

085714

SECOND MORTGAGE

THIS MORTGAGE made this _____ day of _____, 1988, between FOURTEEN STARS MOTEL ASSOCIATES, A New Jersey Limited Partnership, whose address is 2627 Paterson Plank Road, North Bergen, New Jersey 07047 (hereinafter called the "Borrower"), Mortgagor, and Sunshine Equities, a New Jersey partnership ("Sunshine") with a location c/o Sax, Macy, Fromm & Co., 855 Valley Road, Clifton, New Jersey 07013 and Joseph B. Stein ("Stein") with an address at 2660 South Ocean Blvd. Palm Beach, Florida 33480 (hereinafter called the "Lender") Mortgagee:

WITNESSETH:

WHEREAS, "Borrower" is justly indebted to "Lender" in the principal sum of TWO HUNDRED TWO THOUSAND ONE HUNDRED FORTY ONE (\$202,141.00) DOLLARS in the aggregate, as evidenced by a certain Mortgage Note of even date herewith, according to its terms, the final payment of which is due on the first day of April 1993, executed by "Borrower" and delivered to "Lender", and by reference being made a part hereof to the same extent as though set out in full herein:

NOW, THIS INDENTURE WITNESSETH, to secure the performance and observance by the "Borrower" of all the covenants, and conditions in the note and in this mortgage contained, and in order to charge the properties, interests and rights hereinafter described with such payment, performance and observance and for and in consideration of the sum of One Dollar (\$1.00), lawful money of the United States of America to the "Borrower" duly paid by the "Lender" on or before the ensealment and delivery of this mortgage, and for other valuable considerations, the receipt whereof is hereby acknowledged, the "Borrower" has executed and delivered this mortgage and has granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, delivered, set over, warranted and confirmed, and by these presents does, hereby grant, bargain, sell alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, deliver, set over warrant and confirm unto the "Lender" and its successors and assigns, forever, all of the following described land, real estate, buildings, improvements, fixtures, furniture and other personal property (which together with any additional such property hereafter acquired by the "Borrower" and subject to the lien of this mortgage or intended to be so, as the same may from time to time constitute, is hereinafter sometimes referred to as the Mortgaged Property) to-wit:

(A) The following land (hereinafter called the "Land"):

That certain place, parcel or tract of land situate, lying and being in the City of Merrillville, County of Lake, State of Indiana more particularly described in Schedule A annexed hereto and made a part hereof for all purposes.

The Note secured by this Mortgage is also secured by other mortgages of even date encumbering various other parcels of real property in the States of Ohio and Indiana.

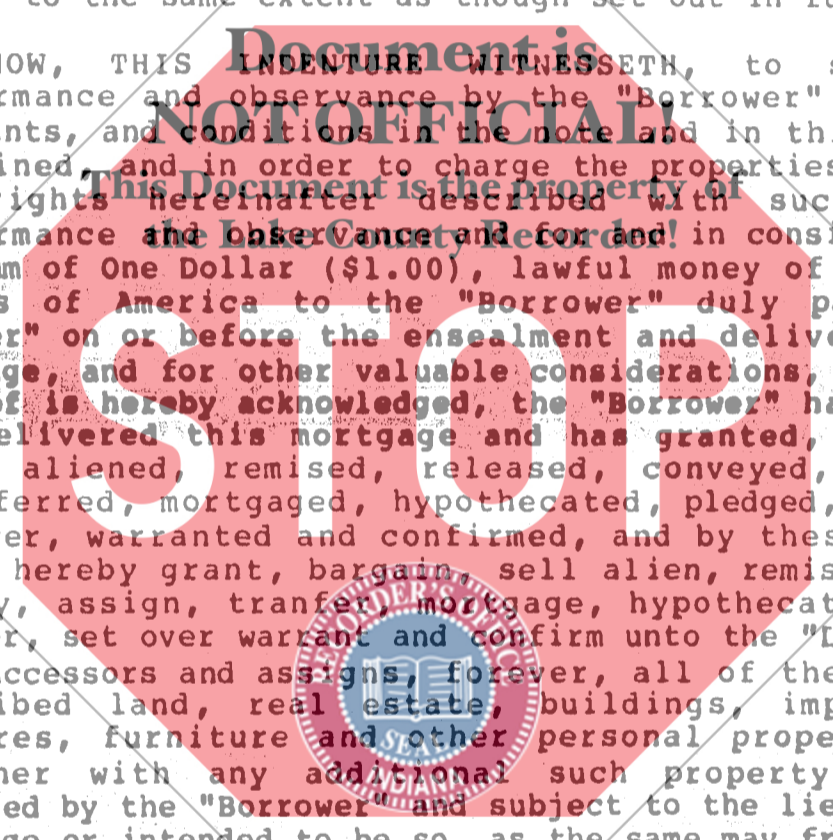
This instrument Prepared By:
GREGORY T. SMITH, ESQ.
80 Park Street
Montclair, New Jersey 07042

RECORD AND RETURN TO:
GANG AND SMITH
80 Park Street
Montclair, NJ 07042



GREGORY T. SMITH

STATE OF INDIANA
CLERK OF SUPERIOR COURT
FILED
NOV 22 1988



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(B) All buildings, structures, and improvements of every nature whatsoever now or hereafter situated on the "Land", and all fixtures, machinery, equipment and

This is a Second Mortgage being subject and subordinate to a First Mortgage on the "Land" given by Borrower to Richard Anisfield and Leonard Robinowitz, Trustees under the Anisfield Robinowitz Trust, which Mortgage is dated July 11, 1988 securing a Note dated July 11, 1988 in the principal sum of \$3,741,833.00, and filed with the Recorders Office of the county in which the land is located and further being

Subject to a certain UCC-1 Financing Statement between the Borrower and Lender of that First Mortgage, also dated on or about July 11, 1988 and recorded with the Secretary of State and County Recording Office in which the land is located.



(B) All buildings, structures, and improvements of every nature whatsoever now or hereafter situated on the "Land", and all fixtures, machinery, equipment and personal property of every nature whatsoever now or hereafter owned by the "Borrower" and located in, on, or used or intended to be used in connection with or with the operation of said "Land", buildings, structures or other improvements; including all extensions, additions, improvements, betterments, renewals and replacements to any of the foregoing; and all of the right, title and interest of the "Borrower" in any such personal property or fixtures subject to a conditional sales contract, chattel mortgage or similar lien or claim together with the benefit of any deposits or payments now or hereafter made by the "Borrower" or on its behalf.

TOGETHER with all easements, rights of way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interest, privileges, liberties, tenements, hereditaments, and appurtenances whatsoever, in any way belonging, relating or appertaining to any of the property hereinabove described, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the "Borrower", and the reversion and reversions, remainder and remainders, rents, issues, profits thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of the "Borrower" of, in and to the same, including but not limited to:

(A) All rents, profits, issues and revenues of the Mortgaged Property from time to time accruing, whether under leases or tenancies now existing or hereafter created, reserving to "Borrower", however, so long as "Borrower" is not in default hereunder, the right to receive and retain the rents, issues and profits thereof; and,

(B) All judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the premises or any part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the premises or the improvements thereon or any part thereof, or to any rights appurtenant thereto, including any award for change of grade or streets. "Lender" is hereby authorized on behalf and in the name of "Borrower" to execute and deliver valid acquittances for, and to appeal from, any such judgments or awards. "Lender" may apply all such sums or any part thereof so received, after the payment of all its expenses including costs and attorney's fees, on the indebtedness secured hereby in such manner as it elects, or at its option, the entire amount or any part thereof so received may be released.

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto the "Lender", its successors and assigns to its own proper use, benefit and behoof forever, subject however to the terms and conditions herein:

PROVIDED, HOWEVER, that these presents are upon the condition that, if the "Borrower" shall pay or cause to be paid to the "Lender" the principal and interest payable in respect to the note, at the times and in the manner stipulated therein and therein all without any deduction or credit for taxes or other similar charges paid by the "Borrower", and shall keep, perform and observe all and singular the covenants and promises in the note, and any renewal, extension or modification thereof, and in this mortgage expressed to be kept, performed and observed by and on the part of the "Borrower", all without fraud or delay, then this mortgage, and all the properties, interest and rights hereby granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, delivered, set over, warranted and confirmed, shall cease, determine and be void, but shall otherwise remain in full force and effect.

AND the "Borrower" covenants and agrees with the "Lender" that:

ARTICLE ONE

Particular Covenants of the "Borrower"

1.01 Performance of Note and Mortgage. The "Borrower" will perform, observe and comply with all provisions hereof and of the note secured hereby and will duly and punctually pay to the "Lender" the sum of money expressed in the note with interest thereon and all other sums required to be paid by the "Borrower" pursuant to the provisions of this mortgage, all without any deductions or credit for taxes or other similar charges paid by the "Borrower".

1.02 Warranty of Title. At the time of the sealing and delivery of these presents, the "Borrower" is well seized of an indefeasible estate in fee simple in the land and real property hereby mortgaged and has good and absolute title to all existing personal property hereby mortgaged and has good right, full power and lawful authority to convey and mortgage the same in the manner and form aforesaid; that the same is free and clear of all liens, charges, and encumbrances whatsoever, including, as to the personal property and fixtures, conditional sales contracts, and anything of a similar nature, and that "Borrower" shall and will warrant and forever defend the title thereto, subject to the matters set forth on Schedule B.

1.03 Monthly Tax Deposits. If required by the "Lender", the "Borrower" will pay to the "Lender" on the first day of each month together with and in addition to the regular installment of principal and interest, until the note is fully paid, an amount equal to one-twelfth (1/12) of the yearly taxes and assessments as estimated by the "Lender" to be sufficient to enable the "Lender" to pay at least thirty (30) days before they become due, all taxes, assessments and other similar charges against the Mortgaged Property or any part thereof. Such added payments shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of the "Lender", and no interest shall be payable in respect thereof. Upon demand of the "Lender" the "Borrower" agrees to deliver to the "Lender" such additional moneys as are necessary to make up any deficiencies in the amounts necessary to enable the "Lender" to pay such taxes, assessments and similar charges. In the event of a default by the "Borrower" in the performance of any of the terms, covenants or conditions in the note or mortgage, the "Lender" may apply to the reduction of the sums secured hereby, in such manner as the "Lender" shall determine, any amount under this Paragraph 1.03 of Article 1 remaining to the "Borrower's" credit.

1.04 Other Taxes, Liens and Utility Charges.

(a) The "Borrower" will pay promptly, when and as due, all charges for utilities, whether public or private, and will promptly exhibit to the "Lender" receipts for the payment of, all taxes, assessments, water rates, dues, charges, fines and impositions of every nature whatsoever imposed, levied or assessed or to be imposed, levied or assessed upon or against the Mortgaged Property or any part thereof, or upon the interest of the "Lender" in the Mortgaged Property (other than any of the same for which provision has been made in Paragraph 1.03 of this Article 1), as well as all income taxes, assessments and other governmental charges lawfully levied and imposed by the United States of America or any state, county, municipality, borough or other taxing authority upon the "Borrower" or in respect of the Mortgaged Property or any part thereof, or any charge which, if unpaid, would become a lien or charge upon the Mortgaged Property prior to or equal to the lien of the mortgage for any amounts secured hereby or would have priority or equality with the mortgage in distribution of the proceeds of any foreclosure sale of the Mortgaged Property, or any part thereof.*

(b) The "Borrower" will not suffer any mechanic's, laborer's, statutory or other lien which might or could be prior to or equal to the lien of the mortgage to be created or to remain outstanding upon any of the Mortgaged Property.

(c) In the event of the passage of any state, federal, municipal or other governmental law order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of mortgages or debts secured by mortgages or the manner of collecting taxes so as to affect adversely the "Lender", the entire balance of the principal sum secured by the mortgage and all interest accrued thereon shall without notice become due and payable forthwith at the option of the "Lender". The Borrower covenants and agrees to pay any amounts that may become due because of the aforesaid.

(d) The Borrower will pay when due and will not suffer to remain outstanding, any charges for utilities, whether public or private, with respect to the Mortgaged Property.

*If any senior mortgagee requires the establishment of a tax escrow account, the Borrower shall not be obligated to contribute additional moneys hereunder for that purpose.

1.05 No Tax Credits. The "Borrower" will not claim or demand or be entitled to receive any credit or credits on the principal or interest payable under the terms of the note or on any other sums secured hereby, for as much of the taxes, assessments or similar impositions assessed against the Mortgaged Property or any part thereof, as are applicable to the indebtedness secured hereby or to the "Lender's" interest in the Mortgaged Property. No deduction shall be claimed from the taxable value of the Mortgaged Property or any part thereof by reason of the note or mortgage.

1.06 Insurance. The "Borrower" will procure for, deliver to, and maintain for the benefit of, the "Lender" during the life of this mortgage, insurance policies, in such amounts as the "Lender" shall require, insuring the Mortgaged Property against fire, extended coverage and such other insurable hazards, casualties and contingencies as the "Lender" may require. The form of such policies and the companies issuing them shall be acceptable to the "Lender". All policies shall contain a New York standard, non-contributory mortgagee endorsement making losses payable to the "Lender". The coverage under such policies shall be limited to the improvements now or hereafter erected on the land mortgaged hereby. At least fifteen (15) days prior to the expiration date of all such policies, renewals thereof satisfactory to the "Lender" shall be delivered to the "Lender". The "Borrower" shall deliver to the "Lender" receipts evidencing the payment of all such insurance policies and renewals. The delivery of the insurance policies shall constitute an assignment, as further security of all unearned premiums. In the event of the foreclosure of this mortgage or any other transfer of title to the Mortgaged Property in extinguishment of the indebtedness secured hereby, all right, title and interest of the "Borrower" in and to all insurance policies then in force shall pass to the purchaser or grantee. *reasonably

The "Lender" is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies on the Mortgaged Property, and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses, directly to the "Lender", instead of to the "Borrower" and "Lender" jointly. After deducting from said insurance proceeds any expenses incurred by it in the collection or handling of said fund, the "Lender" may apply the net proceeds, at its option, either toward restoring the improvements, or as a credit on any portion of the mortgage indebtedness selected by it, whether then matured or to mature in the future, or at the option of the "Lender", such sums either wholly or in part may be paid over to the "Borrower" to be used to repair such buildings or to build new buildings in their place or for any other purpose or object satisfactory to the "Lender" without affecting the lien of the mortgage for the full amount secured hereby before such payment took place. "Lender" shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

If required by the "Lender", the "Borrower" will pay to the "Lender" on the first day of each month, together with and in addition to the regular installment of principal and interest and monthly tax deposit (as required by Paragraph 1.03 of Article 1 herein) until the note is fully paid, an amount equal to one-twelfth (1/12) of the yearly premiums for insurance. Such amount shall be used by "Lender" to pay such insurance premiums when due. Such added payments shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of the "Lender", and no interest shall be payable in respect thereof. Upon demand of the "Lender", the "Borrower" agrees to deliver to the "Lender" such additional moneys as are necessary to make up deficiencies in the amounts necessary to enable the "Lender" to pay such insurance premiums. In the event of a default by the "Borrower" in the performance of any of the terms, covenants and conditions in this mortgage, the "Lender" may apply to the reduction of the sums secured hereby, in such manner as the "Lender" shall determine, any amount paid in accordance herewith remaining to the "Borrower's" credit.

1.07 Condemnation. If all or any part of the Mortgaged Property shall be damaged or taken through condemnation (which term when used in this mortgage shall include any damage or taking by any governmental authority, and any transfer by private sale in lieu thereof), either temporarily or permanently, the entire indebtedness secured hereby shall at the option of the "Lender", become immediately due and payable. The "Lender" shall be entitled to all compensation, awards, and other payments or relief therefor and is hereby authorized, at its option, to commence, appear in and prosecute, in its own or the "Borrower's" name, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. All such compensation, awards, damages, claims, rights of action and proceeds and the right thereto are hereby assigned by the "Borrower" to the "Lender", who, after deducting therefrom all its expenses, including attorney's fees, may release any moneys so received by it without affecting the lien of this mortgage or may apply the same in such manner as the "Lender" shall determine, to the reduction of the sums secured hereby, and to any prepayment charge herein provided, and any balance of such moneys then remaining shall be paid to the "Borrower". The "Borrower" agrees to execute such further assignments of any compensations, awards, damages, claims, rights of action and proceeds as the "Lender" may require.

1.08 Care of the Property.

(a) The "Borrower" will preserve and maintain the Mortgaged Property in good condition and repair, and will not commit or suffer any waste thereof. The "Borrower" will not do or suffer to be done anything which will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof.

(b) Except as otherwise provided herein, no buildings, fixture, personal property, or other part of the Mortgaged Property shall be removed, demolished or substantially altered without the prior written consent of the "Lender". The "Borrower" may sell or otherwise dispose of, free from the lien of this mortgage, furniture, furnishings, equipment, tools, appliances, machinery, fixtures or appurtenances, subject to the lien hereof, which may become worn out, undesirable, obsolete, disused or unnecessary for use in the operation of the Mortgaged Property, not exceeding in value at the time of disposition thereof One Thousand Dollars (\$1,000.00) for any single transaction, or a total of Ten Thousand Dollars (\$10,000.00) in any one year, upon replacing the same by, or substituting for the same, other furniture, equipment, tools, appliances, machinery, fixtures, or appurtenances not necessarily of the same character, but of at least equal value to the Mortgagor and costing not less than the amount realized from the property sold or otherwise disposed of, which shall forthwith become, without further action, subject to the lien of this mortgage.

(c) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, the "Borrower" will give immediate written notice of the same to the "Lender".

(d) The "Lender" is hereby authorized to enter upon and inspect the Mortgaged Property at any time during normal business hours during the life of this mortgage.

(e) The "Borrower" will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Mortgaged Property or any part thereof.

(f) If all or any part of the Mortgaged Property shall be damaged by fire or other casualty, the "Borrower" will promptly restore the Mortgaged Property to the equivalent of its original condition, regardless of whether or not there shall be any insurance proceeds therefor. If a part of the Mortgaged Property shall be physically damaged through condemnation, the "Borrower" will promptly restore, repair or alter the remaining property in a manner satisfactory to the "Lender".

(g) If any work required to be performed under this Paragraph 1.08 of Article 1 shall involve an estimated expenditure of more than \$10,000.00, no such work shall be undertaken until plans and specifications therefor, prepared by an architect satisfactory to the "Lender", have been submitted to and approved by the "Lender".

1.09 Further Assurances; After Acquired Property. At any time, and from time to time, upon request by the "Lender", the "Borrower" will make, execute and deliver or cause to be made, executed and delivered, to the "Lender" and, where appropriate, to cause to be recorded and/or filed and from time to time there-

offer to be re-recorded and/or refilled at such time and in such offices and places as shall be deemed desirable by the "Lender" any and all such other and further mortgages, instruments of further assurance, certificates and other documents as may, in the opinion of the "Lender", be necessary or desirable in order to effectuate, complete, enlarge or perfect, or to continue and preserve (a) the obligation of the "Borrower" under the note and this mortgage, and (b) the lien of this mortgage as a first and prior lien upon all of the Mortgaged Property, whether now owned or hereafter acquired by the "Borrower". Upon any failure by the "Borrower" so to do, the "Lender" may make, execute, record, file, re-record and/or refile any and all such mortgages, instruments, certificates, and documents for and in the name of the "Borrower", and the "Borrower" hereby irrevocably appoints the "Lender" the agent and attorney-in-fact of the "Borrower" so to do. The lien hereof will automatically attach, without further act, to all after acquired property attached to and/or used in the operation of the Mortgaged Property or any part thereof.

1.10. Leases Affecting Mortgaged Property. The "Borrower" will comply with and observe its obligations as landlord under all leases affecting the Mortgaged Property or any part thereof. "Borrower" will furnish "Lender" with executed copies of all leases now or hereafter created on said premises; and all leases now or hereafter entered into will be in form and substance subject to the approval of "Lender". "Borrower" will not, without the express written consent of the "Lender", modify, surrender or terminate, either orally or in writing, any lease now existing or hereafter created upon the premises described herein, nor will the "Borrower" permit an assignment or sub-lease without the express written consent of the "Lender". "Borrower" will not accept payment of rent more than two (2) months in advance without the express written consent of "Lender". If requested by the "Lender", the "Borrower" will assign to the "Lender" as additional security any and all such leases whether now existing or hereafter created, including, without limitation, all rents, royalties, issues and profits of the premises from time to time accruing.

1.11 Expenses. The "Borrower" will pay or reimburse the "Lender" for all reasonable attorney's fees, costs and expenses incurred by the "Lender" in any action, proceeding or dispute of any kind in which the "Lender" is made a party, or appears as party plaintiff or defendant, affecting the note, mortgage, borrower or mortgaged property, including but not limited to the foreclosure of this mortgage, any condemnation action involving the mortgaged premises, or any action to protect the security hereof; and any such amounts paid by the "Lender" shall be added to the indebtedness and secured by the lien of this mortgage.

1.12 "Lender's" Performance of Defaults. If the "Borrower" shall default in the payment of any tax or other imposition, in its obligation to furnish insurance hereunder or performance or observance of any other covenant, condition or term in this mortgage, the "Lender" may perform or observe the same, and all payments made or costs or expenses incurred by the "Lender" in connection therewith, shall be secured hereby and shall be immediately repaid by the "Borrower" to the "Lender", with interest thereon at twelve per cent (12%) per annum. The "Lender" is hereby empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or terms, without thereby becoming liable to the "Borrower" or any person in possession holding under the "Borrower".

1.13 Books, Records and Accounts. The "Borrower" will keep and maintain or will cause to be kept and maintained proper and accurate books, records and accounts reflecting all items of income and expense in connection with the operation of the premises or in connection with any services, equipment or furnishings provided in connection with the operation of the premises, whether such income or expenses be realized by the "Borrower" or by any other person or entity whatsoever excepting successors unrelated to and unaffiliated with the "Borrower" and who leased from the "Borrower" portions of the premises for the purposes of occupying the same. "Lender" or its designee shall have the right from time to time at all times during normal business hours to examine such books, records and accounts at the office of the "Borrower" or other person or entity maintaining such books, records and accounts and to make copies or extracts thereof as "Lender" shall desire. The "Borrower" will furnish to the "Lender" within 90 days after the end of each calendar year a balance sheet and an income and expense statement as to the property encumbered hereby, both in detail satisfactory to the "Lender," and certified by a Certified Public Accountant, such balance sheet and income and expense statement to include income from all sources as to the said mortgaged property.

1.14 Estoppel Affidavits. The "Borrower", within ten (10) days after written request from the "Lender" shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the note and whether or not any offsets or defenses exist against such principal and interest.

ARTICLE TWO

Defaults

2.01 Event of Default. The term Event of Default, wherever used in the mortgage, shall mean any one or more of the following events:

(a) Failure by the "Borrower" to pay as and when due and payable any installments of principal, interest or tax deposits ("tax deposits" as required in Paragraph 1.03 of Article 1); or

(b) Failure by the "Borrower" to duly observe any covenants, conditions or agreements of this mortgage for thirty (30) days after written notice specifying such failure shall have been given to "Borrower" by "Lender"; or

(c) The filing by the "Borrower" of a voluntary petition in bankruptcy or the "Borrower's" adjudication as a bankrupt or insolvent, or the filing by the "Borrower" of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the "Borrower's" seeking or consenting to or acquiescence in the appointment of any trustee, receiver or liquidator of the "Borrower" or of all or any substantial part of the Mortgaged Property or of any or all of the rents, revenues, issues, earnings, profits or income thereof, or the making of any general assignment for the benefit of creditors, or the admission in writing of its inability to pay its debts generally as they become due; or

(d) The entry by a court of competent jurisdiction of an order, judgment, or decree approving a petition filed against the "Borrower" seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other statute law or regulation relating to bankruptcy, insolvency or other relief for debtors, which order, judgment or decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or the appointment of any trustee, receiver or liquidator of the "Borrower" or of all or any substantial part of the Mortgaged Property or of any or all of the rents, revenues, issues, earnings, profits or income thereof without the consent or acquiescence of the "Borrower" which appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive).

2.02 Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, the "Lender" may declare the entire principal amount of the note then unpaid, and the interest accrued thereon to be due and payable immediately, and upon such declaration such principal and interest shall forthwith become due and payable, as fully and to the same effect as if the date of such declaration were the date originally specified for the maturity of the unpaid balance of the note.

2.03 "Lender's" Right to Enter and Take Possession, Operate and Apply Income.

(a) If an Event of Default shall have occurred and be continuing, the "Borrower", upon demand of the "Lender", shall forthwith surrender to the "Lender" the actual possession, and if and to the extent permitted by law, the "Lender" itself, or by such officers or agents as it may appoint, may enter and take possession of all the Mortgaged Property, and may exclude the "Borrower" and its agents and employees wholly therefrom, and may have joint access with the "Borrower" to the books, papers and accounts of the "Borrower".

(b) If the "Borrower" shall for any reason fail to surrender or deliver any such Mortgaged Property or any part thereof after such demand by the "Mortgagee", the "Lender" may obtain a judgment or decree conferring on the "Lender" the right to immediate possession or requiring the "Borrower" to deliver immediate possession of all or part of such Mortgaged Property to the "Lender", to the entry of which judgment or decree the "Borrower" hereby specifically consents.

**** (e) Failure to cure any default under Articles Four, Five, Six,**

(c) The "Borrower" will pay to the "Lender", upon demand, all expenses of obtaining such judgment or decree and reasonable compensation to the "Lender", its attorneys and agents; and all such expenses and compensation shall, until paid, be secured by the lien of this mortgage.

(d) Upon every such entering upon or taking of possession, the "Lender" may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time

(i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property;

(ii) insure or keep the Mortgaged Property insured;

(iii) manage and operate the Mortgaged Property and exercise all the rights and powers of the "Borrower" in its name or otherwise, with respect to the same;

(iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted the "Lender",

all as the "Lender" from time to time may determine to be to its best advantage; and the "Lender" may collect and receive all the income, revenues, rents, issues and profits of the same, including those past due as well as those accruing thereafter, and, after deducting

(aa) All expenses of taking, holding, managing, and operating the Mortgaged Property (including compensation for the services of all persons employed for such purposes);

(bb) The cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisitions;

(cc) The cost of such insurance;

(dd) such taxes, assessments and other charges prior to the lien of this mortgage as the "Lender" may determine to pay;

(ee) other proper charges upon the Mortgaged Property or any part thereof; and

(ff) the reasonable compensation, expenses and disbursements of the attorneys and agent of the "Lender",

shall apply the remainder of the moneys so received by the "Lender", first to the payment of accrued interest; second to the payment of tax deposits required in Paragraph 1.03 of Article 1; and third to the payment of overdue installments of principal.

(e) Whenever all that is due upon such interest, tax deposit and principal installments and under any of the terms of this mortgage, shall have been paid and all defaults made good, the "Lender" shall surrender possession of the Mortgaged Property to the "Borrower", its successors or assigns. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

2.04. Receiver. If any event of default shall have occurred and be continuing, "Lender" shall be entitled, as a matter of strict right and without notice, and without regard to the value or occupancy of the security, to have a receiver appointed to enter upon and take possession of the premises, collect the rents and profits therefrom and apply the same as the court may direct, such receiver to have all the rights and powers permitted under the laws of Florida. The expenses, including receiver's fees, counsel fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured hereby. The right to enter and take possession of said property, to manage and operate the same, to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrent therewith or independently thereof. "Lender" shall be liable to account only for such rents, issues and profits actually received by "Lender", whether received pursuant to this Paragraph 2.04 or the preceding Paragraph 2.03.

2.05 "Lender's" Power of Enforcement. If an Event of Default shall have occurred and be continuing, the "Lender" may, either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy (a) to enforce payment of the note or the performance of any term hereof or any other right, (b) to foreclose this mortgage and to sell, as an entirety or in separate lots or parcels, the Mortgaged Property, under the judgment or decree of a court or courts of competent jurisdiction, and (c) to pursue any other remedy available to it, all as the "Lender" shall deem most effectual for such purposes. The "Lender" shall take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, as the "Lender" may determine.

2.06 Leases. The "Lender", at the "Lender's" option, is authorized to foreclose this mortgage subject to the rights of any tenants of the Mortgaged Property, and the failure to make any such tenants parties defendants to any such foreclosure proceeding and to foreclose their rights will not be, nor be asserted to be by the "Borrower", a defense to any proceedings instituted by the "Lender" to collect the sums secured hereby, or any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

2.07 Purchase by "Lender". Upon any such foreclosure sale, pursuant to judicial proceedings, the "Lender" may bid for and purchase the Mortgaged Property and, upon compliance with the terms of sale, may hold, retain and possess and dispose of such property in its own absolute right without further accountability.

2.08 Application of Indebtedness Toward Purchase Price. Upon any such foreclosure sale, pursuant to judicial proceedings, the "Lender" may, if permitted by law, after allowing for the proportion of the total purchase price required to be paid in cash for the costs and expenses of the sale, compensation and other charges, in paying the purchase price, apply to the purchase price any portion of or all sums due to the "Lender" under the note and this mortgage, in lieu of cash, to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon.

2.09 Waiver of Appraisal, Valuation, Stay, Extension, and Redemption Laws. The "Borrower" agrees to the full extent permitted by law, that in case of a default on its part hereunder, neither the "Borrower" nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this mortgage, or the absolute sale of the property hereby conveyed, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof, and the "Borrower", for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof and agrees that the "Lender" or any court having jurisdiction to foreclose such lien may sell the Mortgaged Property as an entirety.

2.10 "Lender" Entitled to Appointment of Receiver. If an Event of Default shall occur and be continuing, then upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the "Lender", the "Lender" to the extent permitted by law, shall be entitled as a matter of right to the appointment of a receiver or receivers of the Mortgaged Property, and of the rents, revenues, issues, income, product and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer, but notwithstanding the appointment of any receiver, trustee, or other custodian, the "Lender" shall be entitled as pledgee to the possession and control of any cash, or other instruments at the time held by, or payable or deliverable under the terms of this mortgage to the "Lender".

2.11 Suits to Protect the Mortgaged Property. The "Lender" shall have power (a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or any violation of the mortgage, (b) to preserve or protect its interest in the Mortgaged Property and in the income, revenues, rents and profits arising therefrom, and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of the "Lender".

2.12 "Lender" May File Proofs of Claim in Receivership, etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the "Borrower", its creditors or its property, the "Lender", to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the "Lender" allowed in such proceedings for the entire amount due and payable by the "Borrower" under this mortgage at the date of the institution of such proceedings and for any additional amount which may become due and payable by the "Borrower" hereunder after such date.

2.13 "Borrower" to Pay the Note on Any Default in Payment; Application of Moneys by "Lender". If default shall be made in the payment of any amount due under the note or mortgage, then, upon demand of the "Lender", the "Borrower" will pay to the "Lender" the whole amount due and payable under the note; and in case the "Borrower" shall fail to pay the same forthwith upon such demand, the "Lender" shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid together with costs, which shall include the reasonable compensation, expenses and disbursements of the "Lender's" agents and attorneys.

The "Lender" shall be entitled to sue and recover judgment as aforesaid either before, after or during the pendency of any proceedings for the enforcement of this mortgage, and the right of the "Lender" to recover such judgment shall not be affected by any taking, possession or foreclosure sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the terms of this mortgage, or the foreclosure of the lien hereof.

In case of a foreclosure sale of any of the Mortgaged Property and of the application of the proceeds of sale to the payment of the debt hereby secured, the "Lender" shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon the note, and the "Lender" shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest.

The "Borrower" agrees that no recovery of any such judgment by the "Lender" and no attachment or levy of any execution upon any such judgment upon any of the Mortgaged Property or upon any other property shall in any manner or to any extent affect the lien of this mortgage upon the Mortgaged Property or any part thereof or any lien, rights, powers or remedies of the "Lender" hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before.

Any moneys thus collected by the "Lender" or received by the "Lender" under this Paragraph 2.14 shall be applied as follows:

First to the payment of the reasonable compensation, expenses and disbursements of the agents and attorneys of the "Lender"; and

Second, toward payment of the amounts due and unpaid upon the note.

2.14 Delay or Omission No Waiver. No delay or omission of the "Lender" or of any holder of the note to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by this mortgage to the "Lender" may be exercised from time to time and as often as may be deemed expedient by the "Lender".

2.15 No Waiver of One Default to Affect Another, etc. No waiver of any default hereunder shall extend to or shall affect any subsequent or any other then existing default or shall impair any rights, powers or remedies consequent thereon.

If the "Lender" (a) grants forbearance or an extension of time for the payment of any sums secured hereby (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted herein or in the note; (d) releases any part of the Mortgaged Property from the lien of the mortgage or otherwise changes any of the terms of the note or mortgage; (e) consents to the filing of any map, plat or replat thereof; (f) consents to the granting of any easement thereon, or (g) makes or consents to any agreement subordinating the lien or change hereof, any such act or omission shall not release, discharge, modify, change, or affect the original liability under the note, mortgage or otherwise of the "Borrower" or any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety or guarantor; nor shall any such act or omission preclude the "Lender" from exercising any right, power or privilege herein granted or intended to be granted in the event of any other default then made or of any subsequent default, nor, except as otherwise expressly provided in an instrument or instruments executed by the "Lender" shall the lien of this mortgage be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Mortgaged Property, the "Lender", without notice to any person or corporation is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Mortgaged Property or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

2.16 Discontinuance of Proceedings - Position of Parties, Restored. In case the "Lender" shall have proceeded to enforce any right or remedy under this mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the "Lender", then and in every such case the "Borrower" and the "Lender" shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the "Lender" shall continue as if no such proceeding has been taken.

2.17 Remedies Cumulative. No right, power, or remedy conferred upon or reserved to the "Lender" by this mortgage is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute.

ARTICLE THREE

Miscellaneous Provisions

3.01 Successors and Assigns Included in Parties. Whenever in this mortgage one of the parties hereto is named or referred to, the successors and assigns of such party shall be included, and all covenants and agreements contained in this mortgage by or on behalf of the "Borrower" or by or on behalf of "Lender"

shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

3.02 Addresses for Notices, etc. Any notice, demand or other instrument authorized by this mortgage to be served on or given to the "Borrower" may be served on or given to the "Borrower" at its address aforesaid with a copy to SCEDJ Motel Corp. at 2627 Paterson Plank Road, North Bergen, New Jersey 07047 or at such other address as may have been furnished in writing to the "Lender" by the "Borrower".

Any notice demand or other instrument to be served on or given to "Lender" at their addresses aforesaid, or at such other address as may have been furnished in writing to the "Borrower" by the "Lender".

3.03 Table of Contents, Headings, etc. The table of contents, the headings of the Articles, sections, paragraph and subdivisions of this mortgage are for convenience of reference only, are not to be considered a part hereof, and shall not limit or otherwise affect any of the terms hereof.

3.04 Invalid Provisions to Affect no others. In case any one or more of the covenants, agreements, terms or provisions contained in this mortgage or in the note shall be invalid, illegal or unenforceable in any respect, the invalidity of the remaining covenants, agreements, terms or provisions contained herein and in the note shall be in no way affected, prejudiced or disturbed thereby.

3.05 Changes, etc. Neither this mortgage nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement hereafter made by the "Borrower" and "Lender" relating to this mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

3.06 Mortgage Shall Secure Future Advances. In addition to all other indebtedness secured by the first lien of this mortgage, this mortgage shall secure also and constitute a first lien of the Mortgaged Property for all future advances made by the "Lender" to the "Borrower" for any purpose within five years from the date hereof to the same extent as if such future advances were made on the date of the execution of this mortgage. Any such advances may be made at the option of the "Lender". The total amount of the indebtedness referred to in the first sentence of this paragraph that may be secured by this mortgage may increase or decrease from time to time, but the total unpaid balance of such indebtedness secured at any one time by this mortgage shall not exceed a maximum principal amount of twice the principal amount stated in the promissory note secured by this mortgage, plus interest thereon and any disbursements made by "Lender" for the payment of taxes, levies or insurance on the property encumbered by this mortgage, with interest on such disbursements.

3.07 Prepayment of principal in whole or in part as well as the release of the Mortgaged Property, are provided for under the terms set forth in the Note secured by this Mortgage.

ARTICLE FOUR

4.01 If the estate of the Mortgagor in the premises is a leasehold, under a ground lease then: the Mortgagor warrants that it is the owner of a valid and subsisting interest as tenant under the ground lease, that the ground lease is in full force and effect, there are no defaults thereunder and no event has occurred or is occurring which after notice or passage of time or both will result in such a default, that the ground lease is subject to no liens or encumbrances of any kind and is prior to all liens and encumbrances whatsoever on the fee interest of the lessor and that this Mortgage is and will remain a valid and enforceable first lien on the premises and all fixtures and equipments subject only to the exceptions referred to above. The mortgagor will perform or cause to be performed all of the covenants and conditions required to be performed by it under the ground lease, will do all things necessary to preserve unimpaired its right thereunder, and will not enter into any agreement modifying or amending the ground lease or releasing the lessor thereunder from any obligations imposed upon it thereby. If the Mortgagor receives a notice of default under the ground lease, it shall immediately cause a copy of such notice to be sent to the Mortgagee.

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5.01 The Mortgagor has executed certain other Mortgages of even date in addition to this Mortgage, as further security for the Note. If any event of occurrence or any other default shall occur which would entitle the holder of any of the other Mortgages to accelerate the payment of the principal sum and interest secured thereby, any such event or occurrence of any other default shall constitute a default hereunder. This Mortgage and each of the said other Mortgages shall be and remain separate and independent security for the Note, and each Mortgage shall be separately enforceable according to its terms. The holder of any such Mortgage may institute separate proceedings with respect to the Note and each Mortgage simultaneously or in such order and at such times as such holder may elect. The pendency of any proceeding with respect to the Note or any such Mortgage shall not be grounds for the abatement of or for hindering, delaying or preventing any proceedings with respect to the Note or any such other Mortgage. Default under the Note and each Mortgage shall give rise to a separate cause of action and the institution of proceedings upon less than all of said Mortgages shall not be construed as a splitting of a cause of action by the holder instituting such proceedings.

ARTICLE SIX

6.01 The Mortgagor shall not sell, transfer or convey the mortgaged premises or create any lien or encumbrance subsequent to this Mortgage without the prior written consent of the Mortgagee. The sale or transfer of fifty (50%) per cent of the equity, if the Mortgagor be a partnership or corporation, shall be deemed the equivalent of a transfer or conveyance of the mortgaged property. Default under this provision shall cause the entire principal balance to become due and payable immediately at the option of the Mortgagee.

Part of Parcel 1, in Westlake Plaza, in the Town of Merrillville, as shown in Plat Book 47, page 77, and as amended by Certificates of Correction recorded as Document Nos. 422236, 422237, and 425494, in Lake County, Indiana, described as follows: Beginning at a point on the West line of said Parcel 1 and 619.95 feet South of the Northwest corner thereof; thence South 89 degrees 58 minutes 37 seconds East, 350 feet to the East line of said Parcel 1; thence South 00 degrees 01 minutes 23 seconds West, along said East line of Parcel 1, 332.87 feet; thence South 90 degrees 00 minutes 00 seconds West 350 feet to the West line of said Parcel 1; thence North 00 degrees 01 minutes 23 seconds East, along said West line, 333.01 feet to the place of beginning.

