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TICOR TITLE INSURANCE  
Crown Point, Indiana

826060

MORTGAGE AND SECURITY AGREEMENT

Between

AMERICAN DIAGNOSTICS GROUP, INC.

And

CITY OF HOBART, INDIANA

\*\*\*\*\*

SECURING:

\$6,885,000

ECONOMIC DEVELOPMENT REVENUE BONDS

(AMERICAN DIAGNOSTICS GROUP, INC. PROJECT)

AND ADDITIONAL BONDS (IF ISSUED) ON A PARITY  
THEREWITH AS PROVIDED IN THE TRUST INDENTURE  
OF EVEN DATE HEREWITH

\*\*\*\*\*

Dated as of:

October 15, 1985

THIS IS A MORTGAGE OF PERSONAL PROPERTY AS WELL AS REAL  
PROPERTY. THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY  
PROVISIONS AND CONSTITUTES A SECURITY AGREEMENT UNDER THE  
INDIANA UNIFORM COMMERCIAL CODE.

826061

*See Doc #*

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD  
OCT 25 12 27 PM 1985  
RUDDOLPH CLAY  
RECORDER

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03-00

I N D E X

(This Index is not a part of the Mortgage  
but is only for convenience of reference.)

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"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Grantor.

"Original Purchaser" means, as to the Bonds, The Heitner Corporation, St. Louis, Missouri.

"Permitted Encumbrances" means as of any particular time, (i) liens for real estate taxes and special assessments not then delinquent, (ii) purchase money liens incurred within 90 days of the acquisition of the property subject to such lien so long as the lien is limited to the property acquired and the Indebtedness secured thereby does not exceed the cost of such property, (iii) the Lease, and (iv) utility, access and other easements and rights of way, flood rights, leases, restrictions and exceptions that appear in the Commitment for Title Insurance issued to the Grantor by Ticor Title Insurance Company of California.

"Project" means the real, personal, or real and personal property, including undivided interests or other interests therein, identified in Exhibits A and B and C hereto, together with any other Equipment, or in or pursuant to any supplements or amendment hereto or to the Loan Agreement, or acquired, constructed or installed as a replacement or substitution therefor or an addition thereto if financed from the Bond proceeds or from the proceeds of Additional Bonds, or as may result from a revision of the Plans and Specifications (as defined in the Loan Agreement) in accordance with the provisions of the Loan Agreement or this Mortgage.

"Project Site" means the land constituting the site of the Project, described in Exhibit B hereto, subject to the Lease.

"State" means the State of Indiana.

"Trustee" means American Fletcher National Bank and Trust Company, Indianapolis, Indiana.

Section 1.3 Construction. Any reference herein to the Grantee shall include any entity which succeeds to its functions, duties or responsibilities pursuant to or by operation of law, and shall also include its assigns. Any reference to a section or provision of the Constitution of the State, the Act, or to a section, provision or chapter of the Indiana Code of 1971, as amended, shall include such section or provision or chapter as from time to time amended, modified, revised, supplemented or superseded; provided, however, that no such change in the Constitution or laws shall be deemed applicable by reason of this provision if such change would in any way constitute an impairment of the rights of the Grantee or the Grantor under this Mortgage. Any reference to the Grantor shall include any surviving, resulting or transferee partnership or corporation permitted by the Loan Agreement.

\*End of Article I\*

ARTICLE II

PAYMENTS, TAXES, INSURANCE AND MAINTENANCE;  
EXPENSES OF GRANTEE

Section 2.1 Loan Agreement and Note. Grantor shall make all payments when due under the Note and the Loan Agreement, shall perform and comply with all covenants, agreements, conditions, provisions, stipulations and obligations set forth therein on its part to be performed, at the times and in the manner required thereby.

Section 2.2 Taxes and Other Charges. Grantor shall pay or cause to be paid when due and payable and before interest or penalties are due thereon, without any deduction, defalcation or abatement, all taxes, assessments, water and sewer rents and all other charges or claims which may be assessed, levied, or filed at any time against Grantor, the Mortgaged Property or any part thereof or against any interest of Grantee therein, or which by any present or future law may have priority over the indebtedness secured hereby either in lien or in distribution out of the proceeds of any judicial sale; and Grantor shall produce to Grantee not later than such dates receipts for the payment thereof; provided, however, that if, pursuant to this Mortgage or otherwise, Grantor shall have deposited with Grantee before the due date thereof sums sufficient to pay any such taxes, assessments, water and sewer rents, charges or claims, and Grantor is not otherwise in default, they shall be paid by Grantee; and provided further, that if Grantor in good faith and by appropriate legal action shall contest the validity of any such item, or the amount thereof, and shall have established on its books or by deposit of cash with Grantee, as Grantee may elect, a reserve for the payment thereof in such amount as Grantee may require, then Grantor shall not be required to pay the item or to produce the required receipts while the reserve is maintained and so long as the contest operates to prevent collection, is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Grantor. Further, Grantor will not apply for or claim any deduction, by reason of this Mortgage, from the taxable value of all or any part of the Mortgaged Property. It is expressly agreed that no credit shall be claimed or allowed on the interest payable on the Note because of any taxes or other charges paid.

Section 2.3 Insurance. Grantor will keep all buildings and improvements erected or hereafter erected on the Mortgaged Property insured against loss by fire with extended coverage endorsement, and against such other risks as are reasonably required by Grantee and commercially available in Indiana, all in accordance with the terms and conditions of

Section 5.4 of the Loan Agreement. Grantor shall also carry comprehensive public liability insurance in accordance with said Section 5.4 of the Loan Agreement. In default of the carrying thereof by Grantor, Grantee may effect such insurance and the amounts so paid shall be due and payable on demand, and shall be secured by this Mortgage. The proceeds of such insurance shall be applied in accordance with the provisions therefor in Section 5.8 of the Loan Agreement.

Section 2.4 Maintenance of Mortgaged Property. Grantor shall keep and maintain or cause to be kept and maintained the Mortgaged Property and the sidewalks and curbs abutting same, in good order and condition and in rentable and tenantable state of repair, and will make or cause to be made, as and when necessary, all repairs, renewals and replacements, structural and nonstructural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen. Grantor shall abstain from and shall not permit the commission of waste in or on the Mortgaged Property; shall not remove or demolish, or alter the structural character of, any building erected at any time on the Mortgaged Property, without the prior written consent of Grantee; and shall not permit the Mortgaged Property to become vacant, deserted or unguarded. Grantor shall not permit any lien or claim to be filed against the Mortgaged Property, or any part thereof; if any such lien or claim is filed, Grantor shall, prior to the expiration of the applicable grace period, if any, allowed for the curing of defaults, cause such lien or claim to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. Anything herein to the contrary notwithstanding, Grantor may remove portions of the Project Site and the Project equipment and fixtures in accordance with the terms of Article V of the Loan Agreement.

Section 2.5 Expenses of Grantee. Such reasonable expenses and fees as may be incurred by Grantee in the protection of the Mortgaged Property and in the maintenance of the lien of this Mortgage shall be paid by Grantor on demand and secured by this Mortgage.

Section 2.6 Tax and Insurance Deposits. Without limiting the effect of Sections 2.2 and 2.3 hereof, Grantor shall pay to Grantee, but only upon Grantee's request, monthly on or before the first day of each month, commencing with the month following the recording of this Mortgage, an amount equal to one-twelfth (1/12) of the annual premiums for the insurance policies referred to hereinabove and the annual real estate taxes, water and sewer rents, any special assessments, charges or claims and any other items which at any time may be or become a lien upon the Mortgaged Property prior to the lien of this Mortgage; and on demand from time to time Grantor shall pay to Grantee any additional sums necessary to pay, at least

thirty (30) days prior to the due date thereof, the premiums and other items, all as estimated by Grantee; the amounts so paid shall be security for the premiums and other items and shall be used in payment thereof if Grantor is not otherwise in default hereunder. Interest on tax and insurance deposits shall be paid by the Grantee at the same rate as demand deposits held by the Trustee. If, pursuant to any provision of this Mortgage, the whole amount of the unpaid principal debt becomes due and payable, Grantee shall have the right, at its election, to apply any amount so held against the entire indebtedness secured hereby. At Grantee's option, Grantee from time to time may waive, and after any such waiver may reinstate, the provisions of this paragraph requiring the monthly payments prescribed herein. Notwithstanding anything to the contrary set forth herein, Grantee does not intend to enforce the foregoing provisions of this paragraph, provided that (i) Grantor delivers or causes to be delivered to Grantee, not later than the due dates for the payment of insurance premiums, real estate taxes and other charges as set forth above and before interest or penalties are due thereon, receipts evidencing payment thereof, and (ii) Grantor is not in default under the Note, the Loan Agreement, this Mortgage or any collateral security instruments. Upon assignment of this Mortgage by Grantee to Trustee, Trustee shall receive all payments and shall succeed to all rights of Grantee provided for in this Section 2.6.

Section 2.7 Maximum Amount of Unpaid Loan Indebtedness. The parties hereto intend that, in addition to any other debt or obligation secured hereby, this Mortgage shall secure unpaid balances of loan advances made after this Mortgage is delivered to the County Recorder of Lake County, Indiana for record, whether made pursuant to an obligation of the Grantor or otherwise. The maximum amount of unpaid loan indebtedness, exclusive of interest thereon, which may be outstanding at any time, is \$6,885,000. For purposes of this section, "unpaid loan indebtedness" does not include unpaid balances of advances made for the payment of taxes, assessments, insurance premiums and costs incurred for the protection of the Mortgaged Property.

\*End of Article II\*

ARTICLE III

EVENTS OF DEFAULT AND REMEDIES

Section 3.1 Events of Default. The following shall be "events of default" under this Mortgage and the terms "event of default" or "default" shall mean, whenever they are used in this Mortgage, any one or more of the following events:

(a) The occurrence of an event of default as defined in Section 9.1 of the Loan Agreement.

(b) Failure by the Grantor to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in paragraph (a) of this Section, for a period of thirty (30) days after notice of such failure requesting such failure to be remedied, given to the Grantor by the Grantee, unless the Grantee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if and so long as the Grantor is proceeding with due diligence to cure the default to the satisfaction of the Grantee, such period shall be extended to whatever reasonable period is required to permit the Grantor to continue to proceed with due diligence to cure such default.

The provisions of paragraph (b) of this Section are subject to the following limitations: If by reason of acts of God; winds, fires; epidemics; landslides; floods; droughts; impacting space debris; famines; strikes; lockouts or other industrial disturbances; acts of public enemies; acts or orders of any kind of any governmental authority; insurrection; military action; war, whether or not declared; sabotage; riots; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any cause or event not reasonably within the control of the Grantor, the Grantor is unable in whole or in part to carry out the agreements on its part herein contained, other than obligations on the part of the Grantor to make the payments required under the Note and the Loan Agreement and to carry insurance, and to pay any and valorem property taxes, the Grantor shall not be deemed in default for a period of ninety (90) days following the inception of such inability. The Grantor shall, however, use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Grantor from carrying out its agreements; provided, that the Grantor shall in no event be required to settle strikes, lockouts or other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Grantor, not in the interest of the Grantor.

Written notice of any event of default shall be given to the Lessor by the Grantee.

Section 3.2 Remedies under Loan Agreement. In addition to any other remedy available to Grantee, as provided herein or otherwise, the Grantee may exercise any remedy available to it under the Loan Agreement.

Section 3.3 Acceleration. Upon the occurrence of an event of default as defined in Section 3.1 hereof, the Grantee may by notice in writing delivered to the Grantor declare the principal, interest and all other sums secured by this Mortgage to be due and payable immediately and, upon said declaration, such principal, interest and other sums shall become and be immediately due and payable.

The provisions of this Section 3.3 are subject, however, to the condition that if, at any time after the principal, interest and other sums secured by this Mortgage shall have been so declared due and payable and before foreclosure proceedings have commenced, all sums past due have been paid and all existing defaults shall have been made good, then and in every such case acceptance by the Grantee of such payment shall constitute a waiver of such default and its consequences and an automatic rescission and amendment of such declaration, but no such waiver shall extend to or affect any subsequent default or impair any rights consequent thereon.

Section 3.4 Surrender of Possession; Rights and Duties of Grantee in Possession. Upon the happening and continuance of an event of default, the Grantor, upon demand of the Grantee, shall forthwith surrender the possession of, and it shall be lawful to take possession of all or any part of the Mortgaged Property together with the books, papers and accounts of the Grantor pertaining thereto, and including the rights and the position of the Grantor under any and all leases, and to hold, operate and manage the same, and from time to time to make all needful repairs and improvements as by the Grantee shall be deemed wise; and the Grantee may, subject to any such leases, lease the Mortgaged Property or any part thereof in the name and for the account of the Grantor and collect, receive and sequester the rents, receivables, revenues and other income, charges and moneys, therefrom, and out of the same and any moneys received from any receiver of any part thereof, after deducting all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Grantee, its agents and counsel, pay and/or set up proper reserves for the payment of any or all of the following in such order and amounts as Grantee, in Grantee's sole discretion, may elect: the payment of any sums due under any prior lien, taxes, water and sewer rents, charges and claims, insurance premiums and all other carrying charges, to the maintenance, repair or restoration of the Mortgaged Property, and on account and in reduction of the principal or interest, or both, hereby secured. For the aforesaid purpose,



Grantor hereby assigns to Grantee all rentals due and to become due under any lease or leases or rights to use and occupation of the Mortgaged Property now or hereafter created, as well as all rights and remedies provided in such lease or leases. In the event that all defaults have been made good and the Grantee shall have surrendered possession to the Grantor, its successors or assigns, the right of entry provided in this Section shall again exist upon any subsequent event of default.

Section 3.5 Actions to Recover Amounts Due. Grantee shall have the right, from time to time, to bring an appropriate action to recover any sums required to be paid by Grantor under the terms of this Mortgage or the Note or the Loan Agreement, as they become due, without regard to whether or not the principal indebtedness or any other sums secured by the Note, the Loan Agreement and this Mortgage shall be due, and without prejudice to the right of Grantee thereafter to institute foreclosure, or any other action, for any default by Grantor existing at the time the earlier action was commenced.

Section 3.6 Foreclosure. Upon the occurrence and continuance of an event of default, the lien on the Mortgaged Property created and vested by this Mortgage may be foreclosed in the manner provided by law and the Grantee may become the purchaser of the Mortgaged Property at any foreclosure sale if the highest bidder.

Section 3.7 Appointment of Receiver. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Grantee under this Mortgage, the Grantee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Grantee may, with or without action under this Section, pursue any available remedy to enforce the payment of principal and interest and premium, if any, on the Note, or to remedy any event of default.

Section 3.8 Application of Moneys. All moneys received by the Grantee or a receiver pursuant to any right given or action taken under the provisions of this Article shall, after the payment of the costs, expenses, liabilities and advances incurred by the Grantee or receiver, be deposited in the Bond Fund, and all such moneys shall be applied in the manner provided in Section 3.4 hereof if such moneys are received other than as a result of foreclosure, and if received as a result of foreclosure shall be applied to the payment of the indebtedness secured hereby, together with interest thereon and the balance, if any, shall be paid to Grantor or its successors and assigns.

Section 3.9 Rights and Remedies Cumulative; No Waiver or Release of Obligation. The rights and remedies of Grantee as provided in this Mortgage, the Note, or the Loan Agreement, and in the warranties contained herein and therein shall be cumulative and concurrent, may be pursued separately, successively or together against Grantor or against the Mortgaged Property, or both, at the sole discretion of Grantee, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

Any failure by Grantee to insist upon strict performance by Grantor of any of the terms and provisions of this Mortgage or of the Note or the Loan Agreement shall not be deemed to be a waiver of any of the terms or provisions of the Mortgage, Note and Loan Agreement and Grantee shall have the right thereafter to insist upon strict performance by Grantor of any and all of them.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder by the Grantee shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Neither Grantor nor any other person now or hereafter obligated for payment of all or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of Grantee to comply with any request of Grantor or of any other person so obligated to take action to foreclose on this Mortgage or otherwise enforce any provisions of this Mortgage or the Note or the Loan Agreement, or by reason of the release, regardless of consideration, of all or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Grantee extending the time of payment or modifying the terms of the Mortgage, without first having obtained the consent of Grantor or such other person; and in the latter event Grantor and all such other persons shall continue to be liable to make payments according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Grantee.

Grantee may release, regardless of consideration, any part of the security held for the indebtedness secured by this

Mortgage without, as to the remainder of the security, in any way impairing or affecting the lien of this Mortgage or its priority over any subordinate lien.

Section 3.10 Termination of Proceedings. If Grantee shall have proceeded to enforce any right under this Mortgage by the appointment of a receiver, by entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Grantor and the Grantee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Grantee shall continue unimpaired as before.

Section 3.11 Right to Remedy Default. In the event that Grantor should fail to pay or cause to be paid real estate or other taxes, assessments, water and sewer rents, charges and claims (unless and only for so long as, in strict compliance with the provisions of Section 2.2 hereof, Grantor is contesting the validity of any such item or the amount thereof), corporate taxes, sums due under any prior lien or approved prior lien, or insurance premiums, or fail to make necessary repairs, or permit waste, or fail to cure any default under any prior lien or approved, prior lien, Grantee, at its election, and upon ten (10) days written notice to Grantor, shall have the right to make any payment or expenditure and to take any action which Grantor should have made or taken, or which Grantee deems advisable to protect the security of this Mortgage or the Mortgaged Property, without prejudice to any of Grantee's rights or remedies available hereunder or otherwise, at law or in equity. All such sums, as well as costs, advanced by Grantee pursuant to this Mortgage shall be due immediately from Grantor to Grantee, shall be secured hereby, and shall bear interest at the Interest Rate for Advances from the date of payment by Grantee until the date of repayment.

Section 3.12 Limitation on Interest. No provisions of this Mortgage or of the Note shall require the payment or permit the collection of interest in excess of the maximum permitted by law.

\*End of Article III\*

ARTICLE IV

INSURANCE PROCEEDS AND CONDEMNATION AWARDS

Section 4.1 Application of Proceeds and Awards. The net proceeds of insurance and any condemnation awards shall be applied by the Grantor or the Grantee, as the case may be, in accordance with Article V of the Loan Agreement.

\*End of Article IV\*

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MORTGAGE AS SECURITY AGREEMENT

Section 5.1 Effect of Mortgage. This Mortgage constitutes a security agreement under the Uniform Commercial Code as adopted in the State of Indiana and creates a security interest in favor of Grantee in and to all that property (and the proceeds thereof) included in the Mortgaged Property which might otherwise be deemed "personal property". Grantor shall execute, deliver, file and refile any financing statements, continuation statements, or other security agreements Grantee may require from time to time to confirm the lien of this Mortgage with respect to such property. Without limiting the foregoing, Grantor hereby irrevocably appoints Grantee attorney-in-fact for Grantor to execute, deliver and file such instruments for and on behalf of Grantor. Notwithstanding any release of any or all of that property included in the Mortgaged Property which is deemed "real property", any proceedings to foreclose this Mortgage, or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby and referred to above until the repayment or satisfaction in full of the obligations of Grantor as are now or hereafter evidenced by the Note. Nothing herein shall preclude the Grantee from proceeding as to both real and personal property in accordance with Grantee's rights and remedies in respect of property, as provided in the Uniform Commercial Code as adopted in Indiana.

\*End of Article V\*

ARTICLE VI

WAIVERS BY GRANTOR

Section 6.1 General Waivers By Grantor. Grantor hereby waives and releases, to the extent permitted by law:

(a) All errors, defects and imperfections in any proceeding instituted by Grantee under the Note or this Mortgage or both, other than failure by Grantee to give any required notice;

(b) all benefit that might accrue to Grantor by virtue of any present or future law exempting the Mortgaged Property, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any stay of execution, exemption from civil process or extension of time for payment; and

(c) any appraisalment, valuation, stay, extension or redemption or usury law now or hereafter in force.

\*End of Article VI\*

ARTICLE VII

COVENANTS, REPRESENTATIONS AND WARRANTIES

other than the Project Site

Section 7.1 Warranty of Title; Authority. Grantor warrants that it has a leasehold interest in the Project Site and that, subject to Permitted Encumbrances, it has a good and marketable title to an indefeasible fee estate in the Project subject to no lien, charge or encumbrance; that it owns the Project free and clear of liens and claims, except as aforesaid; and that this Mortgage is and will remain a valid and enforceable first lien on the Mortgaged Property subject only to the exceptions referred to above. The Grantor has full power and lawful authority to mortgage the Mortgaged Property in the manner and form herein done or intended hereafter to be done. The Grantor will preserve such title, and will forever warrant and defend the validity and priority of the lien hereof against the claim of all persons and parties whomsoever.

Section 7.2 Payment and Performance. Grantor shall pay to Grantee, in accordance with the terms of the Loan Agreement, the Note and this Mortgage, the principal and interest, and other sums therein set forth; shall perform and comply with all the agreements, conditions, covenants, provisions and stipulations of the Loan Agreement, the Note and this Mortgage.

Section 7.3 Notices to Grantee. Grantor shall notify Grantee promptly of the occurrence of any of the following:

(a) A fire or other casualty causing damage to the Mortgaged Property;

(b) receipt of notice of condemnation of the Mortgaged Property;

(c) receipt of notice from any governmental authority relating to the structure, use or occupancy of the Mortgaged Property;

(d) any change in the occupancy of the Mortgaged Property;

(e) receipt of any notice from the holder of any lien or security interest in the Mortgaged Property;

(f) receipt of any notice of default under the Lease; and

(g) commencement of any litigation affecting the Mortgaged Property.

Section 7.4 Leases. Grantor hereby represents that there are no leases, subleases, or agreements to lease or



sublease all or any part of the Mortgaged Property now in effect other than the Lease from the Lessor to Grantor, as lessee. Grantor hereby agrees not to lease or allow or suffer to be leased or subleased any space in the Mortgaged Property from and after the date hereof without the prior written consent of Grantee, whose prior written approval of all tenants, subtenants and leases and subleases shall be required, which consent and approval shall not be unreasonably withheld. Such consent shall be deemed given if Grantee fails to object to any such lease within thirty (30) days of written notice from Grantor that it proposes to enter into such lease. At the option of Grantee, any or all of such leases and subleases shall be prior to or subordinate to the lien of this Mortgage.

Section 7.5 No Other Financing or Liens. Except as permitted as a Permitted Encumbrance, without the prior written consent of Grantee, which consent shall not be unreasonably withheld, Grantor shall not create or cause or permit to exist any lien on or security interest in the Mortgaged Property, including any furniture, fixtures, appliances, equipment or other items of personal property which are intended to be or become part of the Mortgaged Property, and shall not incur any indebtedness for money borrowed to purchase the Mortgaged Property or any part thereof, other than the indebtedness secured hereby.

Section 7.6 No Further Encumbrance; No Disposition. Without the prior written consent of Grantee, except for Permitted Encumbrances and except as may be permitted in the Loan Agreement, Grantor shall not mortgage, encumber, hypothecate, sell, transfer, assign or otherwise dispose of all or any part of the Project, Project Site, or the revenues and receipts thereof (other than to the Grantee hereunder and other than for dispositions of furnishings, machinery, equipment and apparatus as permitted by the Loan Agreement) or assign, transfer or hypothecate (other than to the Grantee hereunder) any rent (or analogous payment) then due or to accrue in the future under any lease of the Project.

Section 7.7 Compliance with Laws and Regulations. Grantor covenants and agrees that in the operation and management of the Mortgaged Property it will observe and comply with all applicable, lawful and constitutional Federal, state and local statutes, ordinances, regulations, orders and restrictions, reserving hereby its right to contest the same, or the application of the same, so long as such contest shall not prejudice the lien of this Mortgage nor affect the amounts secured hereby.

Section 7.8 Declaration of No Set-Off. Within one (1) week after requested to do so by Grantee, Grantor shall certify to Grantee or to any proposed assignee of this Mortgage

or any part thereof or interest therein, in a writing duly acknowledged, the amount of principal, interest and other charges then owing on the obligation secured by this Mortgage and by prior liens, if any, whether there are any set-offs or defenses against them and whether there are any defaults under any leases.

Section 7.9 Covenant Running with the Land. Any act or agreement to be done or performed by Grantor shall be construed as a covenant running with the land and shall be binding upon Grantor and its successors and assigns as if they had personally made such agreement.

Section 7.10 Existence and Taxes. If (i) Grantor is a corporation, (ii) a partner of Grantor is a corporation, or (iii) any successor or transferee of the Grantor (pursuant to Section 6.3 of the Loan Agreement) is a corporation, Grantor shall keep in effect its existence and rights as a partnership or a corporation under the laws of the State and its right to own property and transact business in the State during the entire time that it has an ownership interest in the Mortgaged Property. For all periods during which title to the Mortgaged Property or any part thereof shall be held by a corporation or association subject to corporate taxes or taxes similar to corporate taxes, Grantor shall cause such corporation or association to file returns for such taxes with the proper authorities, bureaus or departments and to pay, when due and payable and before interest or penalties are due thereon, all taxes owing by such corporation or association to the United States, to the State and to any other state in which such taxes are payable and any political subdivision of either or all.

Section 7.11 No Impairment of Tax Exemption of Interest on the Bonds. Grantor will not engage in any activities or take any action, or omit to take any action, which might result (i) in the income derived by it from the Project becoming taxable to Grantee, or (ii) in any interest on the Bonds becoming taxable to the holders thereof under Federal income tax laws.

Section 7.12 Further Assurances. Grantor will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such mortgages supplemental hereto and such further acts, instruments and transfers, including, without limiting the generality of the foregoing, such filing, registration, recording, refiling, reregistration or rerecording, as may be necessary or as the Grantee may reasonably require for better assuring, transferring, mortgaging, pledging, assigning and confirming unto the Grantee all and singular the real and personal property secured hereby.

All right, title and interest of the Company in and to all improvements, betterments, renewals, substitutions and

replacements of the Mortgaged Property or any part thereof, financed from proceeds of the Note or the Bonds, hereafter constructed or acquired by the Grantor, immediately upon such construction or acquisition, and without any further mortgaging or assignment shall become and be part of the Mortgaged Property, and shall be subject to the lien and security interest of this Mortgage as fully and completely and with the same effect as though now mortgaged by the Grantor; but at any and all times the Grantor will execute and deliver to the Grantee any and all such further assurances, mortgages, or assignments therefor and other instruments with respect thereto as the Grantee or the Trustee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of this Mortgage.

All fixtures, equipment, furnishings and other personal property purchased by the Grantor out of the proceeds of the Note or the Bonds shall be part of the Mortgaged Property and the Grantor shall file with the Trustee upon such purchase a bill of sale showing clear title to the property in the Grantor and shall file with the Secretary of State of Indiana and the County Recorder of Lake County, Indiana appropriate financing statements naming the Grantee and the Trustee as secured parties.

Section 7.13 Assumption of Loan. Grantor shall not permit assumption of payment of principal of the Note by parties other than the Grantor without the prior written consent of Grantee, except as provided in the Loan Agreement.

Section 7.14 Release of Portion of Project. The Grantor has the option to release from the lien of the Mortgage a portion of the Project, but only upon the terms of and subject to the conditions set forth in Section 5.3 of the Loan Agreement.

\*End of Article VII\*

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, addressed to the appropriate Notice Address. A duplicate copy of each notice shall also be given to each other party set forth in Section 10.3 of the Loan Agreement at the addresses and in the manner prescribed in said Section 10.3. The Grantor or the Grantee may, by notice given hereunder, designate a different Notice Address for it than the one specified in Section 1.2 hereof, but no notice directed to either shall thereby be required to be sent to more than two addresses.

Section 8.2 Amendments, Changes and Modifications. Except as may otherwise be provided in the Loan Agreement, this Mortgage may not be effectively amended, changed, modified or altered without the prior written consent of the party against whom enforcement of such amendment, change, modification or alteration is sought.

Section 8.3 Execution Counterparts. This Mortgage may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.4 Severability. In case any clause, provision or section of this Mortgage, or any covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into, or taken under this Mortgage, or any application thereof, is for any reason held to be illegal, invalid or inoperable, such illegality, invalidity, or inoperability shall not affect the remainder thereof or any other clause, provision or section or any other covenant, stipulation, obligation, agreement, act or action or part thereof, made, assumed, entered into, or taken thereunder, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein, nor shall such illegality or invalidity or inoperability of any application thereof affect any legal and valid and operable application thereof, from time to time, and each such clause, provision or section, covenant, stipulation, obligation, agreement, act, or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent from time to time permitted by law.

Section 8.5 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or

mentioned in or to be implied from this Mortgage is intended or shall be construed to give to any person other than the parties hereto any legal or equitable right, remedy or claim under or in respect to this Mortgage or any covenants, conditions and provisions herein contained, this Mortgage and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, including their successors and assigns, and the holders of Bonds from time to time.

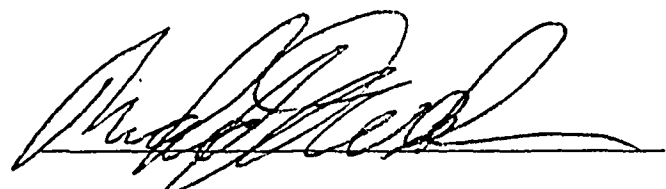

Section 8.6 Captions. The captions or headings in this Mortgage are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Mortgage.

Section 8.7 Governing Law. This Mortgage shall be deemed to be a contract made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

Section 8.8 Assignability. Grantor acknowledges and agrees that this Mortgage, and all the rights conferred upon Grantee under the terms hereof, may be assigned by Grantee to Trustee, and Grantor hereby acquiesces in any such assignment and agrees to execute a separate instrument evidencing acquiescence in such assignment upon request of Grantee or Trustee.


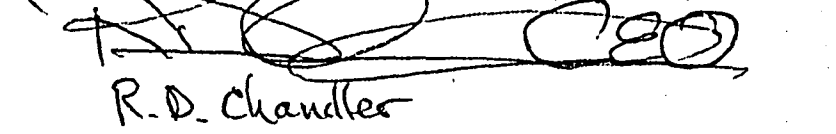
IN WITNESS WHEREOF, the parties have executed this Mortgage as of the day and year first above written.

Signed and acknowledged  
in the presence of:

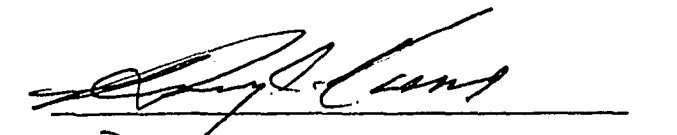
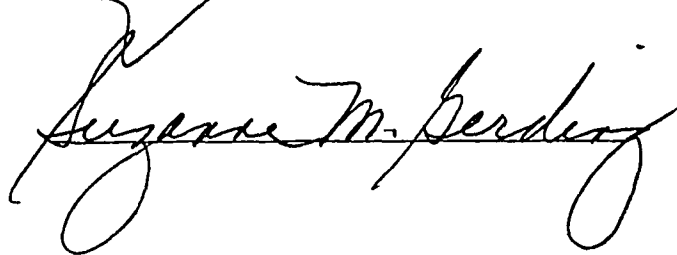
  


Grantor:

AMERICAN DIAGNOSTICS GROUP, INC.

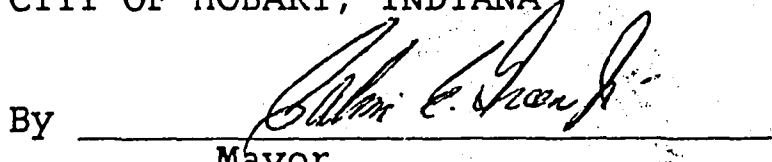
By  (Title)  
  
R.D. Chandler

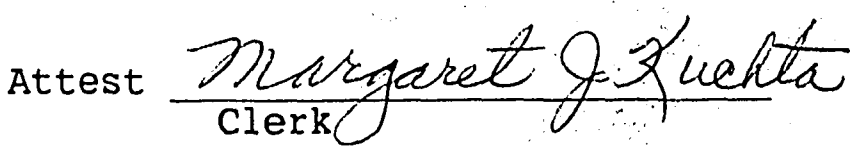
Signed and acknowledged  
in the presence of:  
(as to both)

Grantee:

CITY OF HOBART, INDIANA

By   
Mayor

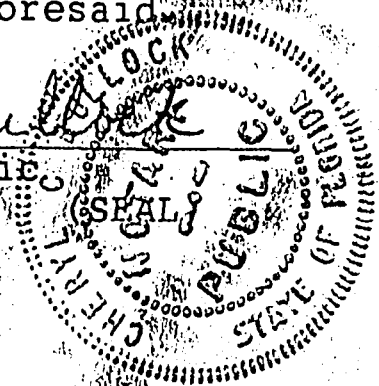
Attest   
Clerk

STATE OF FLORIDA )  
COUNTY OF PINELLAS ) SS:

On this 24<sup>th</sup> day of OCTOBER, 1985, before me, a Notary Public in and for said County and State, personally appeared R.D. CHANDLER, CEO of American Diagnostics Group, Inc., the corporation which executed the foregoing instrument, who acknowledged that he did sign said instrument as such officer for and on behalf of said corporation and by authority granted in its rules and regulations and by its Board of Directors; and that the same is his free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

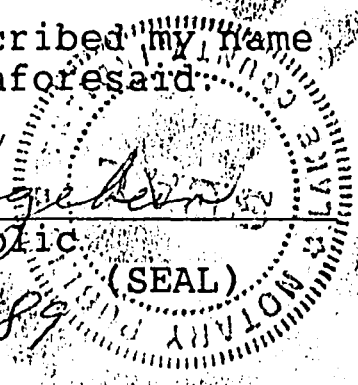
NOTARY PUBLIC STATE OF FLORIDA  
MY COMMISSION EXP. OCT 24, 1988  
BONDED THRU GENERAL INS. UND.

Cheryl C. Bullock  
Notary Public  


STATE OF INDIANA )  
COUNTY OF LAKE ) SS:

On this 18 day of October, 1985, before me, a Notary Public in and for said County and State, personally appeared Calvin E. Green Jr and Margaret J. Kuehler, Mayor and Clerk, respectively, of the City of Hobart, Indiana, who acknowledged that they did sign the foregoing instrument as such officers of said City on behalf of said City and by authority of an ordinance of its Legislative Authority; and they further acknowledged that the same is their voluntary act and deed on behalf of said City and the voluntary act and deed of said City for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

Frances Kegerberg  
Notary Public  
  
Feb 2, 1989

This instrument prepared by:  
Henry C. Kasson, Esq.  
Taft, Stettinius & Hollister  
1800 First National Bank Center  
Cincinnati, Indiana 45202

E X H I B I T A

PROJECT

The Project consists of a multiple modality medical out-patient diagnostic center of approximately 9,900 square feet located on land leased from St. Mary Medical Center, Inc., including all furniture, fixtures, furnishings equipment located thereon and there at.

(ARTICLE VIII CONTINUED)

Section 8.7	Governing Law .....	24
Section 8.8	Assignability .....	24
Signatures	.....	24
Acknowledgments	.....	25
Exhibit A	Project Description.....	26
Exhibit B	Project Site.....	27
Exhibit C	Equipment.....	28



E X H I B I T B

The leasehold interest created by that certain Net Ground Lease dated December 5, 1984 between St. Mary Medical Center, Inc. as lessor and American Diagnostics, Inc. as lessee in the premises described as follows:

The West 573.58 feet of the South 430 feet, except the West 29 feet and the South 30 feet thereof, of the Northeast 1/4 of the Southeast 1/4 of Section 6, Township 35 North, Range 7 West of the 2nd Principal Meridian, in the City of Hobart, Lake County, Indiana.

EXHIBIT C

EQUIPMENT

Major Equipment

Labsonics - Ultrasound

Equipment  
5% Tax  
Transportation  
Insurance

Jacobsen & Assoc. - Mammography

Equipment  
5% Tax  
Ship/Install

Siemens-Mevatron - Linear Accelerator

Equipment  
5% Tax  
Shipping  
Installation  
Rigging  
Plus 2 Weeks labor  
Power Conditioner

Siemens-Mevasim - Simulator

Equipment  
5% Tax  
Shipping  
Installation  
Rigging  
Plus 4 Weeks labor

Picker - Vista MRI

Equipment  
5% Tax

Philips - T60

Equipment  
Monitor/Power Sply.  
Transformer  
Enclosure  
5% Tax  
Freight  
Transformer Cover

Coastal - Modular

Unit Price  
5% Tax

Plus 6 Weeks of Labor

Equipment Total -

Misc. Equipment

Rouche's TV  
Stewarts  
Postage Machine  
Picker  
Comm. Audio

Stewarts  
Office Expenses  
Medical Supplies  
Computer/Printer  
    Allowance for 2 Additional Systems  
X-Ray Viewboxes  
X-Ray Processor - 2  
Typewriters  
Telephone System  
Oncology Computer  
Picker Filing System  
Transcription System  
Exam Tables,

Total -

Furnishings

Boise Cascade  
Slater Furniture

Smith Schaeffer  
    (Allowance 10,000 Upgrade)  
    Includes Oncology Exam Room

Total -

MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT (the "Mortgage") made this fifteenth day of October, 1985, between American Diagnostics Group, Inc., a Florida corporation with its principal place of business in Clearwater, Florida ("Grantor"), and the City of Hobart, Indiana, a municipal corporation existing under and by virtue of the Constitution and the laws of the State of Indiana ("Grantee");

W I T N E S S E T H :

WHEREAS, Grantor has entered into the Loan Agreement (as hereinafter defined) with Grantee, pursuant to the terms of which Grantee has agreed to loan to Grantor the principal amount of \$6,885,000, and Grantor has agreed to deliver its Note (as hereinafter defined) to evidence said loan and to grant its mortgage on the Project located on the Project Site (as both are hereinafter defined) as security for the payment of the Note; and

WHEREAS, to finance the Project by providing the funds for the aforesaid loan the Grantee has issued, on the date hereof, its \$6,885,000 Economic Development Revenue Bonds (American Diagnostics Group, Inc. Project); and

WHEREAS, the amounts payable by Grantor pursuant to the Loan Agreement and the Note are equal to the amounts payable by Grantee as principal, premium (if any) and interest on the aforesaid Bonds; and

WHEREAS, Grantee has entered into a Trust Indenture (the "Indenture") with American Fletcher National Bank and Trust Company, Indianapolis, Indiana, as Trustee, pursuant to which Grantee has agreed to assign to the Trustee the Note and this Mortgage as security for the payment of the Bonds and has agreed to deliver the Bonds against payment of the principal amount thereof and accrued interest;

NOW, THEREFORE, in consideration of the premises, which shall be construed as parts hereof for all purposes, and as security for the payment of the principal of and interest on, and all other sums provided for in the Note, and any extensions or renewals thereof, and in the Loan Agreement and this Mortgage, according to their respective terms and conditions, and for performance of the agreements, conditions, covenants, provisions and stipulations contained herein and

therein, Grantor does hereby grant, bargain, sell, convey, mortgage and warrant, assign, transfer and grant a security interest in and pledge unto Grantee, and unto its successors and assigns forever, in trust, all of Grantor's estate, right, title and interest in, to and under any and all of the following described property, rights and interests (herein called the "Mortgaged Property" or "property herein conveyed"):

GRANTING CLAUSE FIRST

All right, title and interest of the Grantor in and to the Project (including the property set forth in Exhibit A of this Mortgage and the Grantor's leasehold interest in the Project Site (as described in Exhibit B of this Mortgage), created pursuant to the Lease (as hereinafter defined) together with the entire interest of the Grantor in and to the Project, the Equipment set forth in Exhibit C), and all buildings, structures, improvements and appurtenances of any nature whatsoever now standing, or at any time hereafter constructed or placed, upon the Project Site, including all right, title and interest of the Grantor, if any, in and to all building material (whether on or off the Project Site), building equipment and fixtures of every kind and nature whatsoever at the Project, now or hereafter acquired, or in any building, structure or improvement now or hereafter standing on the Project Site, and financed from the proceeds of the Bonds, and the reversion or reversions, remainder or remainders, in and to the Project and together with the entire interest of the Grantor in and to all and singular the tenements, hereditaments, easements, rights-of-way, rights, privileges and appurtenances to said Project Site, belonging or in any wise appertaining thereto, including without limitation the entire right, title and interest of the Grantor in, to and under any streets, ways, alleys, gores or strips of land adjoining the Project Site, and all claims or demands whatsoever of the Grantor either at law or in equity, in possession or expectancy of, or in and to the Project Site, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by the Grantor and is affixed or attached or annexed to the Project Site, and is financed from the proceeds of the Bonds, shall be and remain or become and constitute a portion of the Project Site and the security covered by and subject to the lien of this Mortgage, together with such rents, income, revenues, issues and profits thereof, as are sufficient to make payments on the Note when due, and the present and continuing right to make claim for, collect, receive and receipt for such rents, income, revenues, issues and profits arising therefrom or in connection therewith as are sufficient to make payments on the Note when due, subject, however, to Permitted Encumbrances (as hereinafter defined). The term "when due" as used in this paragraph refers only to currently due payments, not to payments due in the future.

GRANTING CLAUSE SECOND

All rentals due or to become due under any lease or leases or rights to use and occupation of the Mortgaged Property now or hereafter created, as well as all rights and remedies provided in such lease or leases; provided, however, that so long as there is no default hereunder, Grantor shall have the exclusive right to receive rent and to take any and all actions as lessor under such leases, including termination thereof.

GRANTING CLAUSE THIRD

Any and all other rights and interests in property, whether tangible or intangible, required to be subject to the lien hereof, or from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by Grantor or by anyone in its behalf or with its written consent to Grantee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Mortgaged Property hereby conveyed and assigned, as agreed or intended so to be, unto Grantee, its successors and assigns forever.

PROVIDED, HOWEVER, and this instrument is upon the express condition that, if Grantor pays, or causes to be paid, to Grantee the principal sum set forth in the Note, the interest thereon and all other sums payable by Grantor to Grantee as are secured hereby in accordance with the provisions of the Note, the Loan Agreement and this Mortgage, at the times and in the manner specified, without deduction, fraud or delay, and Grantor performs and complies with all the agreements, conditions, covenants, provisions and stipulations contained herein and in the Note and the Loan Agreement, then this Mortgage and the estate hereby granted shall cease, determine and be void; otherwise this Mortgage shall be and remain in full force and effect.

And Grantor has agreed and covenanted, and does hereby further agree and covenant with Grantee as follows:

ARTICLE I

DEFINITIONS

Section 1.1 General. In addition to the words and terms elsewhere defined in this Mortgage, certain words and terms as used in this Mortgage shall have the meaning given to them by the definitions and descriptions in this Article I unless the context or use indicates another or different meaning or intent and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms herein defined. Those words and terms not specifically defined herein and used in this Mortgage and Article I as defined words or terms shall have the meaning set forth in the Loan Agreement, as defined herein.

Section 1.2 Definitions. The following words and terms are defined terms under this Mortgage:

"Act" means Title 36, Article 7, Chapter 12 of the Indiana Code of 1971, as the same may be amended and supplemented and at the time in force and effect.

"Additional Bonds" means Bonds issued pursuant to Section 8 of the Bond Legislation.

"Bond Fund" means the City of Hobart, Indiana - American Diagnostics Group, Inc. Revenue Bond Fund created and established pursuant to the Bond Legislation.

"Bond Fund Payment" means as to the Project Bonds an amount equal to the interest accrued on the Project Bonds from their date to the date of their delivery to the Original Purchaser and payment therefor, together with an amount representing 6 months' capitalized interest on the Project Bonds, and as to Additional Bonds the amount specified in the Bond Legislation authorizing such Additional Bonds, provided that the Bond Fund Payment for any Additional Bonds shall not be less than an amount equal to the interest accrued on such Additional Bonds from their date to the date of delivery of such Additional Bonds to their original purchaser and payment therefor.

"Bondholder" or "holder" or "holder of Bonds" means any person who is the registered owner of a Bond.

"Bond Legislation" means the legislation adopted by the Legislative Authority of the Grantee authorizing the Project Bonds, except that when used with reference to an issue of Additional Bonds it shall mean the aforesaid legislation to the extent applicable and other legislation providing for the

issuance of such Additional Bonds, and except that when used with reference to Bonds when Additional Bonds are outstanding, it shall mean the legislation first referred to above and the Bond Legislation providing for the issuance of Additional Bonds, all as the same may from time to time be lawfully amended, modified or supplemented.

"Bonds" or "Project Bonds" means the Bonds initially issued by the Grantee pursuant to the Bond Legislation in the aggregate principal amount of \$6,885,000 and designated "Economic Development Revenue Bonds (American Diagnostics Group, Inc. Project)".

"Equipment" means any furniture, fixtures, machinery, equipment or tangible personal or mixed real and personal property owned by the Company, located on the Project Site and acquired, in whole or in part, from the proceeds of any series of Bonds, whether or not specified in Exhibit A, B or C hereto.

"Event of Default" means any one or more or all of the events enumerated in Section 3.1 hereof.

"Grantee" means the City of Hobart, Indiana, and its assigns.

"Grantor" means American Diagnostics Group, Inc., a Florida corporation.

"Indenture" means the Trust Indenture between Grantee and Trustee, dated as of October 15, 1985, as the same may be duly amended, modified or supplemented in accordance with the provisions thereof.

"Independent Architect" or "Independent Engineer" means an architect or firm of architects or a registered engineer, firm of engineers or engineering corporation qualified to practice the profession of engineering or architecture under the laws of the State acceptable to the Grantee and the Original Purchaser who do not have any substantial financial interest in the Grantor or the Grantee and who are not full-time employees of either.

"Interest Rate for Advances" means a rate which is one percent in excess of the prime interest rate then charged by Trustee to its prime commercial borrowers in its lending capacity as a commercial bank; provided, such rate of interest shall never exceed the maximum rate permitted by applicable state or Federal law or regulation.

"Lease" means the Lease dated December 5, 1984, with respect to the Project Site between the Grantor, as lessee, and the Lessor.



"Legislative Authority" means the Common Council of the City of Hobart, Indiana.

"Lessor" means St. Mary Medical Center, Inc., an Indiana not-for-profit corporation.

"Loan Agreement" means the Loan Agreement between the Grantor and Grantee dated as of October 15, 1985.

"Mortgage" means this instrument as originally executed and as from time to time amended or supplemented.

"Net Proceeds" means, as to any insurance proceeds or any condemnation award, the amount remaining after deducting therefrom all expenses (including attorneys' fees and any Extraordinary Expenses, as defined in the Indenture, of the Trustee) incurred in the collection of such proceeds or award.

"Note" or "Notes" means the promissory note of the Grantor dated as of October 15, 1985, payable to the Grantee and constituting an unconditional promise of the Grantor to pay the principal and interest thereon, and any additional promissory note or notes executed and delivered with respect to Additional Bonds.

"Notice Address" means:

- (a) As to Grantee: City of Hobart, Indiana  
414 Main Street  
Hobart, Indiana 46342  
Attention: Clerk
- (b) As to the Grantor: American Diagnostics Group, Inc.  
3040 Gulf-to-Bay Boulevard  
Clearwater, Florida 33519  
Attention: President
- (c) As to the Trustee: American Fletcher National Bank  
and Trust Company  
101 Monument Circle  
Indianapolis, Indiana 46277  
Attention: Corporate Trust  
Department
- (d) As to the Original Purchaser: The Heitner Corporation  
515 Olive  
Suite 1100  
St. Louis, Missouri 63101

or such different address notice of which is given pursuant hereto, but no such notice shall thereby be required to be sent to more than two addresses.