

Mortgagor and Mortgagee covenant and agree as follows

1. PAYMENT OF CONTRACT. Mortgagor shall promptly pay when due the indebtedness evidenced by the Contract and late charges as provided in the Contract.

2. INSURANCE. Mortgagor shall keep all improvements on said land now or hereafter erected, constantly insured for the benefit of the Mortgagee against loss by fire, windstorm and such other casualties and contingencies, in such manner and in such companies and for such amounts, not exceeding that amount necessary to pay the sum secured by this Mortgage, and as may be satisfactory to the Mortgagee.

3. TAXES, ASSESSMENTS, CHARGES. Mortgagor shall pay all taxes, assessments and charges as may be lawfully levied against the Property within thirty (30) days after the same shall become due.

4. PRESERVATION AND MAINTENANCE OF PROPERTY. Mortgagor shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property.

5. WARRANTIES. Mortgagor covenants with Mortgagee that he is seized of the Property in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all incumbrances and that he will warrant and defend the title against the lawful claims of all persons whomsoever, except for the exceptions hereinafter stated.

MARGARETTEN AND COMPANY, INC., DATED 10-19-87 VOL#944074 FOR \$21,850.00

6. WAIVER. The Mortgagor waives and relinquishes all rights and benefits under the valuation and appraisal laws of any state.

7. PRIOR LIENS. Default under the terms of any instrument secured by a lien to which this Mortgage is subordinate shall constitute default hereunder.

8. TRANSFER OF THE PROPERTY. DUE ON SALE. If the Mortgagor sells or transfers all or part of the Property or any rights in the Property, any person to whom the Mortgagor sells or transfers the Property may take over all of the Mortgagor's rights and obligations under this Mortgage (known as an assumption of the Mortgage) if certain conditions are met. Those conditions are:

- (A) Mortgagor gives Mortgagee notice of sale or transfer,
(B) Mortgagee agrees that the person qualifies under its then usual credit criteria,
(C) The person agrees to pay interest on the amount owed to Mortgagee under the Contract and under this Mortgage at whatever lawful rate Mortgagee requires, and
(D) The person signs an assumption agreement that is acceptable to Mortgagee and that obligates the person to keep all of the promises and agreements made in the Contract and in this Mortgage.

If the Mortgagor sells or transfers the Property and the conditions in A, B, C and D of this section are not satisfied, Mortgagee may require immediate payment in full of the Contract, foreclose the Mortgage, and seek any other remedy allowed by the law.

- (i) the creation of liens or other claims against the Property that are inferior to this Mortgage, such as other mortgages, materialman's liens, etc,
(ii) a transfer of rights in household appliances to a person who provides the Mortgagor with the money to buy these appliances in order to protect that person against possible losses,
(iii) a transfer of the Property to surviving co-owners following the death of a co-owner, when the transfer is automatic according to law, and
(iv) leasing the Property for a term of three (3) years or less, as long as the lease does not include an option to buy.

9. ACCELERATION REMEDIES. Upon Mortgagor's breach of any covenant or agreement of Mortgagor in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, Mortgagee prior to acceleration shall mail notice to Mortgagor of the default. If the breach is not cured on or before the date specified in the notice, Mortgagee at Mortgagee'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.

10. APPOINTMENT OF RECEIVER. Upon acceleration under paragraph 9 hereof or abandonment of the Property, Mortgagee shall be entitled to have a receiver appointed by a court to enter upon, take possession of, and manage the Property and to collect all rents of the Property, including those past due. All rents collected by the receiver shall be applied first to payment of the costs of the 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.

11. ASSIGNMENT. This Mortgage may be assigned by the Mortgagee without consent of the Mortgagor.

IN WITNESS WHEREOF, Mortgagors have executed this mortgage on the day above shown.

Signatures of Allan Fefferman, Terry A. Flournoy, and a witness.

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF INDIANA, COUNTY OF Lake, SS, Terry A. Flournoy, Notary Public Lake County Resident.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal this 26th day of February, 1990.

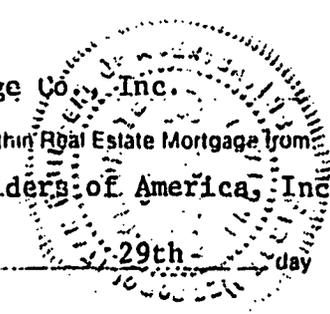
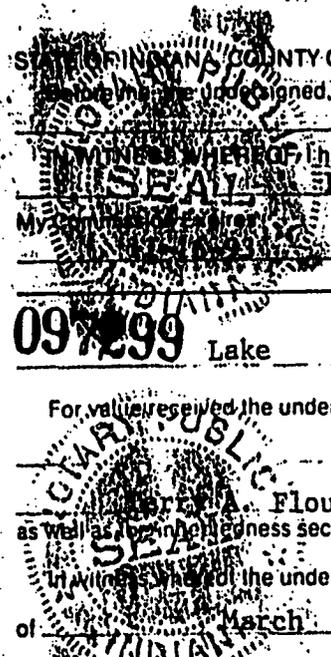
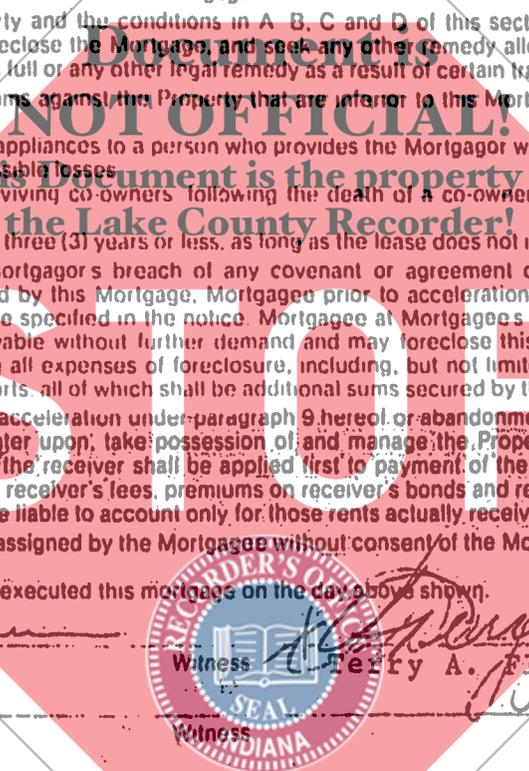
TRANSFER AND ASSIGNMENT

For value received the undersigned Mortgagee hereby transfers, assigns and conveys unto Union Mortgage Co., Inc. all right, title, interest, powers and options in, to and under the within Real Estate Mortgage from Terry A. Flournoy to First Metropolitan Builders of America, Inc. as well as any indebtedness secured thereby.

Signed, sealed and delivered in the presence of First Metropolitan Builders of America, Inc. Seal. Witness: Donna M. Pearson, Allan Fefferman (Title) President.

Notary Public: Felipa Ortiz, Lake County, Indiana. My Commission Expires 11-16-93.

This instrument was prepared by Allan Fefferman. UNION MORTGAGE CO., INC. P. O. BOX 515929, DALLAS, TEXAS 75251-5929, 214/680-3134.



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