

COM 138120

TICOR TITLE INSURANCE
Merrillville, Indiana

954229

REAL ESTATE MORTGAGE,
ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT

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THIS MORTGAGE is made this 6th day of November, 1987, between the Mortgagor, JOHN C. KRUPCHAK, as Trustee under a certain Land Trust Agreement dated October 30, 1987 and known as Trust No. 6951 (herein sometimes referred to as "Borrowers"), and the Mortgagee, HOBART FEDERAL SAVINGS AND LOAN ASSOCIATION, a corporation organized and existing under the laws of the United States, whose address is 555 East Third Street, Hobart, Indiana 46342, (herein sometimes referred to as "Lender").

WHEREAS, Borrowers are indebted to Lender in the principal sum of Three Hundred Thousand (\$300,000.00) Dollars, which indebtedness is evidenced by Borrowers' Note dated November 6, 1987, (herein "Note"), providing for monthly installments of principal and interest, with the balance of the indebtedness, if not sooner paid, due and payable in full on December 1, 2002.

TO SECURE to Lender (a) the repayment of the indebtedness evidenced by the Note, with interest thereon, and all renewals, extensions and modifications thereof; (b) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage, and (c) the performance of the covenants and agreements of Borrowers herein contained, Borrowers do hereby mortgage, grant and convey to Lender the following described property located in the County of Lake, State of Indiana:

The North 62.77 feet of the West 280 feet of the North 1/2 of the North 1/2 of the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 and all that part of the West 280 feet as measured along the South line of the South 1/2 of the Northwest 1/4 of the Southwest 1/4 of the Southwest 1/4 lying South of the E.J. & E. Railroad right of way, all in Section 32, Township 36 North, Range 7 West of the 2nd Principal Meridian, in the City of Hobart, Lake County, Indiana.

which has the address of 847 S. Lake Park Avenue, Hobart, Indiana 46342, (herein "Property Address");

TOGETHER with all buildings, improvements, and tenements now or hereafter erected on the property, and all heretofore or hereafter vacated alleys and streets abutting the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property, and all fixtures, machinery, equipment, engines, boilers, incinerators, building material, appliances and goods of every nature whatsoever now or hereafter located in, or on, or used, or intended to be used in connection with the property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light; and all elevators, and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, stormwindows, stormdoors, blinds, shades, mirrors, cabinets, panelling, rugs, attached floor coverings, antennae, and trees and plants; all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the real property covered by this Mortgage; and all of the foregoing, together with said property are herein referred to as the "Property".

Borrowers covenant that Borrowers are lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and

STATE OF INDIANA/S.S. NO. 1
LAKE COUNTY
HOBART
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TICOR TITLE INSURANCE

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convey the Property, that the Property is unencumbered, and that Borrowers will warrant and defend generally the title to the Property against all claims and demands, subject to any easements or restrictions specifically listed in a schedule of special exceptions to coverage in any Lender's title insurance policy insuring Lender's interest in the Property.

BORROWER AND LENDER COVENANT AND AGREE AS FOLLOWS:

1. PAYMENT OF PRINCIPAL AND INTEREST. Borrowers shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, prepayment and late charges as provided in the Note.

2. FUNDS FOR TAXES AND INSURANCE. Subject to applicable law or to a written waiver by Lender, Borrowers shall pay to Lender on the day monthly installments of principal and interest are payable under the Note, until the Note is paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments which may attain priority over this Mortgage, if any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof.

The Funds shall be held by Lender. Lender shall apply the Funds to pay said taxes, assessments, and insurance premiums. Lender may not charge for so holding and applying the Funds, analyzing said account, or verifying and compiling said assessments and bills, unless Lender pays Borrowers interest on the Funds and applicable law permits Lender to make such a charge. Borrowers and Lender may agree in writing at the time of execution of this Mortgage that interest on the Funds shall be paid to Borrowers, and unless such agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrowers any interest or earnings on the Funds. Lender shall give to Borrowers, without charge, an annual accounting of the funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Mortgage.

If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, and insurance premiums, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrowers' option, either promptly repaid to Borrowers or credited to Borrowers on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrowers shall pay to Lender any amount necessary to make up the deficiency within 30 days from the date notice is mailed by Lender to Borrowers requesting payment thereof.

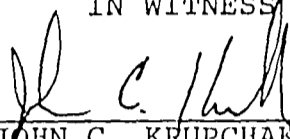
Upon payment in full of all sums secured by this Mortgage, Lender shall promptly refund to Borrowers any Funds held by Lender. If under paragraph 20 hereof the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Mortgage.

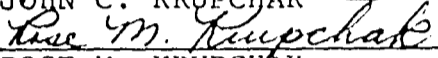
3. APPLICATION OF PAYMENTS. Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender in the following order of priority: (i) amounts payable to Lender by

auditors, or the Federal Home Loan Bank Board results in a loan to value ratio of greater than Eighty (80%) Percent computed based on the unpaid principal balance at the time of the reappraisal and the appraised value as determined in the reappraisal, Borrowers covenant and agree, upon demand of Lender, to make additional principal payments to Lender sufficient to reduce the loan to value ratio based on the reappraisal to Eighty (80%) Percent or less.

32. MISCELLANEOUS. JOHN C. KRUPCHAK and ROSE M. KRUPCHAK, certify that they are presently the owners of 100% of the beneficial interest of the land trust and by execution of this Mortgage, they agree to be jointly and severally liable and responsible for the performance of all of the covenants and agreements of the Borrowers expressed in this Mortgage.

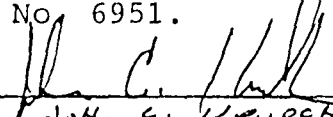
IN WITNESS WHEREOF, Borrowers have executed this Mortgage.



JOHN C. KRUPCHAK


ROSE M. KRUPCHAK

JOHN C. KRUPCHAK, as
Trustee under a certain
Land Trust Agreement dated
October 30, 1987 and known as
Trust No. 6951.

By: 

JOHN C. KRUPCHAK

Attest: _____

STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

Before me, the undersigned, a Notary Public, in and for said County and State, this 6th day of November, 1987, personally appeared JOHN C. KRUPCHAK, as Trustee under a certain Land Trust Agreement dated October 30, 1987 and known as Trust No. 6951, who acknowledged the execution of the foregoing Real Estate Mortgage, Assignment of Rents, and Security Agreement as such Trustee for and on behalf of said Land Trust Agreement dated October 30, 1987 and known as Trust No. 6951.

WITNESS MY HAND and Official Seal.

Barbara J. Hall
Notary Public Barbara J. Hall

My Commission Expires:

1-21-91

County of Residence:

Porter

STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

I, Barbara J. Hall, a Notary Public in and for said County and State, do hereby certify that JOHN C. KRUPCHAK and ROSE M. KRUPCHAK, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered the said instrument as their free and voluntary act for the uses and purposes therein set forth.

Given under my hand and official seal, this 6th day of November, 1987.

Barbara J. Hall
Notary Public, Barbara J. Hall

My Commission Expires:

1-21-91

County of Residence:

Porter

This instrument prepared by: Richard E. Anderson
404 East 86th Avenue
Merrillville, Indiana 46410

Borrowers under paragraph 2 hereof, (ii) interest payable on the Note, (iii) principal of the Note, and (iv) any other sums secured by this Instrument in such order as Lender, at Lender's option, may determine; provided, however, that Lender may, at Lender's option, apply any sums payable pursuant to paragraph 8 hereof prior to interest on and principal of the Note, but such application shall not otherwise affect the order of priority of application specified in this paragraph 3.

4. CHARGES; LIENS. Borrowers shall pay all water and sewer rates, rents, taxes, assessments, premiums, and Other Impositions attributable to the property at Lender's option in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrowers making payment, when due, directly to the payee thereof, or in such other manner as Lender may designate in writing. Borrowers shall promptly furnish to Lender all notices of amounts due under this paragraph 4, and in the event Borrowers shall make payment directly, Borrowers shall promptly furnish to Lender receipts evidencing such payments. Borrowers shall promptly discharge any lien which has, or may have, priority over or equality with, the lien of this Mortgage, and Borrowers shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the property. Without Lender's prior written permission, Borrowers shall not allow any lien inferior to this Mortgage to be perfected against the property.

5. HAZARD INSURANCE. Borrowers shall keep the improvements now existing or hereafter erected on the property insured by carriers at all times satisfactory to Lender against loss by fire, hazards included within the term "extended coverage", rent loss and such other hazards, casualties, liabilities and contingencies as Lender shall require and in such amounts and for such periods as Lender shall require. All premiums on insurance policies shall be paid, at Lender's option, in the manner provided under paragraph 2 hereof, or by Borrowers making payment, when due, directly to the carrier, or in such other manner as Lender may designate in writing.

All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies, and Borrowers shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. At least thirty days prior to the expiration date of a policy, Borrowers shall deliver to Lender a renewal policy in form satisfactory to Lender.

In the event of loss, Borrowers shall give immediate written notice to the insurance carrier and to Lender. Borrowers hereby authorize and empower Lender as attorney-in-fact for Borrowers to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Lender's expenses incurred in the collection of such proceeds; provided however, that nothing contained in this paragraph 5 shall require Lender to incur any expense or take any action hereunder. Borrowers further authorize Lender, at Lender's option, (a) to hold the balance of such proceeds to be used to reimburse Borrowers for the cost of reconstruction or repair of the property, or (b) to apply the balance of such proceeds to the payment of the sums secured by this Mortgage, whether or not then due, in the order of application set forth in paragraph 3 hereof.

If the insurance proceeds are held by Lender to reimburse Borrowers for the cost of restoration and repair of the property, the property shall be restored to the equivalent of its original condition or such other condition as Lender may approve in

writing. Lender may, at Lender's option, condition disbursement of said proceeds on Lender's approval of such plans and specifications of an architect satisfactory to Lender, contractor's cost estimates, architect's certificates, waivers of liens, sworn statements of mechanics and materialmen and such other evidence of costs, percentage completion of construction, application of payments, and satisfaction of liens as Lender may reasonably require. If the insurance proceeds are applied to the payment of the sums secured by this Mortgage, any such application of proceeds to principal shall not extend or postpone the due dates of the monthly installments referred to in paragraphs 1 and 2 hereof or change the amounts of such installments. If the property is sold pursuant to paragraph 20 hereof or if Lender acquires title to the property, Lender shall have all of the right, title and interest of Borrowers in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the property prior to such sale or acquisition.

6. PRESERVATION AND MAINTENANCE OF PROPERTY. Borrowers (a) shall not commit waste or permit impairment or deterioration of the Property, (b) shall not abandon the Property, (c) shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Lender may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (d) shall keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, (e) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property, (f) shall provide for professional management of the Property by a rental property manager satisfactory to Lender pursuant to a contract approved by Lender in writing, unless such requirement shall be waived by Lender in writing, (g) shall generally operate and maintain the Property in a manner to ensure maximum rentals, and (h) shall give notice in writing to Lender of and, unless otherwise directed in writing by Lender, appear in and defend any action or proceeding purporting to affect the Property, the security of this instrument or the rights or powers of Lender. Neither Borrowers nor any tenant or other person shall remove, demolish or alter any improvement now existing or hereafter erected on the Property or any fixture, equipment, machinery or appliance in or on the Property except when incident to the replacement of fixtures, equipment, and machinery with items of like kind.

7. PROTECTION OF LENDER'S SECURITY. If Borrowers fail to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrowers, may make such appearance, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. If Lender required mortgage insurance as a condition of making the loan secured by this Mortgage, Borrowers shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrowers' and Lender's written agreement or applicable law. Borrowers shall pay the amount of all mortgage insurance premiums in the manner provided under paragraph 2 hereof. In addition, Borrowers shall

reimburse Lender the cost of any additional appraisals of the property required by Lender or the Federal Home Loan Bank Board.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, shall become additional indebtedness of Borrowers secured by this Mortgage. Unless Borrowers and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrowers requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

8. INSPECTION. Lender may make or cause to be made reasonable entries upon and inspections of the Property.

9. BOOKS AND RECORDS. Borrowers shall keep and maintain at all times at Borrowers' address stated below, or such other place as Lender may approve in writing, complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the property and copies of all written contracts, leases and other instruments which affect the property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Lender. Upon Lender's request, Borrowers shall furnish to Lender, within one hundred twenty (120) days after the end of each fiscal year of Borrowers, a balance sheet, a statement of income and expenses of the property, and a statement of changes in financial position, each in reasonable detail and certified by Borrowers and, if Lender shall require, by an independent certified public accountant.

10. CONDEMNATION. Borrowers shall promptly notify Lender of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the property, or part thereof, and Borrowers shall appear in and prosecute any such action or proceeding unless otherwise directed by Lender in writing. Borrowers authorize Lender, at Lender's option, as attorney-in-fact for Borrowers, to commence, appear in and prosecute, in Lender's or Borrowers' name, any action or proceeding relating to any condemnation or other taking of the property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award, payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the property, or part thereof, or for conveyances in lieu of condemnation, are hereby assigned to and shall be paid to Lender.

11. BORROWER AND LIEN NOT RELEASED. From time to time, Lender may, at Lender's option, without giving notice to or obtaining the consent of Borrowers, Borrowers' successors or assigns or of any junior lienholder or guarantors, without liability on Lender's part and notwithstanding Borrowers' breach of any covenant or agreement of Borrowers in this Mortgage, extend the time for payment of said indebtedness or any part thereof, reduce the payments thereon, release anyone liable on any of said indebtedness, accept a renewal note or notes therefor, modify the terms and time of payment of said indebtedness, release from the lien of this Mortgage any part of the property, take or release other or additional security, reconvey any part of the property, consent to any map or plan of the property, consent to the granting of any easement, join in any extension or subordination agreement, and agree in writing with Borrowers to modify the rate of interest or period of amortization of the Note or change the amount of the monthly

installments payable thereunder. Any actions taken by Lender pursuant to the terms of this paragraph 11 shall not affect the obligation of Borrowers or Borrowers' successors or assigns to pay the sum secured by this Mortgage and to observe the covenants of Borrowers contained herein, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the indebtedness secured hereby, and shall not affect the lien or priority of lien hereof on the property. Borrowers shall pay Lender a reasonable service charge, together with such title insurance premiums and attorney's fees as may be incurred at Lender's option, for any such action if taken at Borrower's request.

12. FORBEARANCE BY LENDER NOT A WAIVER. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The acceptance by Lender of payment of any sum secured by this Mortgage after the due date of such payment shall not be a waiver of Lender's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Mortgage, nor shall Lender's receipt of any awards, proceeds or damages, under paragraphs 5 and 10 hereof operate to cure or waive Borrowers' default in payment of sums secured by this Mortgage.

13. REMEDIES CUMULATIVE. All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity and may be exercised concurrently, independently or successively, in any order whatsoever.

14. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CAPTIONS. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the respective successors and assigns of Lender and Borrowers, subject to the provisions of paragraph 19 hereof. All covenants and agreements of Borrowers shall be joint and several. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

15. NOTICE. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrowers provided for in this Mortgage shall be given by mailing such notice by certified mail, return receipt requested, addressed to Borrowers at the Property Address or at such other address as Borrowers may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender's address stated herein or to such other address as Lender may designate by notice to Borrowers as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrowers or Lender when given in the manner designated herein.

16. GOVERNING LAW; SEVERABILITY. This Mortgage shall be governed by the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Mortgage and the Note are declared to be severable.

17. BORROWER'S COPY. Borrowers shall be furnished a

conformed copy of the Note and of this Mortgage at the time of execution or after recordation hereof.

18. LEASES OF THE PROPERTY. Borrowers shall comply with and observe Borrowers' obligations as landlord under all leases of the property or any part thereof. Borrowers will not lease any portion of the property for commercial use except with the prior written approval of Lender. Borrowers, at Lender's request, shall furnish Lender with executed copies of all leases now existing or hereafter made or all or any part of the property, and all leases now or hereafter entered into will be in form and substance subject to the approval of Lender. All leases of the property shall specifically provide that such leases are subordinate to this Mortgage; that the tenant attorns to Lender, such attornment to be effective upon Lender's acquisition of title to the property; that the tenant agrees to execute such further evidences of attornment as Lender may from time to time request; that the attornment of the tenant shall not be terminated by foreclosure; and that Lender may, at Lender's option, accept or reject such attornments. Borrowers shall not, without Lender's written consent, execute, modify, surrender or terminate, either orally or in writing, any lease now existing or hereafter made of all or any part of the property providing for a term of one year or more, permit an assignment or sublease of such a lease without Lender's written consent, or request or consent to the subordination of any lease of all or any part of the property to any lien subordinate to this Mortgage. If Borrowers become aware that any tenant proposes to do, or is doing, any act or thing which may give rise to any right of set-off against rent, Borrowers shall (i) take such steps as shall be reasonably calculated to prevent the accrual of any right to a set-off against rent, (ii) notify Lender thereof and of the amount of said set-offs, and (iii) within ten (10) days after such accrual, reimburse the tenant who shall have acquired such right to set-off or take such other steps as shall effectively discharge such set-off and as shall assure that rents thereafter due shall continue to be payable without set-off or deduction.

Upon Lender's request, Borrowers shall assign to Lender, by written instrument satisfactory to Lender, all leases now existing or hereafter made of all or any part of the property and all security deposits made by tenants in connection with such leases of the property. Upon assignment by Borrowers to Lender of any leases of the property, Lender shall have all of the rights and powers possessed by Borrowers prior to such assignment and Lender shall have the right to modify, extend or terminate such existing leases and to execute new leases, in Lender's sole discretion.

Borrowers shall provide Lender with an occupancy list certified by Borrowers containing names and addresses of persons occupying the units secured by this Mortgage, the expiration date of each lease, the rent paid and the rent payable by each tenant, commencing with the date of closing. Thereafter, the occupancy list shall be due on or before December 1st of each year during the term of this loan and shall reflect the occupancy as of November 1st of the respective year. In addition, occupancy lists, as described herein, shall also be provided by Borrowers upon Lender's request.

19. TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN BORROWER; ASSUMPTION. On sale or transfer of (i) all or any part of the Property, or any interest therein, or (ii) beneficial interests in Borrowers (if Borrower is not a natural person or persons but is a corporation, partnership, trust or other legal entity), then the Lender may, at Lender's option, declare all of the sums secured by this Mortgage to be immediately due and

payable, and Lender may invoke any remedies permitted by paragraph 20 of this Mortgage. This option shall not apply in case of:

(a) transfers of fifty (50) shares or less of the subtrust holding the real estate mortgaged herein represented by Land Trust Certificates to the children of John C. Krupchak and Rose M. Krupchak and/or their children's spouses;

(b) sales or transfers when the transferee's credit worthiness and management ability are satisfactory to Lender and the transferee has (i) executed, prior to the sale or transfer, a written assumption agreement containing such terms as Lender may require, including, a statement that notwithstanding a sale or transfer, that the Borrowers will continue to be obligated under the Note and this Mortgage, and (ii) the transferee has paid to the Lender, as an Assumption and Transfer Fee, an amount not to exceed Four (4%) Percent of the then remaining unpaid principal loan balance;

(c) the grant of a leasehold interest in a part of the Property of one year or less (or such longer lease term as Lender may permit by prior written approval) not containing an option to purchase.

20. ACCELERATION; REMEDIES. Upon Borrowers' breach of any covenant or agreement of Borrowers in this Mortgage or the Note, including, but not limited to, the covenants to pay when due any sums secured by this Mortgage, Lender, at Lender's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding and may invoke any other remedies permitted by applicable law or provided herein. Lender shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including, but not limited to, attorney's fees, costs of documentary evidence, abstracts and title reports.

21. ACCELERATION IN CASE OF BORROWER'S INSOLVENCY. If Borrowers shall voluntarily file a petition under the Federal Bankruptcy Act, as such Act may from time to time be amended, or under any similar or successor Federal statute relating to bankruptcy, insolvency, arrangements or reorganizations, or under any state bankruptcy or insolvency act, or file an answer in an involuntary proceeding admitting insolvency or inability to pay debts, or if Borrowers shall fail to obtain a vacation or stay of involuntary proceedings brought for the reorganization, dissolution or liquidation of Borrowers, or if Borrowers shall be adjudged a bankrupt, or if a trustee or receiver shall be appointed for Borrowers of Borrowers' property, or if the Property shall become subject to the jurisdiction of a Federal bankruptcy court or similar state court, or if Borrowers shall make an assignment for the benefit of Borrowers' creditors, or if there is an attachment, execution or other judicial seizure of any portion of Borrowers' assets and such seizure is not discharged within ten (10) days, then Lender may, at Lender's option, declare all of the sums secured by this Mortgage to be immediately due and payable without prior notice to Borrowers, and Lender may invoke any remedies permitted by paragraph 20 of this Mortgage. Any attorney's fees and other expenses incurred by Lender in connection with Borrower's bankruptcy or any of the other aforesaid events shall be additional indebtedness of Borrowers secured by this Mortgage pursuant to paragraph 7 hereof.

22. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION. As additional security hereunder, Borrowers hereby assign to Lender the rents to the Property, provided that Borrowers shall, prior to acceleration under paragraph 20 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 20 hereof or abandonment of the Property, and at any time prior to the expiration of any period of redemption following judicial sale, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Mortgage. Lender and the receiver shall be liable to account only for those rents actually received.

23. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT. This Instrument is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Borrowers hereby grant Lender a security interest in said items.

Borrowers represent the following:

(i) they are and will be the true and lawful owners of the collateral, subject to no liens, charges or encumbrances other than the lien hereof;

(ii) the collateral is to be used by the Borrowers solely for rental business purposes, being installed upon the property for Borrowers' own use or as the equipment and furnishings furnished by Borrowers as landlord, to tenants of the property;

(iii) the collateral will be kept at the property and will not be removed therefrom without the consent of the Lender by Borrowers or any other person; and the collateral may be affixed to such real estate but will not be affixed to any other real estate; and

(iv) the only persons having any interest in the property are the Borrowers and the Lender.

Borrowers agree that Lender may file this Instrument, or a reproduction thereof, in the real estate records or other appropriate index, as a financing statement for any of the items specified above as part of the Property. Any reproduction of this Instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Borrowers agree to execute and deliver to Lender, upon Lender's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Instrument in such form as Lender may require to perfect a security interest with respect to said items. Borrowers shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Lender may reasonably require. Without the prior written consent of Lender, Borrowers shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including replacements and additions thereto. Upon Borrowers' breach of any covenant or agreement of Borrowers contained in this Instrument, including the covenants to pay when due all sums secured by this Instrument, Lender shall have the remedies of a secured party under the Uniform Commercial Code and, at Lender's option, may also invoke the remedies provided in paragraph 20 of this Instrument as to such items. In exercising any of said remedies, Lender may proceed against the items of real property and any items of personal property specified above as part of the

Property separately or together and in any order whatsoever, without in any way affecting the availability of Lender's remedies under the Uniform Commercial Code or of the remedies provided in paragraph 18 of this Instrument.

24. RELEASE. Upon payment of all sums secured by this Mortgage, Lender shall release this Mortgage without charge to Borrowers. Borrowers shall pay all costs of recordation, if any.

25. WAIVER OF VALUATION AND APPRAISEMENT LAWS. Borrowers hereby waive all right of valuation and appraisal.

26. WAIVER OF MARSHALLING. Notwithstanding the existence of any other security interests in the property held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the property shall be subjected to the remedies provided herein. Lender shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Borrowers, any party who consents to this Instrument and any party who now or hereafter acquires a security interest in the property and who has actual or constructive notice hereof hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

27. USE OF PROPERTY. Unless required by applicable law or unless Lender has otherwise agreed in writing, Borrowers shall not allow changes in the use for which all or any part of the Property was intended at the time this Mortgage was executed. Borrowers shall not initiate or acquiesce in a change in the zoning classification of the Property without Lender's prior written consent.

28. SECONDARY LIENS AND/OR ENCUMBRANCES. The Borrowers further covenant and agree not to further encumber the property without the written consent of Lender, nor to commit, permit, or suffer any waste, impairment, or depreciation of said property and, in the event of any breach of this covenant, at any time after such breach, without limiting the foregoing, the Lender may, at its option, declare all of the remainder of the indebtedness immediately due and collectible, whether or not any other default exists; this covenant shall run with the land and remain in full force and effect until said indebtedness is liquidated.

29. LEGISLATION AFFECTING LENDER'S RIGHTS. If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Mortgage unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Mortgage and may invoke any remedies permitted by paragraph 20.

30. TAX RETURNS. The Borrowers will, within one hundred thirty-five (135) days after the end of each calendar year, deliver to the Lender a copy of the federal tax return for the immediately preceding calendar year. Such tax returns shall be prepared by a certified public accountant acceptable to Lender. In the event the tax returns are not furnished promptly when due, or if they are furnished but not in form acceptable to Lender, the Lender shall have the right to audit the books and records of the real estate and of the Borrowers at the expense of the Borrowers.

31. LOAN TO VALUE RATIO. The unpaid loan balance to appraised value ratio used by the Lender in making the loan to Borrowers is Eighty (80%) Percent. In the event that a reappraisal of the real estate required by the Lender, its