.

See separate fee schedule.

SENIOR CITIZEN CHECKING ACCOUNT

(For customers age 59 and older)

No monthly service charge or per check charge.

Minimum balance to open the account - You may open this account with any initial deposit.

COLLEGE CHECKING ACCOUNT

No minimum balances apply to this account.

The account is service charge free as long as the student's parents maintain one or more accounts with North Shore Community Bank & Trust Company.

Minimum balance to open the account - You may open this account with any initial deposit.

NOW CHECKING ACCOUNT

Rate Information - Your interest rate and annual percentage yield may change.

Frequency of rate changes - We may change the interest rate on your account at any time.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency - Interest will be compounded every month. Interest will be credited to your account every month.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest.

Minimum balance to open the account - You must deposit \$100.00 to open this account.

Daily balance computation method - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on noncash deposits - Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

Fees:

There is a fee if account is closed within 6 months of opening. Please see separate Special Service Fees Schedule.

TREASURY INDEX ACCOUNT

Rate Information - Your interest rate and annual percentage yield may change.

Frequency of rate changes - We may change the interest rate on your account every week.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency - Interest will be compounded every month. Interest will be credited to your account every month.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest.

Minimum balance to open the account - You must deposit \$5,000.00 to open this account.

Minimum balance to avoid imposition of fees - A maintenance fee of \$20.00 will be imposed every statement cycle if the balance in the account falls below \$5,000.00 any day of the cycle.

Daily balance computation method - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on noncash deposits - Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

Transaction limitations:

Check writing is not permitted. There are no limits to the number of free transactions allowed. Transactions can be made in person, online and at nscbank.com. No ATM access.

Fees:

There is a fee if account is closed within 6 months of opening. Please see separate Special Service Fees Schedule.

SINGLE SOLUTION CHECKING ACCOUNT

Rate Information - Your interest rate and annual percentage yield may change.
Frequency of rate changes - We may change the interest rate on your account at any time.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency - Interest will be compounded every month. Interest will be credited to your account every month.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest.

Minimum balance to avoid imposition of fees - A maintenance fee will be imposed every monthly statement cycle if the balance in the account falls below \$400.00 any day of the cycle.
See separate fee schedule.

Daily balance computation method - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on noncash deposits - Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

PLATINUM PREFERRED CHECKING ACCOUNT

(For customers age 50 and older)

Rate Information - Your interest rate and annual percentage yield may change.
Frequency of rate changes - We may change the interest rate on your account at any time.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency - Interest will be compounded every month. Interest will be credited to your account every month.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest.

Minimum balance to open the account - You may open this account with any initial deposit.

Daily balance computation method - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on noncash deposits - Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

HEALTH SAVINGS ACCOUNT

Rate Information - Your interest rate and annual percentage yield may change.
Frequency of rate changes - We may change the interest rate on your account at any time.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency - Interest will be compounded every month. Interest will be credited to your account every month.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest. The funds in the account remain yours and will be distributed to you in the same manner that we release funds from any other account being closed.

Minimum balance to open the account - You may open this account with any initial deposit.

Daily balance computation method - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on noncash deposits - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

Transaction limitations:

No ATM withdrawals will be allowed with this account.
Account balance inquiries can be made at an ATM.
Split tender transaction limitations: Some merchants may not accept split tender transactions (i.e. paying part of the purchase with the debit card, and the balance with another form of payment.)

Fees:

There is a fee if account is closed within 6 months of opening. Please see separate Special Service Fees Schedule.

STATEMENT SAVINGS ACCOUNT

Rate Information - Your interest rate and annual percentage yield may change.
Frequency of rate changes - We may change the interest rate on your account at any time.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency - Interest will be compounded every quarter. Interest will be credited to your account every quarter.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest.

Minimum balance to avoid imposition of fees - A maintenance fee will be imposed every quarter if the balance in the account falls below \$200.00 any day of the quarter.

See separate fee schedule.

Average daily balance computation method - We use the average daily balance method to calculate the interest on your account. This method applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. The period we use is the calendar quarter.

Accrual of interest on noncash deposits - Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

Transaction limitations:

Transfers from a Statement Savings account to another account or to third parties by preauthorized, automatic, telephone, or computer transfer are limited to six per month with no transfers by check, draft, debit card, or similar order to third parties. An excessive transaction fee of \$10.00 will be charged for each transaction in excess of the above mentioned limitations.

Fees:

There is a fee if account is closed within 6 months of opening. Please see separate Special Service Fees Schedule.

PASSBOOK SAVINGS ACCOUNT

Rate Information - Your interest rate and annual percentage yield may change.
Frequency of rate changes - We may change the interest rate on your account at any time.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency - Interest will be compounded every quarter. Interest will be credited to your account every quarter.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest.

Minimum balance to avoid imposition of fees - A maintenance fee will be imposed every quarter if the balance in the account falls below \$200.00 any day of the quarter.

See separate fee schedule.

Average daily balance computation method - We use the average daily balance method to calculate the interest on your account. This method applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. The period we use is the calendar quarter.

Accrual of interest on noncash deposits - Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

Transaction limitations:

You may not make any transfers from this account to another account of yours or to third parties by preauthorized, automatic, or telephone transfer or similar order to third parties.

Fees:

There is a fee if account is closed within 6 months of opening. Please see separate Special Service Fees Schedule.

JUNIOR SAVERS CLUB ACCOUNT

(For customers 18 years of age and younger)

Rate Information - Your interest rate and annual percentage yield may change.
Frequency of rate changes - We may change the interest rate on your account at any time.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency - Interest will be compounded every quarter. Interest will be credited to your account every quarter.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest.

Average daily balance computation method - We use the average daily balance method to calculate the interest on your account. This method applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. The period we use is the calendar quarter.

Accrual of interest on noncash deposits - Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

Transaction limitations:

You may not make any transfers from this account to another account of yours or to third parties by preauthorized, automatic, or telephone transfer or similar order to third parties.

MONEY MARKET ACCOUNT

Rate Information - Your interest rate and annual percentage yield may change.

Frequency of rate changes - We may change the interest rate on your account at any time.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency - Interest will be compounded every month. Interest will be credited to your account every month.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest.

Minimum balance to open the account - You may open this account with any initial deposit.

Minimum balance to avoid imposition of fees - A maintenance fee will be imposed every statement cycle unless you maintain either a minimum daily balance of \$1,000.00 or a minimum average daily balance of \$2,500.00 for the monthly statement cycle. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. See separate fee schedule.

Daily balance computation method - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on noncash deposits - Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

Transaction limitations:

Transfers from a Money Market account to another account or to third parties by preauthorized, automatic, telephone, or computer transfer are limited to six per month with no more than three by check, draft, or similar order to third parties. An excessive transaction fee of \$10.00 will be charged for each transaction in excess of the above mentioned limitations.

MARKET SAVINGS ACCOUNT

Rate Information - Your interest rate and annual percentage yield may change.

Frequency of rate changes - We may change the interest rate on your account at any time.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency - Interest will be compounded every month. Interest will be credited to your account every month.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest.

Minimum balance to open the account - You must deposit \$5,000.00 to open this account.

Minimum balance to avoid imposition of fees - A maintenance fee of \$10.00 will be imposed every statement cycle unless you maintain either a minimum daily balance of \$1,000.00 or a minimum average daily balance of \$2,500.00 for the monthly statement cycle. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

Daily balance computation method - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on noncash deposits - Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

Transaction limitations:

Transfers from a Market Savings account to another account or to third parties by preauthorized, automatic, telephone, or computer transfer are limited to six per month with no more than three by check, draft, or similar order to third parties. An excessive transaction fee of \$10.00 will be charged for each transaction in excess of the above mentioned limitations.

CERTIFICATE OF DEPOSIT

Rate Information - You will be paid the disclosed rates until first maturity.

Compounding frequency - Interest will be compounded every month.

Crediting frequency - Interest will be credited to your account every month.

Minimum balance to open the account - You must deposit \$5,000.00 to open the account.

Daily balance computation method - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on noncash deposits - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

Transaction limitations:

You may not make any deposits into your account before maturity.

You may make withdrawals of principal from your account before maturity only if we agree at the time you request the withdrawal. Principal withdrawn before maturity is included in the amount subject to early withdrawal penalty.

You can only withdraw interest credited in the term before maturity of that term without penalty. You can withdraw interest any time during the term of crediting after it is credited to your account.

Time requirements - Your account will mature _____.

Early withdrawal penalties (a penalty may be imposed for withdrawals before maturity) -

You may not withdraw any principal from this account before the maturity date without our consent (which we may withhold) and if we permit such a withdrawal, you may have to pay a penalty equal to three months interest on the amount withdrawn for Certificates with a maturity up to and including 12 months and six months interest on Certificates greater than 12 months or, if the Certificate has been open less than three months the amount of interest earned to date on the amount withdrawn.

In certain circumstances such as the death or incompetence of an owner of this account, the law permits, or in some cases requires, the waiver of the early withdrawal penalty. Other exceptions may also apply, for example, if this is part of an IRA or other tax-deferred savings plan. Only IRA distributions can be withdrawn from the certificate, without penalty, upon disability or at age 59 1/2 years. There will be a penalty if the IRA certificate is closed prior to maturity for rollover to another institution.

Withdrawal of interest prior to maturity - The annual percentage yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.

Automatically renewable time account - This account will automatically renew at maturity. You may prevent renewal if you withdraw the funds in the account at maturity (or within the grace period mentioned below, if any) or we receive written notice from you within the grace period mentioned below, if any. We can prevent renewal if we mail notice to you at least 30 calendar days before maturity. If either you or we prevent renewal, interest will not accrue after final maturity.

Each renewal term will be the same as the original term, beginning on the maturity date. The interest rate will be the same we offer on new time deposits on the maturity date which have the same term, minimum balance (if any) and other features as the original time deposit.

You will have ten calendar days after maturity to withdraw the funds without a penalty.

12-MONTH VARIABLE RATE CERTIFICATE OF DEPOSIT

Rate information - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

Determination of rate - At our discretion, we may change the interest rate on your account.

Compounding frequency - Interest will be compounded every month.

Crediting frequency - Interest will be credited to your account every month.

Effect of closing an account - If you close your account before interest is credited, you will not receive the accrued interest.

Minimum balance to open the account - You must deposit \$5,000.00 to open this account.

Minimum balance to obtain the annual percentage yield disclosed - You must maintain a minimum balance of \$5,000.00 in the account each day to obtain the disclosed annual percentage yield.

Daily balance computation method - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on noncash deposits - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

Transaction limitations:

You may make unlimited deposits into your account.

You may make withdrawals of principal from your account before maturity, but the balance cannot fall below \$5,000.00. We reserve the right to require a 14-day written advance notice for any withdrawal of principal.

You can only withdraw interest credited in the term before maturity of that term without penalty. You can withdraw interest any time during the term of crediting after it is credited to your account.

Early withdrawal penalties (a penalty may be imposed for withdrawals before maturity) -

If the account is closed before maturity, a penalty equal to the last three months worth of interest will be imposed.

In certain circumstances such as the death or incompetence of an owner of this account, the law permits, or in some cases requires, the waiver of the early

withdrawal penalty. Other exceptions may also apply, for example, if this is part of an IRA or other tax-deferred savings plan.

For any time deposit which earns an interest rate that may vary from time to time during the term, the interest rate we will use to calculate this early withdrawal penalty will be the interest rate in effect at the time of the withdrawal.

Withdrawal of interest prior to maturity - The annual percentage yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.

Automatically renewable time account - This account will automatically renew at maturity. You may prevent renewal if you withdraw the funds in the account at maturity (or within the grace period mentioned below, if any) or we receive written notice from you within the grace period mentioned below, if any. We can prevent renewal if we mail notice to you at least 30 calendar days before maturity. If either you or we prevent renewal, interest will not accrue after final maturity.

Each renewal term will be the same as the original term, beginning on the maturity date. Interest will be calculated on the same basis as during the original term.

You will have ten calendar days after maturity to withdraw the funds without a penalty.

COMMON FEATURES FOR ALL ACCOUNTS

Please refer to our separate fee and rate schedule for additional information about charges and rates.

The categories of transactions for which an overdraft fee may be imposed are those by any of the following means: check, in-person withdrawal, ATM withdrawal, or other electronic means.

Attorneys Fees and Expenses: If we need to hire an attorney to represent us in any matter relating to your account or for any transaction initiated on your behalf involving stock, government securities, wire transfers, etc., you agree to pay for all attorney's fees and expenses incurred by us.

Check printing(fee depends on style and quantity of check ordered)

Dormant accounts:

North Shore Community Bank reserves the right to assess a dormant account fee on any accounts that are classified as dormant.

An account is considered dormant if for two years no withdrawals or deposits, other than credited interest, have been made to the account.

The dormant account fee is a monthly charge. See the separate fee schedule for the amount of the fee.

**NORTH SHORE
COMMUNITY BANK
& TRUST COMPANY**

Wilmette

1145 Wilmette Avenue, (847) 853-1145
351 Linden Avenue, (847) 853-2090
Drive Thru/Walk up, 720 12th Street

Winnetka

576 Lincoln Avenue, (847) 441-2265

Glencoe

362 Park Avenue, (847) 835-1700
Drive Thru/Walk up, 633 Vernon Avenue

Skokie

7800 Lincoln Avenue, (847) 933-1900

Chicago (Sauganash)

4343 West Peterson, (773) 545-5700

Telebank

(866) 721-2455

www.nscbank.com

Member FDIC

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EXHIBIT “B”

HOME EQUITY LINE OF CREDIT AGREEMENT AND DISCLOSURE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,400,000.00	08-31-2005	08-31-2015	3390007288			RAC	

References in the shaded area are for our use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "*****" has been omitted due to text length limitations.

Borrower: William Gunlicks (SSN: 508-54-4090)
Pamela L. Gunlicks (SSN: 507-62-8157)
630 Willow Road
Winnetka, IL 60093

Lender: NORTH SHORE COMMUNITY BANK & TRUST
7800 Lincoln Avenue
Skokie, IL 60077

CREDIT LIMIT: \$1,400,000.00

DATE OF AGREEMENT: August 31, 2005

Introduction. This Home Equity Line of Credit Agreement and Disclosure ("Agreement") governs your line of credit (the "Credit Line" or the "Credit Line Account") issued through NORTH SHORE COMMUNITY BANK & TRUST. In this Agreement, the words "Borrower," "you," "your," and "Applicant" mean each and every person who signs this Agreement, including all Borrowers named above. The words "we," "us," "our," and "Lender" mean NORTH SHORE COMMUNITY BANK & TRUST. **You agree to the following terms and conditions:**

Promise to Pay. You promise to pay NORTH SHORE COMMUNITY BANK & TRUST, or order, the total of all credit advances and **FINANCE CHARGES**, together with all costs and expenses for which you are responsible under this Agreement or under security agreements which secure your Credit Line. You will pay your Credit Line according to the payment terms set forth below. **If there is more than one Borrower, each is jointly and severally liable on this Agreement. This means we can require any Borrower to pay all amounts due under this Agreement, including credit advances made to any Borrower. Each Borrower authorizes any other Borrower, on his or her signature alone, to cancel the Credit Line, to request and receive credit advances, and to do all other things necessary to carry out the terms of this Agreement. We can release any Borrower from responsibility under this Agreement, and the others will remain responsible.**

Term. The term of your Credit Line will begin as of the date of this Agreement ("Opening Date") and will continue until August 31, 2015 ("Maturity Date"). All indebtedness under this Agreement, if not already paid pursuant to the payment provisions below, will be due and payable upon maturity. The draw period of your Credit Line will begin on a date, after the Opening Date, when the Agreement is accepted by us in the State of Illinois, following the expiration of the right to cancel, the perfection of the Mortgages, the receipt of all required certificates of noncancellation, and the meeting of all of our other conditions and will continue as follows: 120 months from date of credit agreement. You may obtain credit advances during this period ("Draw Period"). You agree that we may renew or extend the period during which you may obtain credit advances or make payments. You further agree that we may renew or extend your Credit Line Account.

Minimum Payment. Your "Regular Payment" will equal the amount of your accrued **FINANCE CHARGES**. You will make 119 of these payments. You will then be required to pay the entire balance owing in a single balloon payment. If you make only the minimum payments, you may not repay any of the principal balance by the end of this payment stream. Your payments will be due monthly. Your "Minimum Payment" will be the Regular Payment, plus any amount due and all other charges. An increase in the **ANNUAL PERCENTAGE RATE** may increase the amount of your Regular Payment. You agree to pay not less than the Minimum Payment on or before the due date indicated on your periodic billing statement.

Balloon Payment. Your Credit Line Account is payable in full upon maturity in a single balloon payment. You must pay the entire outstanding principal, interest and any other charges then due. **Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you the money. If you refinance the balloon, you may have to pay some or all of the closing costs normally associated with a new credit line account, even if you obtain refinancing from us.**

How Your Payments Are Applied. Unless otherwise agreed or required by applicable law, payments and other credits will be applied first to Finance Charges; then to unpaid principal; and then to late charges and other charges.

Receipt of Payments. All payments must be made by a check, automatic account debit, electronic funds transfer, money order, or other instrument in U.S. dollars and must be received by us at the remittance address shown on your periodic billing statement. Payments received at that address prior to 3:00 PM Central Standard Time on any business day will be credited to your Credit Line as of the date received. If we receive payments at other locations, such payments will be credited promptly to your Credit Line, but crediting may be delayed for up to five (5) days after receipt.

Credit Limit. This Agreement covers a revolving line of credit for the principal amount of One Million Four Hundred Thousand & 00/100 Dollars (\$1,400,000.00), which will be your "Credit Limit" under this Agreement. **During the Draw Period we will honor your request for credit advances subject to the section below on Lender's Rights.** You may borrow against the Credit Line, repay any portion of the amount borrowed, and re-borrow up to the amount of the Credit Limit. Your Credit Limit is the maximum amount you may have outstanding at any one time. You agree not to attempt, request, or obtain a credit advance that will make your Credit Line Account balance exceed your Credit Limit. Your Credit Limit will not be increased should you overdraw your Credit Line Account. If you exceed your Credit Limit, you agree to repay immediately the amount by which your Credit Line Account exceeds your Credit Limit, even if we have not yet billed you. Any credit advances in excess of your Credit Limit will not be secured by the Mortgage covering your principal dwelling.

Charges to your Credit Line. We may charge your Credit Line to pay other fees and costs that you are obligated to pay under this Agreement, the Mortgages or any other document related to your Credit Line. In addition, we may charge your Credit Line for funds required for continuing insurance coverage as described in the paragraph titled "Insurance" below or as described in the Mortgages for this transaction. We may also, at our option, charge your Credit Line to pay any costs or expenses to protect or perfect our security interest in your principal dwelling. These costs or expenses include, without limitation, payments to cure defaults under any existing liens on your principal dwelling. If you do not pay your property taxes, we may charge your Credit Line and pay the delinquent taxes. Any amount so charged to your Credit Line will be a credit advance and will decrease the funds available, if any, under the Credit Line. However, we have no obligation to provide any of the credit advances referred to in this paragraph.

Credit Advances. After the Effective Disbursement Date of this Agreement, you may obtain credit advances under your Credit Line as follows:

Credit Line Checks. Writing a preprinted "Home Equity Line Check" that we will supply to you.

Telephone Request. Requesting a credit advance from your Credit Line to be applied to your designated account by telephone. Except for transactions covered by the federal Electronic Fund Transfers Act and unless otherwise agreed in your deposit account agreement, **you acknowledge and you agree that we do not accept responsibility for the authenticity of telephone instructions and that we will not be liable for any loss, expense, or cost arising out of any telephone request, including any fraudulent or unauthorized telephone request, when acting upon such instructions believed to be genuine.**

Requests By Mail. Requesting an advance by mail.

Requests in Person. Requesting a credit advance in person at any of our authorized locations.

On-Line/Telephone Banking. Making a credit advance either via telephone banking or on-line banking.

HOME EQUITY LINE OF CREDIT AGREEMENT AND DISCLOSURE

Loan No: 3390007288

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If there is more than one person authorized to use this Credit Line Account, you agree not to give us conflicting instructions, such as one Borrower telling us not to give advances to the other.

Limitations on the Use of Checks. We reserve the right not to honor Home Equity Line Checks in the following circumstances:

Credit Limit Violation. Your Credit Limit has been or would be exceeded by paying the Home Equity Line Check.

Post-dated Checks. Your Home Equity Line Check is post-dated. If a post-dated Home Equity Line Check is paid and as a result any other check is returned or not paid, we are not responsible.

Stolen Checks. Your Home Equity Line Checks have been reported lost or stolen.

Unauthorized Signatures. Your Home Equity Line Check is not signed by an "Authorized Signer" as defined below.

Termination or Suspension. Your Credit Line has been terminated or suspended as provided in this Agreement or could be if we paid the Home Equity Line Check.

Transaction Violation. Your Home Equity Line Check is less than the minimum amount required by this Agreement or you are in violation of any other transaction requirement or would be if we paid the Home Equity Line Check.

If we pay any Home Equity Line Check under these conditions, you must repay us, subject to applicable laws, for the amount of the Home Equity Line Check. The Home Equity Line Check itself will be evidence of your debt to us together with this Agreement. Our liability, if any, for wrongful dishonor of a check is limited to your actual damages. Dishonor for any reason as provided in this Agreement is not wrongful dishonor. We may choose not to return Home Equity Line Checks along with your periodic billing statements; however, your use of each Home Equity Line Check will be reflected on your periodic statement as a credit advance. We do not "certify" Home Equity Line Checks drawn on your Credit Line.

Transaction Requirements. The following transaction limitations will apply to the use of your Credit Line:

Credit Line Home Equity Line Check, Telephone Request, Request By Mail, In Person Request and On-Line/Telephone Banking Limitations. The following transaction limitations will apply to your Credit Line and the writing of Home Equity Line Checks, requesting an advance by telephone, requesting an advance by mail, requesting an advance in person and accessing by other methods.

Minimum Advance Amount. The minimum amount of any credit advance that can be made on your Credit Line is \$500.00. This means any Home Equity Line Check must be written for at least the minimum advance amount.

Authorized Signers. The words "Authorized Signer" on Home Equity Line Checks as used in this Agreement mean and include each person who (a) signs the application for this Credit Line, (b) signs this Agreement, or (c) has executed a separate signature authorization card for the Credit Line Account.

Lost Home Equity Line Checks. If you lose your Home Equity Line Checks or if someone is using them without your permission, you agree to let us know immediately. The fastest way to notify us is by calling us at (847) 933-1900. You also can notify us at North Shore Community Bank & Trust Co. 7800 Lincoln, Skokie, IL 60077.

Future Credit Line Services. Your application for this Credit Line also serves as a request to receive any new services (such as access devices) which may be available at some future time as one of our services in connection with this Credit Line. You understand that this request is voluntary and that you may refuse any of these new services at the time they are offered. You further understand that the terms and conditions of this Agreement will govern any transactions made pursuant to any of these new services.

Collateral. You acknowledge this Agreement is secured by Mortgage dated 8/30/05 covering the property commonly known as 341 Sheridan Road, Winnetka, Cook County, Illinois. Mortgage dated 8/31/05 covering the property commonly known as 630 Willow Road, Winnetka, Cook County, Illinois.

Insurance. You must obtain insurance on the Property securing this Agreement that is reasonably satisfactory to us. You may obtain property insurance through any company of your choice that is reasonably satisfactory to us. You have the option of providing any insurance required under this Agreement through an existing policy or a policy independently obtained and paid for by you, subject to our right, for reasonable cause before credit is extended, to decline any insurance provided by you. Subject to applicable law, if you fail to obtain or maintain insurance as required in the Mortgages, we may purchase insurance to protect our own interest, add the premium to your balance, pursue any other remedies available to us, or do any one or more of these things.

Right of Setoff. To the extent permitted by applicable law, we reserve a right of setoff in all your accounts with us (whether checking, savings, or some other account), including without limitation, all accounts you may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. You authorize us, to the extent permitted by applicable law, to charge or setoff all sums owing on this Agreement against any and all such accounts.

Periodic Statements. If you have a balance owing on your Credit Line Account or have any account activity, we will send you a periodic statement. It will show, among other things, credit advances, **FINANCE CHARGES**, other charges, payments made, other credits, your "Previous Balance," and your "New Balance." Your statement also will identify the Minimum Payment you must make for that billing period and the date it is due.

When FINANCE CHARGES Begin to Accrue. Periodic **FINANCE CHARGES** for credit advances under your Credit Line will begin to accrue on the date credit advances are posted to your Credit Line. There is no "free ride period" which would allow you to avoid a **FINANCE CHARGE** on your Credit Line credit advances.

Method Used to Determine the Balance on Which the FINANCE CHARGE Will Be Computed. A daily **FINANCE CHARGE** will be imposed on all credit advances made under your Credit Line imposed from the date of each credit advance based on the "daily balance" method. To get the daily balance, we take the beginning balance of your Credit Line Account each day, add any new advances and subtract any payments or credits and any unpaid **FINANCE CHARGES**. This gives us the "daily balance."

Method of Determining the Amount of FINANCE CHARGE. Any **FINANCE CHARGE** is determined by applying the "Periodic Rate" to the balance described herein. Then we add together the periodic **FINANCE CHARGES** for each day in the billing cycle. This is your **FINANCE CHARGE** calculated by applying a Periodic Rate.

Periodic Rate and Corresponding ANNUAL PERCENTAGE RATE. We will determine the Periodic Rate and the corresponding **ANNUAL PERCENTAGE RATE** as follows. We start with an independent index which is the The Prime Rate as published in the Money Rates section of the Wall Street Journal (the "Index"). We will use the most recent Index value available to us as of date of any annual percentage rate adjustment any **ANNUAL PERCENTAGE RATE** adjustment. The Index is not necessarily the lowest rate charged by us on our loans. If the Index becomes unavailable during the term of this Credit Line Account, we may designate a substitute index after notice to you. To determine the Periodic Rate that will apply to your account, we subtract a margin from the value of the Index, then divide the value by the number of days in a year (daily). To obtain the **ANNUAL PERCENTAGE RATE** we multiply the Periodic Rate by the number of days in a year (daily). This results in the **ANNUAL PERCENTAGE RATE**. The **ANNUAL PERCENTAGE RATE** includes only interest and no other costs.

The Periodic Rate and the corresponding **ANNUAL PERCENTAGE RATE** on your Credit Line will increase or decrease as the Index increases or

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decreases from time to time. Adjustments to the Periodic Rate and the corresponding **ANNUAL PERCENTAGE RATE** resulting from changes in the Index will take effect Monthly. In no event will the corresponding **ANNUAL PERCENTAGE RATE** be less than 4.000% per annum or more than the lesser of 20.000% or the maximum rate allowed by applicable law. Today the Index is 6.500% per annum, and therefore the initial Periodic Rate and the corresponding **ANNUAL PERCENTAGE RATE** on your Credit Line are as stated below:

Current Rates for the First Payment Stream			
Range of Balance or Conditions	Margin Added to Index	ANNUAL PERCENTAGE RATE	Daily Periodic Rate
All Balances	-0.500%	6.000%	0.01644%

Notwithstanding any other provision of this Agreement, we will not charge interest on any undisbursed loan proceeds, except as may be permitted during any Right of Rescission period.

Conditions Under Which Other Charges May Be Imposed. You agree to pay all the other fees and charges related to your Credit Line as set forth below:

Returned Items. You may be charged \$25.00 if you pay your Credit Line obligations with a check, draft, or other item that is dishonored for any reason, unless applicable law requires a lower charge or prohibits any charge.

Fee to Stop Payment. Your Credit Line Account may be charged \$25.00 when you request a stop payment on your account.

Late Charge. Your payment will be late if it is not received by us within **10 days after the "Payment Due Date" shown on your periodic statement.** If your payment is late we may charge you 5.000% of the unpaid amount of the payment or \$5.00, whichever is greater.

Other Charges. Your Credit Line Account may be charged the following other charges: Subordination Agreement. The amount of this other charge is: 150.00.

Security Interest Charges. You agree to pay all security interest charges related to your Credit Line as set forth below:

Appraisal Fee-Sheridan (payable if line closed by borrower within 1 year of date of note)	\$300.00
Title Fees-Willow (payable if line closed by borrower within 1 year of date of note)	\$65.00
Recording Fees-Willow (payable if line closed by borrower within 1 year of date of note)	\$55.00
Appraisal Fee-Willow (payable if line closed by borrower within 1 year of date of note)	\$300.00
Returned Check Fee	\$25.00
Stop Payment Fee	\$25.00
Subordination Fee	\$150.00
Annual Fee (waived for first year)	\$25.00
Total	\$945.00

Lender's Rights. Under this Agreement, we have the following rights:

Termination and Acceleration. We can terminate your Credit Line Account and require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if any of the following happen: (1) You commit fraud or make a material misrepresentation at any time in connection with this Credit Agreement. This can include, for example, a false statement about your income, assets, liabilities, or any other aspects of your financial condition. (2) You do not meet the repayment terms of this Credit Agreement. (3) Your action or inaction adversely affects the collateral for the plan or our rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the dwelling, creation of a senior lien on the dwelling without our permission, foreclosure by the holder of another lien, or the use of funds or the dwelling for prohibited purposes.

Suspension or Reduction. In addition to any other rights we may have, we can suspend additional extensions of credit or reduce your Credit Limit during any period in which any of the following are in effect:

(1) The value of your property declines significantly below the property's appraised value for purposes of this Credit Line Account. This includes, for example, a decline such that the initial difference between the Credit Limit and the available equity is reduced by fifty percent and may include a smaller decline depending on the individual circumstances.

(2) We reasonably believe that you will be unable to fulfill your payment obligations under your Credit Line Account due to a material change in your financial circumstances.

(3) You are in default under any material obligations of this Credit Line Account. We consider all of your obligations to be material. Categories of material obligations include the events described above under Termination and Acceleration, obligations to pay fees and charges, obligations and limitations on the receipt of credit advances, obligations concerning maintenance or use of the property or proceeds, obligations to pay and perform the terms of any other deed of trust, mortgage or lease of the property, obligations to notify us and to provide documents or information to us (such as updated financial information), obligations to comply with applicable laws (such as zoning restrictions), and obligations of any comaker. No default will occur until we mail or deliver a notice of default to you, so you can restore your right to credit advances.

(4) We are precluded by government action from imposing the **ANNUAL PERCENTAGE RATE** provided for under this Agreement.

(5) The priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than one hundred twenty percent (120%) of the Credit Limit.

(6) We have been notified by governmental authority that continued advances may constitute an unsafe and unsound business practice.

Change in Terms. We may make changes to the terms of this Agreement if you agree to the change in writing at that time, if the change will unequivocally benefit you throughout the remainder of your Credit Line Account, or if the change is insignificant (such as changes relating to our data processing systems). If the Index is no longer available, we will choose a new Index and margin. The new Index will have an historical movement substantially similar to the original Index, and the new Index and margin will result in an **ANNUAL PERCENTAGE RATE** that is substantially similar to the rate in effect at the time the original index becomes unavailable. We may prohibit additional extensions of credit or reduce your Credit Limit during any period in which the maximum **ANNUAL PERCENTAGE RATE** under your Credit Line Account is reached.

Collection Costs. We may hire or pay someone else to help collect this Agreement if you do not pay. You will pay us that amount. This includes,

HOME EQUITY LINE OF CREDIT AGREEMENT AND DISCLOSURE

Loan No: 3390007288

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subject to any limits under applicable law, our attorneys' fees and our legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, you also will pay any court costs, in addition to all other sums provided by law.

Rate Increase. In addition to our other rights during termination and acceleration, we may increase the variable **ANNUAL PERCENTAGE RATE** under this Agreement to 6.000 percentage points over the then applicable **ANNUAL PERCENTAGE RATE**. The **ANNUAL PERCENTAGE RATE** will not exceed the maximum rate permitted by applicable law. If we do not increase the **ANNUAL PERCENTAGE RATE** upon termination or acceleration of your Credit Line Account, it will continue at the variable rate in effect as of the date of termination or acceleration of your Credit Line Account.

Access Devices. If your Credit Line is suspended or terminated, you must immediately return to us all Home Equity Line Checks and any other access devices. Any use of Home Equity Line Checks or other access devices following suspension or termination may be considered fraudulent. You will also remain liable for any further use of Home Equity Line Checks or other Credit Line access devices not returned to us.

Delay in Enforcement. We may delay or waive the enforcement of any of our rights under this Agreement without losing that right or any other right. If we delay or waive any of our rights, we may enforce that right at any time in the future without advance notice. For example, not terminating your account for non-payment will not be a waiver of our right to terminate your account in the future if you have not paid.

Cancellation by you. If you cancel your right to credit advances under this Agreement, you must notify us and return all Home Equity Line Checks and any other access devices to us. Despite cancellation, your obligations under this Agreement will remain in full force and effect until you have paid us all amounts due under this Agreement.

Prepayment. You may prepay all or any amount owing under this Credit Line at any time without penalty, except we will be entitled to receive all accrued **FINANCE CHARGES**, and other charges, if any. Payments in excess of your Minimum Payment will not relieve you of your obligation to continue to make your Minimum Payments. Instead, they will reduce the principal balance owed on the Credit Line. You agree not to send us payments marked "paid in full", "without recourse", or similar language. If you send such a payment, we may accept it without losing any of our rights under this Agreement, and you will remain obligated to pay any further amount owed to us. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: NORTH SHORE COMMUNITY BANK & TRUST, 7800 LINCOLN AVENUE SKOKIE, IL 60077.

Notices. All notices will be sent to your address as shown in this Agreement. Notices will be mailed to you at a different address if you give us written notice of a different address. You agree to advise us promptly if you change your mailing address.

Annual Review. You agree that you will provide us with a current financial statement, a new credit application, or both, annually, on forms provided by us. Based upon this information we will conduct an annual review of your Credit Line Account. You also agree we may obtain credit reports on you at any time, at our sole option and expense, for any reason, including but not limited to determining whether there has been an adverse change in your financial condition. We may require a new appraisal of the Property which secures your Credit Line at any time, including an internal inspection, at our sole option and expense. You authorize us to release information about you to third parties as described in our privacy policy and our Fair Credit Reporting Act notice, provided you did not opt out of the applicable policy, or as permitted by law.

Transfer or Assignment. Without prior notice or approval from you, we reserve the right to sell or transfer your Credit Line Account and our rights and obligations under this Agreement to another lender, entity, or person, and to assign our rights under the Mortgages. Your rights under this Agreement belong to you only and may not be transferred or assigned. Your obligations, however, are binding on your heirs and legal representatives. Upon any such sale or transfer, we will have no further obligation to provide you with credit advances or to perform any other obligation under this Agreement.

Tax Consequences. You understand that neither we, nor any of our employees or agents, make any representation or warranty whatsoever concerning the tax consequences of your establishing and using your Credit Line, including the deductibility of interest, and that neither we nor our employees or agents will be liable in the event interest on your Credit Line is not deductible. You should consult your own tax advisor for guidance on this subject.

Notify Us of Inaccurate Information We Report To Consumer Reporting Agencies. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: NORTH SHORE COMMUNITY BANK & TRUST 7800 LINCOLN AVENUE SKOKIE, IL 60077.

CURRENT INDEBTEDNESS. The word indebtedness is used in the most comprehensive sense and means and includes any and all of Borrower's liabilities, obligations and debts to Lender, now existing or hereinafter incurred or created, including, without limitation, all loans, advances, interest, costs, debts, overdraft indebtedness, credit card indebtedness, lease obligations, other obligations, and liabilities of Borrower, or any of them and any present or future judgements against Borrower, or any of them; and whether any such Indebtedness is voluntarily or involuntarily incurred, due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined; whether Borrower may be liable individually or jointly with others, or primarily or secondarily, or as a guarantor or surety; whether recovery on the Indebtedness may be or may become barred or unenforceable against Borrower for any reason whatsoever; and whether the Indebtedness arises from transactions which may be voidable on account of infancy, insanity, ultra vires, or otherwise.

ERRORS AND OMISSIONS COVENANT. In the event that this Loan has been closed and fully disbursed and Lender discovers that any errors and/or omissions have been made in connection with the documentation of this Loan or that additional documentation is needed to properly evidence and/or secure the loan, Borrower will fully cooperate with Lender in the correction of said errors or omissions and will provide Lender any additional documents that are requested by Lender to correct said errors or omissions and will provide Lender any additional documents that are requested by Lender to fully and properly document the Loan. Borrower and/or Guarantor or other parties to this Loan agree to comply with all of the Lender's requests within 30 days of receiving written notice of such request. Failure to comply will, at Lender's discretion, be considered an "Event of Default" under this Promissory Note.

FINANCIAL REPORTING. From time to time Lender may request updated financial information from Borrower(s) or Guarantor(s). This may include, but is not limited to the following financial reporting documents: Updated, signed, original Personal Financial Statement(s), updated Business Financial Statements(s), copies of Personal Income Tax Returns and Business Income Tax Returns. It is Borrower(s) responsibility to provide this information within 30 days of Lender's request. Additionally, Borrower will ensure Guarantor(s) compliance with any such request. Failure to do so may be considered by Lender as an Event of Default as described in 'Other Defaults' in the Default paragraph of this Promissory Note.

RATE REDUCTION WITH AUTOMATIC DEBIT. The rate will be reduced by an additional .25% after the promotional period ends if the monthly payments are deducted from a Lender account via automatic debit.

Governing Law. This Agreement will be governed by federal law applicable to us and, to the extent not preempted by federal law, the laws of the State of Illinois without regard to its conflict of law provisions. This Agreement has been accepted by us in the State of Illinois.

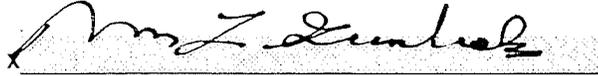
Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not used to interpret or define the provisions of this Agreement.

Interpretation. You agree that this Agreement, together with the Mortgages, is the best evidence of your agreements with us. If we go to court for any reason, we can use a copy, filmed or electronic, of any periodic statement, this Agreement, the Mortgages or any other document to prove what you owe us or that a transaction has taken place. The copy, microfilm, microfiche, or optical image will have the same validity as the original. You agree that, except to the extent you can show there is a billing error, your most current periodic statement is the best evidence of your obligation to pay.

Severability. If a court finds that any provision of this Agreement is not valid or should not be enforced, that fact by itself will not mean that the rest of this Agreement will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Agreement even if a provision of this Agreement may be found to be invalid or unenforceable.

Acknowledgment. You understand and agree to the terms and conditions in this Agreement. By signing this Agreement, you acknowledge that you have read this Agreement. You also acknowledge receipt of a completed copy of this Agreement, including the Fair Credit Billing Notice and the early home equity line of credit application disclosure, in addition to the handbook entitled "What you should know about Home Equity Lines of Credit," given with the application.

BORROWER:



William Gunlicks

x 

Pamela L. Gunlicks

Effective Disbursement Date: _____

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The Lender can collect this debt from you without first trying to collect from the borrower. The Lender can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of **YOUR** credit record.

This notice is not the contract that makes you liable for the debt.

HOME EQUITY LINE OF CREDIT AGREEMENT AND DISCLOSURE

Loan No: 3390007288

(Continued)

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BILLING ERROR RIGHTS

YOUR BILLING RIGHTS

KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

Notify us in case of errors or questions about your bill.

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us on a separate sheet at

**NORTH SHORE COMMUNITY BANK & TRUST
7800 LINCOLN AVENUE
SKOKIE, IL 60077**

or at the address listed on your bill. Write to us as soon as possible. We must hear from you no later than sixty (60) days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

Your name and account number.

The dollar amount of the suspected error.

Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment, your letter must reach us three (3) business days before the automatic payment is scheduled to occur.

Your rights and our responsibilities after we receive your written notice.

We must acknowledge your letter within thirty (30) days, unless we have corrected the error by then. Within ninety (90) days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your Credit Limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date on which it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten (10) days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

EXHIBIT “C”

RECORDATION REQUESTED BY:
NORTH SHORE COMMUNITY
BANK & TRUST
7800 Lincoln Avenue
Skokie, IL 60077

WHEN RECORDED MAIL TO:
NORTH SHORE COMMUNITY
BANK & TRUST
7800 Lincoln Avenue
Skokie, IL 60077

THIS IS A CERTIFIED
TRUE AND EXACT COPY
OF THE ORIGINAL
FIRST AMERICAN TITLE
BY

FOR RECORDER'S USE ONLY

This Mortgage prepared by:
NORTH SHORE COMMUNITY BANK & TRUST CO.
NORTH SHORE COMMUNITY BANK & TRUST
7800 LINCOLN AVENUE
SKOKIE, IL 60077

MORTGAGE

MAXIMUM LIEN. At no time shall the principal amount of Indebtedness secured by the Mortgage, not including sums advanced to protect the security of the Mortgage, exceed \$1,400,000.00.

THIS MORTGAGE dated August 31, 2005, is made and executed between Pamela L. Gunlicks, married to William Gunlicks, whose address is 630 Willow Road, Winnetka, IL 60093 (referred to below as "Grantor") and NORTH SHORE COMMUNITY BANK & TRUST, whose address is 7800 Lincoln Avenue, Skokie, IL 60077 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, warrants, and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Cook County, State of Illinois:

PARCEL 1: LOT 1 AND THAT PART OF LOT 2 LYING WEST OF A LINE DRAWN FROM THE NORTHWEST CORNER OF SAID LOT, TO A POINT IN THE SOUTH LINE THEREOF, 10 FEET EAST OF THE WESTERLY LINE THEREOF IN CLAY AND ZIMMERMAN'S SUBDIVISION OF LOTS 3 AND 4 IN BLOCK 1 IN DALE'S ADDITION TO WINNETKA, A SUBDIVISION OF THE NORTH 7.5 CHAINS OF THE SOUTHEAST FRACTIONAL 1/4 OF FRACTIONAL SECTION 21, TOWNSHIP 42 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2: EASEMENT FOR PRIVATE ROAD AND WALK, AS RESERVED ON THE RECORDED PLAT OS SUBDIVISION, RECORDED JUNE 20, 1922, AS DOCUMENT 156703.

The Real Property or its address is commonly known as 341 Sheridan Road, Winnetka, IL 60093. The Real Property tax identification number is 05-21-403-002.

REVOLVING LINE OF CREDIT. This Mortgage secures the Indebtedness including, without limitation, a

**MORTGAGE
(Continued)**

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revolving line of credit and shall secure not only the amount which Lender has presently advanced to Borrower under the Credit Agreement, but also any future amounts which Lender may advance to Borrower under the Credit Agreement within twenty (20) years from the date of this Mortgage to the same extent as if such future advance were made as of the date of the execution of this Mortgage. The revolving line of credit obligates Lender to make advances to Borrower so long as Borrower complies with all the terms of the Credit Agreement and Related Documents. Such advances may be made, repaid, and remade from time to time, subject to the limitation that the total outstanding balance owing at any one time, not including finance charges on such balance at a fixed or variable rate or sum as provided in the Credit Agreement, any temporary overages, other charges, and any amounts expended or advanced as provided in either the Indebtedness paragraph or this paragraph, shall not exceed the Credit Limit as provided in the Credit Agreement. It is the intention of Grantor and Lender that this Mortgage secures the balance outstanding under the Credit Agreement from time to time from zero up to the Credit Limit as provided in the Credit Agreement and any intermediate balance.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF EACH OF GRANTOR'S AGREEMENTS AND OBLIGATIONS UNDER THE CREDIT AGREEMENT, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS INTENDED TO AND SHALL BE VALID AND HAVE PRIORITY OVER ALL SUBSEQUENT LIENS AND ENCUMBRANCES, INCLUDING STATUTORY LIENS, EXCEPTING SOLELY TAXES AND ASSESSMENTS LEVIED ON THE REAL PROPERTY, TO THE EXTENT OF THE MAXIMUM AMOUNT SECURED HEREBY. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that: (a) this Mortgage is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Mortgage and to hypothecate the Property; (c) the provisions of this Mortgage do not conflict with, or result in a conflict with, any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Borrower shall pay to Lender all Indebtedness secured by this Mortgage as it becomes due, and Borrower and Grantor shall strictly perform all Borrower's and Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in good condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the

**MORTGAGE
(Continued)**

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period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The

Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any

**MORTGAGE
(Continued)**

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part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Illinois law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender a written statement of all work to be done on the Property and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the maximum amount of your credit line and the full unpaid principal balance of any prior liens on the property securing the loan, up to the maximum policy limits

**MORTGAGE
(Continued)**

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set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

encumbrances, and other claims, (B) to provide any required insurance on the Property, or (C) to make repairs to the Property then Lender may do so. If any action or proceeding is commenced that would materially affect Lender's interests in the Property, then Lender on Grantor's behalf may, but is not required to, take any action that Lender believes to be appropriate to protect Lender's interests. All expenses incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Credit Agreement from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Credit Agreement and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Credit Agreement; or (C) be treated as a balloon payment which will be due and payable at the Credit Agreement's maturity. The Mortgage also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of any default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Promises. All promises, agreements, and statements Grantor has made in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature and shall remain in full force and effect until such time as Borrower's Indebtedness is paid in full.

**MORTGAGE
(Continued)**

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CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (2) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Credit Agreement; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

**MORTGAGE
(Continued)**

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FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Borrower's and Grantor's obligations under the Credit Agreement, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may cause to be filed in the public office of the county in which the Property is located a power of attorney which irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Borrower pays all the Indebtedness when due, terminates the credit line account, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

REINSTATEMENT OF SECURITY INTEREST. If payment is made by Borrower, whether voluntarily or otherwise, or by guarantor or by any third party, on the Indebtedness and thereafter Lender is forced to remit the amount of that payment (A) to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, (B) by reason of any judgment, decree or order of any court or administrative body having jurisdiction over Lender or any of Lender's property, or (C) by reason of any settlement or compromise of any claim made by Lender with any claimant (including without limitation Borrower), the Indebtedness shall be considered unpaid for the purpose of enforcement of this Mortgage and this Mortgage shall continue to be effective or shall be reinstated, as the case may be, notwithstanding any cancellation of this Mortgage or of any note or other instrument or agreement evidencing the Indebtedness and the Property will continue to secure the amount repaid or recovered to the same extent as if that amount never had been originally received by Lender, and Grantor shall be bound by any judgment, decree, order, settlement or compromise relating to the Indebtedness or to this Mortgage.

EVENTS OF DEFAULT. Grantor will be in default under this Mortgage if any of the following happen: (A) Grantor commits fraud or makes a material misrepresentation at any time in connection with the Credit Agreement. This can include, for example, a false statement about Borrower's or Grantor's income, assets, liabilities, or any other aspects of Borrower's or Grantor's financial condition. (B) Borrower does not meet the repayment terms of the Credit Agreement. (C) Grantor's action or inaction adversely affects the collateral or Lender's rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the dwelling, creation of a senior lien on the dwelling without Lender's permission, foreclosure by the holder of another lien, or the use of funds or the dwelling for prohibited purposes.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the

**MORTGAGE
(Continued)**

entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Borrower or Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Mortgagee in Possession. Lender shall have the right to be placed as mortgagee in possession or to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The mortgagee in possession or receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Credit Agreement or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Borrower and Grantor hereby waive any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender will give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. All of Lender's rights and remedies will be cumulative and may be exercised alone or together. An election by Lender to choose any one remedy will not bar Lender from using any other remedy. If Lender decides to spend money or to perform any of Grantor's obligations under this Mortgage, after Grantor's failure to do so, that decision by Lender will not affect Lender's right to declare Grantor in default and to exercise Lender's remedies.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Credit Agreement rate from the date of the expenditure

**MORTGAGE
(Continued)**

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until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any person may change his or her address for notices under this Mortgage by giving formal written notice to the other person or persons, specifying that the purpose of the notice

Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors. It will be Grantor's responsibility to tell the others of the notice from Lender.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. What is written in this Mortgage and in the Related Documents is Grantor's entire agreement with Lender concerning the matters covered by this Mortgage. To be effective, any change or amendment to this Mortgage must be in writing and must be signed by whoever will be bound or obligated by the change or amendment.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Illinois without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of Illinois.

Joint and Several Liability. All obligations of Borrower and Grantor under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Borrower and Grantor signing below is responsible for all obligations in this Mortgage.

No Waiver by Lender. Grantor understands Lender will not give up any of Lender's rights under this Mortgage unless Lender does so in writing. The fact that Lender delays or omits to exercise any right will not mean that Lender has given up that right. If Lender does agree in writing to give up one of Lender's rights, that does not mean Grantor will not have to comply with the other provisions of this Mortgage. Grantor also understands that if Lender does consent to a request, that does not mean that Grantor will not have to get Lender's consent again if the situation happens again. Grantor further understands that just because Lender consents to one or more of Grantor's requests, that does not mean Lender will be required to consent to any of Grantor's future requests. Grantor waives presentment, demand for payment, protest, and notice of dishonor.

Severability. If a court finds that any provision of this Mortgage is not valid or should not be enforced, that fact by itself will not mean that the rest of this Mortgage will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Mortgage even if a provision of this Mortgage may be found to be invalid or unenforceable.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written

Loan No: 3390007288

**MORTGAGE
(Continued)**

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consent of Lender.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Illinois as to all Indebtedness secured by this Mortgage.

DEFINITIONS. The following words shall have the following meanings when used in this Mortgage:

Borrower. The word "Borrower" means William Gunlicks and Pamela L. Gunlicks and includes all co-signers and co-makers signing the Credit Agreement.

Credit Agreement. The words "Credit Agreement" mean the credit agreement dated August 31, 2005, with credit limit of \$1,400,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The interest rate on the Credit Agreement is a variable interest rate based upon an index. The index currently is 6.500% per annum. If the index increases, the payments tied to the index, and therefore the total amount secured hereunder, will increase. Any variable interest rate tied to the index shall be calculated as of, and shall begin on, the commencement date indicated for the applicable payment stream. Notwithstanding the foregoing, the variable interest rate or rates provided for in this Mortgage shall be subject to the following minimum and maximum rates. **NOTICE:** Under no circumstances shall the interest rate on this Mortgage be less than 4.000% per annum or more than (except for any higher default rate shown below) the lesser of 20.000% per annum or the maximum rate allowed by applicable law. The maturity date of this Mortgage is August 31, 2015. **NOTICE TO GRANTOR: THE CREDIT AGREEMENT CONTAINS A VARIABLE INTEREST RATE.**

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., and hazardous substance conservation and recovery Act, 42 U.S.C. Section 9601, et seq., or any applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

Grantor. The word "Grantor" means Pamela L. Gunlicks.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means The word indebtedness is used in the most comprehensive

**MORTGAGE
(Continued)**

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sense and means and includes any and all of Borrower's liabilities, obligations and debts to Lender, now existing or hereinafter incurred or created, including, without limitation, all loans, advances, interest, costs, debts, overdraft indebtedness, credit card indebtedness, lease obligations, other obligations, and liabilities of Borrower, or any of them and any present or future judgements against Borrower, or any of them; and whether any such Indebtedness is voluntarily or involuntarily incurred, due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined; whether Borrower may be liable individually or jointly with others, or primarily or secondarily, or as a guarantor or surety; whether recovery on the Indebtedness may be or may become barred or unenforceable against Borrower for any reason whatsoever; and whether the Indebtedness arises from transactions which may be voidable on account of infancy, insanity, ultra vires, or otherwise..

Lender. The word "Lender" means NORTH SHORE COMMUNITY BANK & TRUST, its successors and assigns. The words "successors or assigns" mean any person or company that acquires any interest in the Credit Agreement.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Personal Property. The words "Personal Property" mean all personal property, including all interests in personal property now or hereafter owned by Grantor, and now or hereafter attached or annexed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

X 
Pamela L. Gunlicks

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MORTGAGE
(Continued)

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WAIVER OF HOMESTEAD EXEMPTION

I am signing this Waiver of Homestead Exemption for the purpose of expressly releasing and waiving all rights and benefits of the homestead exemption laws of the State of Illinois as to all debts secured by this Mortgage. I understand that I have no liability for any of the affirmative covenants in this Mortgage.

X 

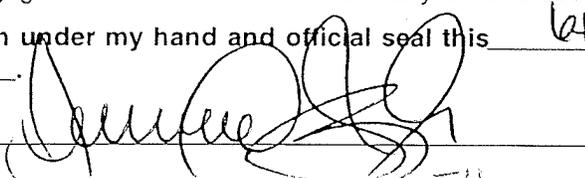
William Gunlicks

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Illinois)
) SS
COUNTY OF Cook)

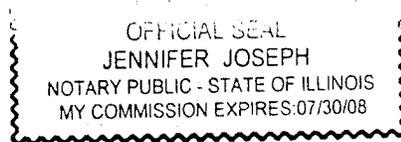
On this day before me, the undersigned Notary Public, personally appeared **Pamela L. Gunlicks**, to me known to be the individual described in and who executed the Mortgage, and acknowledged that he or she signed the Mortgage as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 6th day of September, 20 05

By 

Residing at _____

My commission expires 7/30/08



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MORTGAGE
(Continued)

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INDIVIDUAL ACKNOWLEDGMENT

STATE OF Illinois)
) SS
COUNTY OF Cook)

On this day before me, the undersigned Notary Public, personally appeared **William Gunlicks**, to me known to be the individual described in and who executed the Waiver of Homestead Exemption, and acknowledged that he or she signed the Waiver of Homestead Exemption as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 6th day of September, 2005.

By Jennifer Joseph
Notary Public in and for the State of Illinois

Residing at _____

My commission expires 7/30/08

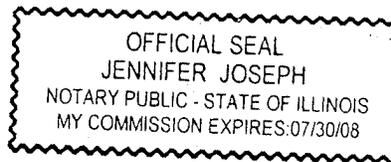


EXHIBIT “D”



Doc#: 0530411023 Fee: \$26.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 10/31/2005 07:58 AM Pg: 1 of 2

WARRANTY DEED

The **GRANTORS**, **ALAN H. HAMMERMAN** and **MYRNA HAMMERMAN**, husband and wife, of 1815 Admiral Court, Glenview, Illinois, 60026, County of Cook, for and in consideration of **TEN DOLLARS (\$10.00)** and other good and valuable considerations, in hand paid, **CONVEY** and **WARRANT** to the **GRANTEE**, **PAMELA L. GUNLICKS**, of WINNETKA,
ILLINOIS

the following described Real Estate situated in the County of Cook, in the State of Illinois to wit:
PARCEL 1: LOT 1 AND THAT PART OF LOT 2 LYING WEST OF A LINE DRAWN FROM THE NORTHWEST CORNER OF SAID LOT, TO A POINT IN THE SOUTH LINE THEREOF, 10 FEET EAST OF THE WESTERLY LINE THEREOF IN CLAY AND ZIMMERMAN'S SUBDIVISION OF LOTS 3 AND 4 IN BLOCK 1 IN DALE'S ADDITION TO WINNETKA SUBDIVISION OF THE NORTH 7.5 CHAINS OF THE SOUTHEAST FRACTIONAL 1/4 OF FRACTIONAL SECTION 21, TOWNSHIP 42 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS;
PARCEL 2: EASEMENT FOR PRIVATE ROAD AND WALK, AS RESERVED ON THE RECORDED PLAT OF SUBDIVISION, RECORDED JUNE 20, 1922, AS DOCUMENT 156703, hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of the State of Illinois. This is Homestead Property to the Grantee, **TO HAVE AND TO HOLD** said premises forever.

SUBJECT TO: general real estate taxes not due and payable at time of Closing, covenants, conditions, and restrictions of record, building lines and easements, if any, so long as they do not interfere with the current use and enjoyment of the real estate.

2
A

PERMANENT REAL ESTATE NUMBER: 05-21-403-002

ADDRESS: 341 Sheridan Road, Winnetka, Illinois 60093

FIRST AMERICAN TITLE

1068977

1/3

DATED this 2nd day of September, 2005.

Alan H. Hammerman (SEAL)
ALAN H. HAMMERMAN

Myrna Lynn Hammerman (SEAL)
MYRNA HAMMERMAN

