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LAWYERS TITLE INS. CORP.
7895 BROADWAY
MERRILLVILLE, IND. 46410

809390 REAL ESTATE MORTGAGE

This indenture witnesseth that **JOHN E. THOMAS and GAIL THOMAS**
of **5128 Jefferson Street, Gary, Lake County, Indiana**, as **MORTGAGOR**,
Mortgage and warrant to **JOSE GUZMAN PELUYERA and MARY PELUYERA, Husband and Wife**
of **Lake County, Indiana**, as **MORTGAGEE**,

the following real estate in **Lake** County State of Indiana, to wit:

Lot 19, Broadway Home Acres, Subdivision of Block 4, as shown in Plat Book 22, page 17, Lake County, Indiana.

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD
JUL 1 9 12 AM '85
RUDOLPH CLAY
RECORDER

and the rents and profits therefrom, to secure the payment, when the same shall become due, of the following indebtedness:

A Wrap-Around Mortgage Note of even date from the Mortgagors to the Mortgagees in the principal amount of Thirty-four Thousand Five Hundred and no/100 (\$34,500.00) Dollars with interest at the rate of thirteen (13%) percent per annum.

Upon failure to pay said indebtedness as it becomes due, or any part thereof at maturity, or the taxes or insurance hereinafter stipulated, then said indebtedness shall be due and collectible, and this mortgage may be foreclosed accordingly. It is further expressly agreed that, until said indebtedness is paid, the Mortgagor will keep all legal taxes and charges against the real estate paid as they become due, and will keep the buildings thereon insured against fire and other casualties in an amount at least equal to the indebtedness from time to time owing, with loss payable clause in favor of the Mortgagee, and will, upon request, furnish evidence of such insurance to the Mortgagee, and, failing to do so, the Mortgagee may pay said taxes or insurance, and the amount so paid, with 18% percent interest thereon, shall become a part of the indebtedness secured by this mortgage.

Additional Covenants:

This Mortgage is a Wrap Around Second Mortgage and the additional covenants, terms and conditions set out on "Exhibit A" attached hereto are hereby incorporated by reference.



Lake County, ss: Dated this 25 Day of June 1985

Before me, the undersigned, a Notary Public in and for said County and State, this 25th day of June 1985 personally appeared **John E. Thomas and Gail Thomas**

John E. Thomas Seal
JOHN E. THOMAS

and acknowledged the execution of the foregoing mortgage. In witness whereof, I have hereunto subscribed my name and affixed my official seal.

Gail A. Thomas Seal
GAIL THOMAS

My commission expires October 12, 1987

Kimberly E. Gavelek Signature
Kimberly E. Gavelek Printed Name

Resident of Lake County

This instrument prepared by Clyde D. Compton, 5525 Broadway, Merrillville, IN 46410 Attorney at Law

MAIL TO: _____

"EXHIBIT A"

1. The mortgaged premises are subject to the lien of the following described mortgage (hereinafter for convenience referred to as "Senior Mortgage"):

Mortgage from Jose Guzman Peluyera and Mary Peluyera, husband and wife to Meridian Mortgage Company, Inc., dated March 23, 1978 and recorded March 28, 1978 in Instrument No. 460083. To secure the principal sum of \$26,800.00.

Mortgagor covenants and agrees to comply with all of the terms and provisions of said Senior Mortgage (except the requirement to make the payments of principal and interest thereon) and, upon compliance by Mortgagor with the terms and provisions contained in said Senior Mortgage and contained herein, Mortgagee will pay the installments of principal and interest, from time to time due under said Senior Mortgage, in accordance with its terms. Nothing contained herein shall require the holder of the note secured hereby to perform the terms or provisions contained in said Senior Mortgage required to be performed by Mortgagor, his heirs, legatees, personal representatives and assigns, except the payment of installments of principal and interest, but only in accordance with the terms and provisions hereof. If Mortgagor shall default in the performance of any term or provision contained in this mortgage, Mortgagee shall not be obligated to pay any principal or interest under the Senior Mortgage.

2. In case of default hereunder, in addition to any other rights and remedies available to Mortgagee, Mortgagee may, but need not, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient and may, but need not, make full or partial payments of principal and interest on the Senior Mortgage, other prior encumbrances, if any, and purchase, discharge, compromise or settle the Senior Mortgage, any tax lien or other lien or title or claim thereof or redeem from any tax sale or forfeiture affecting said premises or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys fees and any other money advanced by Mortgagee to protect the mortgaged premises and the lien hereof, shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at the rate of eighteen (18%) per cent per annum. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

3. Mortgagor covenants and agrees that, to the extent Mortgagee pays any installment of principal or interest or any other sums due under the Senior Mortgage, Mortgagee shall become entitled to a lien on the mortgaged premises hereunder but equal in rank and priority to the Senior Mortgage and, in addition to the extent necessary to make effective such rank and priority:

(a) Mortgagee shall become subrogated to receive and enjoy all of the rights, liens, powers and privileges granted to the Senior Mortgagee under the Senior Mortgage, and

(b) The Senior Mortgage shall remain in existence for the benefit of and to further secure the debt and other sums secured, or that hereafter become secured hereunder.

John E. Thomas

Gail A. Thomas

4. Mortgagee, by the acceptance of this mortgage, agrees to make the payment of installments of principal and interest due under the terms of the Senior Mortgage in accordance with the terms and provisions hereof and further covenants and agrees that, upon payment in full of the obligations secured hereby, that the Senior Mortgage will be fully paid and satisfied. If, at any time during the term of this mortgage, the Mortgagee fails to make any payment when due under the Senior Mortgage, Mortgagor may make the payments due under the Senior Mortgage directly to the holder of said Senior Mortgage and shall have a full credit for all moneys so paid against the payments next falling due under this mortgage.

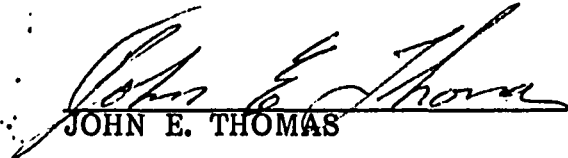
5. A default or breach of any covenant or condition of the Senior Mortgage shall be deemed a breach or default of this mortgage also.

6. The sale or transfer of the property encumbered by this mortgage or any portion of it without the prior written consent of the Mortgagee shall make the indebtedness that this mortgage secures immediately due and payable the same as if the total principal sum due hereunder were due and payable on the date of any such prohibited sale or transfer.

7. The Mortgagor shall have the right to prepay the whole or any part of the unpaid balance of the indebtedness under this mortgage at any time on fifteen (15) days' notice without penalty under this mortgage. If the Mortgagor prepays the whole of the unpaid balance, the Mortgagee shall remit to the first Mortgagee out of the prepayment funds the unamortized principal balance of the first mortgage, together with accrued interest, provided that the Mortgagor shall pay any and all prepayment penalties or charges required by the first mortgagee for prepayment of the first mortgage. Any partial prepayment shall be applied against the sums last payable under this mortgage, and if the amount prepaid exceeds the amount determined by subtracting the then unpaid principal balance of the first mortgage from the then unpaid principal under this mortgage, then that excess amount shall be remitted to the first Mortgagee by the Mortgagee, provided that the Mortgagor shall pay any and all prepayment penalties or charges required by the first Mortgagee for prepayment of the first mortgage.

8. The monthly escrow account charges for taxes and insurance charged by the first Mortgagee shall be paid each month to the Mortgagee by the Mortgagor with and in addition to the regular monthly payment of principal and interest made under this mortgage, and the Mortgagee shall remit those escrow payments to the first Mortgagee with its monthly payment of principal and interest under the first mortgage.

9. The Mortgagor and the Mortgagee covenant and agree not to enter into any agreement with the holder of the first mortgage modifying or amending any of the provisions dealing with payment of principal or interest under that first mortgage without the prior written consent of the other.


JOHN E. THOMAS


GAIL THOMAS