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PEOPLES FEDERAL SAVINGS & LOAN
MORTGAGE LOAN DEPARTMENT
P. O. BOX 3230

(Space Above This Line for Recording Date) MUNSTER, INDIANA 46321

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on October 24th 19 85
The Mortgagor is Michael J. Kovach and Diana L. Kovach, Husband and Wife ("Borrower").
This Security Instrument is given to Peoples Federal Savings and Loan Association, which is organized and existing under the laws of
The United States of America, and whose address is 7120 Indianapolis Blvd.,
Hammond, Indiana 46324 ("Lender"). Borrower owes Lender
the principal sum of Seventy Thousand and 00/100 Dollars
(U.S. \$ 70,000.00). This debt is evidenced by Borrower's Note, dated the same date as this Security Instrument
("Note"). If not paid earlier, due and payable on December 31, 1986. This Security Instrument secures to Lender: (a) the
repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (b) the payment of all other sums, with
interest, advanced to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this
Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property
located in Lake County, Indiana:

Lot 10 Lantern Woods Addition Unit 2 to the Town of St. John as shown in Plat Book 39 page
62 in Lake County, Indiana.

which has the address of 13306 West 86th Place, St., John
Indiana 46373 ("Property Address")

OCT 31 1985
STATE OF INDIANA
RECORDS & DEEDS
MUNSTER, INDIANA

Together with all buildings and improvements now or hereafter upon said premises or any part thereof, and all here (to) or hereafter vacated
alleys and street abutting said premises, and together with all fixtures and equipment now or hereafter installed for use in the operation of the building
or buildings now or hereafter on said premises, including but not limited to, all lighting, heating, cooling, ventilating, air conditioning, plumbing,
sprinkling, communicating and electrical systems, and the machinery, fixtures and equipment pertaining thereto, all of which fixtures, equipment,
shall be deemed to be part of the real estate.

Together with all of the rents, profits and leases thereof and the tenements, hereditaments, easements and appurtenances. (Any reference
herein to the mortgaged "premises" shall be deemed to apply to the above described lands and said buildings, fixtures and equipment, and the rents
profits and leases thereof, and said tenements, hereditaments, easements and appurtenances, unless the context shall require otherwise.)

Mortgagor does hereby covenant as follows:

(1) Mortgagor shall pay the principal and interest of said indebtedness according to the terms of said Note and shall pay all other amounts
provided herein.

(2) At the time of the execution and delivery of this instrument, Mortgagor is well and truly seized of the premises in fee simple, free of all
liens and encumbrances whatsoever and will forever warrant and defend the same against any and all claims whatever, and the lien created hereby is
and will be kept a first lien upon said premises and every part thereof. Mortgagor shall pay when due all water charges and all other amounts which
might become a lien upon the premises prior to this Mortgage.

(3) Mortgagor shall pay when due all taxes and assessments that may be levied upon said premises, and shall promptly deliver to Mortgagee
receipts showing payment thereof. Mortgagor shall pay when due all taxes and assessments that may be levied upon or on account of this Mortgage or
the indebtedness secured hereby or upon the interest or estate in said premises created or represented by this Mortgage, whether levied against
Mortgagor or otherwise.

(4) Mortgagor will abstain from and will not suffer the commission of waste on said premises and will keep the buildings, improvements,
fixtures, equipment and appliances now or hereafter thereon in good repair and will make replacements thereto as and when the same become
necessary. Mortgagor shall promptly notify Mortgagee in writing of the occurrence of any loss or damage to the premises. Mortgagor shall not
materially alter the building, improvements, fixtures, equipment or appliances now or hereafter upon said premises, or remove the same therefrom,
or permit any tenant or other person to do so, without the written consent of Mortgagee. Mortgagor will not permit any portion of the premises to be
used for any unlawful purpose. Mortgagor will comply promptly with all laws, ordinances, regulations and orders of all public authorities having
jurisdiction thereof relating to the premises or the use, occupancy and maintenance thereof. Mortgagee shall have the right at any time, and from time
to time, to enter the premises for the purpose of inspecting the same.

(5) Mortgagor will keep all buildings, improvements, fixtures, equipment and appliances now or hereafter upon said premises and the rents
thereof, insured against loss and damage by fire and the perils covered by extended coverage insurance, and against such other risks (including public
liability insurance), and in such amounts, as may from time to time be required by Mortgagee, and with such insurer or insurers as may from time to
time be approved by Mortgagee, with the proceeds thereof payable to Mortgagee under a standard mortgage clause. The policies of all such insurance
and all renewals thereof, together with receipts evidencing payment in full of the premiums thereon, shall be delivered promptly to Mortgagee. In the
event of loss or damage, the proceeds of said insurance shall be paid to Mortgagee alone. Mortgagee is authorized to adjust and compromise such loss
without the consent of Mortgagor, to collect, receive and receipt for such proceeds in the name of Mortgagee and Mortgagor, and to endorse
Mortgagor's name upon any check in payment thereof. The Power granted hereby shall be deemed to be coupled with an interest and shall be
irrevocable. Such proceeds shall be applied toward reimbursement of all costs and expenses of Mortgagee in collecting said proceeds, and toward the
payment of all amounts payable by Mortgagor to Mortgagee hereunder, and toward the payment of the indebtedness secured hereby or any portion
thereof, whether or not then due or payable, or Mortgagee, at its option, may apply said insurance proceeds or any part thereof to the repair or
rebuilding of said premises. All of said policies of insurance shall be held by Mortgagee as additional security hereunder and, in the event of sale of
the premises on foreclosure, the ownership of all policies of insurance and the right to receive the proceeds of any insurance payable by reason of any
loss theretofore or thereafter occurring, shall pass to the purchaser at said sale and Mortgagor hereby appoints Mortgagee its attorney-in-fact, in
Mortgagor's name, to assign and transfer all such policies and proceeds to such purchaser.

(6) In the event that any person, firm, or corporation owning or owning an interest in, the premises, is adjudicated a bankrupt, or insolvent, or
shall make an assignment for the benefit of creditors, or shall take, or receive, the benefit of any act for reorganization, or if a receiver should be
appointed for such owner, Mortgagee may, at its option, declare the principal of the note hereby secured and then outstanding to be due and payable
immediately; and upon such declaration, the said principal, so declared to be due and payable, together with the interest accrued thereon, and
together with any other sums secured hereby shall become and be due and payable immediately, anything in this Mortgage or in said Note to the
contrary notwithstanding.

(7) If default be made in the payment of any of the aforesaid taxes or assessments or in making repairs or replacement or in procuring and
maintaining insurance and paying the premiums therefor, or in keeping or performing any other covenant of Mortgagor herein, Mortgagee may, at its
option and without any obligation on its part so to do, pay said taxes and assessments, make such repairs and replacements, effect such insurance, pay
such premiums, and perform any other covenant of Mortgagor herein. All amounts expended by Mortgagee hereunder shall be secured hereby and
shall be due and payable by Mortgagor to Mortgagee forthwith on demand, with interest thereon at the rate at which interest accrues on amounts after
the same become due under the Note.

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(8) Nonpayment of any taxes or assessments levied or assessed upon the premises, and nonpayment of any insurance premium upon any insurance policy covering the premises, or any part thereof, shall constitute waste, and shall entitle Mortgagee to exercise the remedies afforded by the appropriate statutes of the appropriate state as now or hereafter amended, and by any other statute or law now or hereafter in effect.

(9) In the event that Mortgagee is made a party to any suit or proceedings by reason of the interest of Mortgagee in the premises, Mortgagor shall reimburse Mortgagee for all costs and expenses, including attorney fees, incurred by Mortgagee in connection therewith. All amounts incurred by Mortgagee hereunder shall be secured hereby and shall be due and payable by Mortgagor to Mortgagee forthwith on demand, with interest thereon at the rate at which interest accrues on amounts after the same become due.

(10) Should default be made in the payment of the principal or interest of said indebtedness or any part thereof, or in the payment of any other sums provided herein, or in the performance of any covenant or condition provided herein, Mortgagee may at any time after such default, and without notice, declare the entire principal balance of the indebtedness secured hereby, together with interest thereon, to be due and payable immediately. Lender may foreclose this mortgage by judicial proceedings and shall be entitled to collect in such proceedings all expenses of foreclosure, including but not limited to reasonable attorney's fees and cost of documentary evidence of title reports.

(11) In the event of the taking of all or any portion of the premises in any proceedings under the power of eminent domain, the entire award rendered in such proceedings shall be paid to Mortgagee, to be applied toward reimbursement of all costs and expenses of Mortgagee in connection with said proceedings, and toward the payment of all amounts payable by Mortgagor to Mortgagee hereunder, and toward the payment of the indebtedness secured hereby, or any portion thereof, whether or not then due or payable, or Mortgagee, at its option, may apply said award, or any part thereof, to the repair or rebuilding of said premises.

(12) As additional security for the payment of the indebtedness represented by the Note herein described, interest thereon, insurance premiums, taxes and assessments, at the time and in the manner herein agreed, and for the performance of the covenants and agreements herein contained, the Mortgagor does hereby sell, assign, transfer and set over unto the Mortgagee herein all the rents, profits, and income, whether due or to become due under all oral or written leases of the mortgage premises in existence or coming into existence during the period this Mortgage is in effect. This assignment of rents shall run with the land and be good and valid as against the Mortgagor herein, or those claiming by, under or through the Mortgagor, from the date of the recording of this instrument. This assignment shall continue to be operative during the foreclosure or any other proceeding taken to enforce this Mortgage. In the event of a sale on foreclosure which shall result in a deficiency, this assignment shall stand as security during the redemption period for the payment of such deficiency.

In the event of default in any of the terms, condition or covenants of this Mortgage, the Mortgagor shall, upon demand therefor made by the Mortgagee, deliver and surrender possession of the mortgaged premises to the Mortgagee, who shall thereafter collect the rents, and income therefrom, rent or lease said premises or portion thereof upon such terms and for such time as it may deem best, terminate any tenancy and maintain proceedings to recover rents or possession of the premises from any tenant of trespasser, and apply the net proceeds of such rent and income to the following purposes:

- (a) Preservation of the premises;
- (b) Payment of taxes;
- (c) Payment of insurance premiums;
- (d) Payment of installments of interest and principal due under the terms of this Mortgage.

In the event that the Mortgagor fails, refuses or neglects to deliver or surrender such possession, the Mortgagee shall be entitled to the appointment of a receiver of the property hereby mortgaged and of the earning, income, issues and profits, with such power as the court making such appointment may confer.

(13) The funds secured hereby are to be advanced for use in the construction of certain improvements on said premises pursuant to a construction loan agreement between the Mortgagor and Mortgagee of even date, which construction loan agreement is incorporated herein by reference to the same effect as if fully set forth and made a part of this Mortgage. Any default under the terms and condition of said construction loan agreement shall also constitute a default of this Mortgage.

(14) In the event that Mortgagor shall at any time sell, convey or transfer either directly or indirectly the Mortgaged premises or any portion thereof, or any interest therein, or cease to be the holder of the entire record title to and beneficial interest in the mortgaged premises or any part thereof, whether by sale or any other means whatsoever, without the prior written consent of Mortgagee, the entire indebtedness secured hereby may, at the option of Mortgagee, be declared immediately due and payable without notice. No transfer of the premises by Mortgagor with the prior written consent of Mortgagee, and no extension of time of payment or other indulgence after such transfer shall operate to release or discharge Mortgagor, it being agreed that the liability of Mortgagor shall continue as principal until all of the indebtedness secured hereby is paid in full, notwithstanding any transfer of said premises, extension of time or other indulgence to the then owner, or other act which might constitute a discharge of a surety.

(15) Mortgagor will not, without the prior written consent of Mortgagee, mortgage or pledge as security for any other loans obtained by Mortgagor, the premises and improvements thereon, fixtures or personal property used in the operation of the improvements on the premises. If any such mortgage or pledge is entered into without the prior written consent of the Mortgagee, the entire indebtedness secured hereby, may, at the option of Mortgagee, be declared immediately due and payable without notice.

(16) All notices, demands and requests required or permitted to be given to Mortgagor hereunder or by law shall be deemed delivered when deposited in the United States mail, with full postage prepaid thereon, addressed to Mortgagor at the last address of Mortgagor on the records of Mortgagee.

(17) Each and every of the rights, remedies and benefits provided to Mortgagee herein shall be cumulative and shall not be exclusive of any other of said rights, remedies or benefits, or of any other rights, remedies or benefits allowed by law. Any waiver by Mortgagee of any default shall not constitute a waiver of any similar or other default.

(18) All of the covenants and conditions hereof shall run with the land and shall be binding upon the successors and assign of Mortgagor, and shall inure to the benefit of the successors and assign of Mortgagee. Any reference herein to "Mortgagee" shall include the successors and assign of Mortgagee.

(19) Borrower hereby waives all right of valuation and appraisalment.

Michael J. Kovach
Signature Michael J. Kovach

Diana L. Kovach
Signature Diana L. Kovach

Signature

Signature

STATE OF INDIANA
COUNTY OF _____

Before me, the undersigned a Notary Public in and for said County and State, this 24th day of October, 1985 came Michael J. and Diana L. Kovach

_____ and acknowledged the execution of the annexed instrument.

Witness My Hand and Official Seal
My Commission Expires: 6/16/89

Carla J. Houck
Notary Public
resident of Lake County

This instrument prepared by Daniel W. Moser-Manager of Loans

ADJUSTABLE RATE LOAN RIDER

NOTICE: THE SECURITY INSTRUMENT SECURES A NOTE WHICH CONTAINS A PROVISION ALLOWING FOR CHANGES IN THE INTEREST RATE. INCREASES IN THE INTEREST RATE WILL RESULT IN HIGHER PAYMENTS. DECREASES IN THE INTEREST RATE WILL RESULT IN LOWER PAYMENTS.

This rider is made this 24th day of October, 1985 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to _____

Peoples Federal Savings and Loan Association

(the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at _____

13306 West 86th Place, St. John, Indiana 46373

MODIFICATIONS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note has an "Initial Interest Rate" of 10.50%. Such interest rate shall change from time to time on the installment payment date following a change in the prime rate.

Changes in the interest rate are governed by changes in an interest rate index called the "Index". The Index is the prime rate on the large U.S. Money Center Commercial Banks as published in the midwest edition of the Wall Street Journal in effect on the first day of such month.

There is no maximum limit on changes in the interest rate at any Change Date. If the interest rate changes, the amount of Borrower's monthly payments will change as provided in the Note. Increases in the interest rate will result in higher payments. Decreases in the interest rate will result in lower payments.

B. LOAN CHARGES

It could be that the loan secured by the Security Instrument is subject to a law which sets maximum loan charges and that law is interpreted so that the interest or other loan charges collected or to be collected in connection with the loan would exceed permitted limits. If this is the case, then: (A) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (B) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower.

C. PRIOR LIENS

If Lender determines that all or any part of the sums secured by this Security Instrument are subject to a lien which has priority over this Security Instrument, Lender may send Borrower a notice identifying that lien. Borrower shall promptly act with regard to that lien as provided in paragraph 2 of the Security Instrument or shall promptly secure an agreement in a form satisfactory to Lender subordinating that lien to this Security Instrument.

D. TRANSFER OF THE PROPERTY

If there is a transfer of the Property subject to paragraph 14 of the Security Instrument, Lender may require (1) an increase in the current Note interest rate, or (2) an increase in (or removal of) the limit on the amount of any one interest rate change (if there is a limit), or both of these, as a condition of Lender's waiving the option to accelerate provided in paragraph 14.

By signing this, Borrower agrees to all of the above.

Michael J. Kovach (Seal)

Michael J. Kovach

Diana L. Kovach (Seal)

Diana L. Kovach