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Walker, Fleming & Greenberg
99 E 86th St
A Mer 46410

MORTGAGE

MORTGAGE AGREEMENT dated January 15, 1990, between Donald M. Phillips and Pamela Phillips, husband and wife (herein called "Mortgagor") and Donald M. Phillips as Trustee of the Eric Philips UGMA Trust (herein called "Mortgagee").

WHEREAS, Mortgagor is indebted to Mortgagee upon a certain Promissory Note (herein called the "Note") of even date herewith, for the principal sum of Fifteen Thousand Dollars (\$15,000.00) installment note with final payment being due on or before July 15, 1991; and

WHEREAS, Mortgagor incurred said indebtedness as part of the purchase money for fee simple title to certain real estate; and

WHEREAS, Mortgagor has agreed to mortgage said real estate to Mortgagee as provided herein;

ACCORDINGLY, Mortgagor hereby mortgages and warrants to Mortgagee the following real estate in Porter County, State of Indiana:

Lot 111, Chapel Manor, Unit No. 3, as shown in Plat Book 35, page 9, in Lake County, Indiana

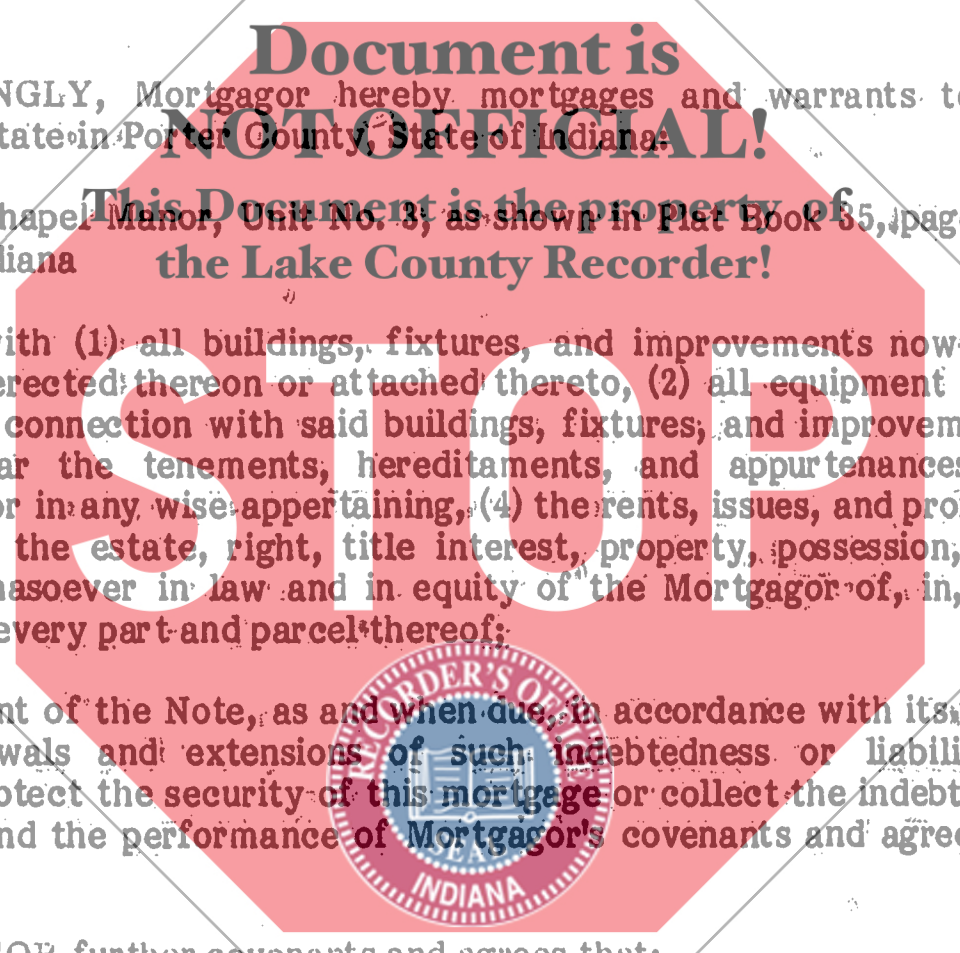
together with (1) all buildings, fixtures, and improvements now existing or hereafter erected thereon or attached thereto, (2) all equipment attached to or used in connection with said buildings, fixtures, and improvements, (3) all and singular the tenements, hereditaments, and appurtenances thereto belonging or in any wise appertaining, (4) the rents, issues, and profits thereof, and (5) all the estate, right, title interest, property, possession, claim, and demand whatsoever in law and in equity of the Mortgagor of, in, and to the same, and every part and parcel thereof;

to secure payment of the Note, as and when due, in accordance with its terms, and also to secure all renewals and extensions of such indebtedness or liabilities incurred by Mortgagee to protect the security of this mortgage or collect the indebtedness secured by this mortgage, and the performance of Mortgagor's covenants and agreements herein set forth.

MORTGAGOR further covenants and agrees that:

1. Payment of Indebtedness. Mortgagor shall pay the principal and interest of the Note, as and when due, in accordance with the terms of the Note, and shall also pay, as and when due, all other indebtedness secured by this mortgage.

2. Maintenance. Mortgagor shall exercise due diligence in the operation, management, and occupation of the mortgaged property, and shall not commit or suffer the commission of waste. Mortgagor shall not remove or suffer to be removed from the mortgaged real estate any of the mortgaged improvements to said real estate. Mortgagor shall not do or suffer to be done any acts which will impair the security of this mortgage nor any illegal acts upon the mortgaged real estate. Mortgagor shall keep the mortgaged property in good condition and repair, normal and ordinary depreciation excepted. Mortgagee shall have the right to enter and inspect the mortgaged property at all reasonable times.



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3. Insurance. Mortgagor shall keep all mortgaged buildings, fixtures, other improvements, and equipment insured against loss or damage by fire, lightning, wind-storm, hail, explosion, smoke, and such other hazards, casualties, and contingencies in such amounts and for such periods as Mortgagee may require from time to time. All such insurance shall be with insurers approved by Mortgagee, and shall carry a mortgage clause with loss payable to Mortgagee acceptable to Mortgagee. Mortgagor shall deliver possession of such policy or policies to Mortgagee, to be held continuously by Mortgagee until this mortgage is released as provided herein, and shall deliver to Mortgagee, at least ten days before the expiration dates of said policy or policies, proof acceptable to Mortgagee of the payment of the premium thereon and extension of the expiration date by the insurer.

4. Taxes. Mortgagor shall pay all real estate taxes and assessments, water and sewer rents, and every other tax, assessment, claim, lien, or encumbrance which may at any time attach as a lien against the mortgaged property, or any part thereof, whether superior or inferior to the lien of this mortgage. Not later than ten days before the date interest or penalties thereon commence to be charged, Mortgagor shall pay the same and deliver to Mortgagee proof of payment acceptable to Mortgagee. The provisions of this paragraph shall apply to taxes and charges of all federal, state, and local taxing authorities, including taxes and charges as imposed or increased by future changes to applicable law, and including taxes and charges in the nature of documentary stamps or taxes on this mortgage or on any of the indebtedness secured by this mortgage. However, Mortgagor may contest any of such taxes and charges in good faith and by appropriate proceedings which do not involve any risk to the security of this mortgage.

5. Escrow. Without limiting the effect of Sections 3 and 4 above, Mortgagor shall pay to Mortgagee monthly, on such date as Mortgagee shall direct, as additional security, an amount equal to one-twelfth of Mortgagor's annual liability hereunder for insurance and taxes, as estimated by Mortgagee. Mortgagee shall hold such sums, which shall not accrue interest, in escrow, and may either make the resulting fund available to Mortgagor for the payments required under Sections 3 and 4 above or make such payments on Mortgagor's behalf. In case of default of this mortgage by Mortgagor, Mortgagee shall have the right to apply all or any part of such fund toward the reduction of any liability of Mortgagor under this mortgage.

6. Condemnation. If any part of the mortgaged property is appropriated under the power of eminent domain, the entire amount paid for such appropriation, not exceeding the entire unpaid balance of the indebtedness secured by this mortgage, shall be paid to Mortgagee and applied by Mortgagee to reduce Mortgagor's liability under this mortgage.

7. Sale. Mortgagor shall not sell, assign, or otherwise transfer to any person title to the mortgaged property, or any part thereof, or any estate therein, or contract to do so. Mortgagor shall not underlet the mortgaged property or abandon or vacate the mortgaged property at any time.

8. Default. Mortgagee shall be entitled to declare Mortgagor in default hereunder if: Mortgagor shall fail in part or in whole to pay any of the indebtedness secured by this mortgage or any other sum payable by Mortgagor hereunder, as and when due, or fail to fully and timely perform any other covenant or agreement as provided herein; or Mortgagor shall make or suffer any assignment for the benefit of creditors, bankruptcy, or other proceeding intended to liquidate or rehabilitate Mortgagor's estate; or any proceedings are instituted by any person on any mortgage, lien, or encumbrance on the real estate subject to this mortgage, even though inferior to the lien of this

mortgage; or Mortgagee shall in good faith deem itself insecure for any other reason. Any failure of Mortgagee to declare a default shall not constitute a waive of the right to do so at a later date.

9. Foreclosure. In case of default hereunder by Mortgagor, the entire unpaid balance of indebtedness secured by this mortgage shall become immediately due and payable, without notice or demand, and Mortgagee may foreclose this mortgage by judicial proceedings according to law. All reasonable expenses paid or incurred by Mortgagee on account of such proceedings, including but not limited to attorney fees and proof of title, and together with interest from the date paid or incurred by Mortgagee, shall become a part of the indebtedness secured by this mortgage. Mortgagee shall be entitled to have a receiver appointed to collect the rents, issues, income, and profits of the real estate subject to this mortgage, and to hold the proceeds subject to order of the court for the benefit of Mortgagee pending foreclosure proceedings, without notice and whether or not the value of the mortgaged property is adequate to secure or discharge the indebtedness secured by this mortgage.

10. Advances. If Mortgagor shall fail to pay any taxes, insurance premiums, or other sums as provided in this mortgage, Mortgagee shall be entitled to pay the same at the expense of Mortgagor, either with or without declaring Mortgagor in default, and such sum, together with interest from the date paid by Mortgagee, shall become a part of the indebtedness secured by this mortgage.

11. Cumulative Rights. The rights and remedies afforded Mortgagee under this mortgage shall be cumulative and concurrent, and in addition to all rights and remedies afforded by applicable law, and may be pursued singly, successively, or together, at Mortgagee's sole discretion, as often as occasion therefor shall occur. Failure to exercise any such right or remedy shall not be construed or operate as a waiver or release.

12. Release. Upon full and final payment of the indebtedness secured by this mortgage and damages, if any, for failure or delay in performing any covenant or agreement of the Mortgagor herein, Mortgagee shall release this mortgage of record within a reasonable time and this mortgage and the estate granted to Mortgagee herein shall cease and become void.

13. Notices. Notices and other communications given hereunder or with respect to this mortgage shall be effective only when given in writing and delivered either personally or by postage prepaid registered or certified United States mail, return receipt requested, addressed in the case of Mortgagee to 1356 South Lake Park, Hobart, IN 46342; and in the case of Mortgagor to 1356 South Lake Park, Hobart, IN 46342; or to such other address as a party may require by notice so given.

14. Governing Law. This mortgage, including all matters of construction, performance, and enforcement, shall be governed by the laws of the State of Indiana. Should any portion of this mortgage be held illegal or unenforceable for any reason, all other provisions of this mortgage shall remain in effect as though such illegal or unenforceable portion were never contained herein. To the fullest extent permitted by law, the parties each waive any provision of law which renders any portion of this mortgage illegal or unenforceable in any respect.

15. Parties Bound. This mortgage shall be binding upon an inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

16. Captions. The captions to the parts of this mortgage are for convenience of reference only and shall not be considered a part of the agreement of the parties.

IN WITNESS WHEREOF, the Mortgagor has executed this mortgage on the day and year first above written.

"MORTGAGOR"

Donald M. Phillips
Donald M. Phillips

Pamela Phillips
Pamela Phillips



STATE OF INDIANA)
COUNTY OF LAKE)

This Document is the property of
the Lake County Recorder!

Before me, the undersigned, a Notary Public for Lake County, State of Indiana, personally appeared Donald M. Phillips and Pamela Phillips, husband and wife, and acknowledged the execution of the foregoing instrument on the 15th day of January, 1990.

My Commission Expires:
June 6, 1993



T. Clifford Fleming
T. Clifford Fleming, Notary Public
Resident of Lake County

This instrument was prepared by
Walker, Fleming & Greenberg, P.C., Attorneys at Law
Suite E, 99 East 86th Avenue, Merrillville, IN 46410