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707 Ridge
Munster

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MORTGAGE AND HYPOTHECATION

This Mortgage and Hypothecation (Security Instrument) is given on this 11th day of March, 1994 by North By Northwest Development, Ltd. II, an Indiana corporation (Mortgagor) to Citizens Federal Savings and Loan Association, which is organized and existing under the laws of the United States of America, and whose address is 707 Ridge Road, Munster, Indiana 46321 (Mortgagee).

This Security Instrument is hereby hypothecated to secure the repayment of the indebtedness owed by Family Building Services, Inc., an Indiana corporation, (Borrower) to Mortgagee in the principal sum of One Hundred Ninety Eight Thousand Nine Hundred Dollars (\$198,900.00) with interest. This debt is evidenced by Borrower's Note dated the same date as this Security Instrument, which provides for monthly interest payments, with the full debt, if not earlier, due and payable on March 1, 1995.

This Security Instrument also secures to Mortgagee: (a) the payment of all other sums, with interest, advanced to protect the security and this Security Instrument; (b) the performance of Borrower's covenants and agreements under this Security Instrument and Borrower's Note; and (c) the performance of the covenants and agreements of Borrower contained in a Construction Loan Agreement between Borrower and Mortgagee dated March 11, 1994.

For these purposes, Mortgagor does hereby mortgage, hypothecate, grant and convey to Mortgagee the following described property:

Lot 45 in Windfield Addition to the Town of Munster, as per plat thereof, recorded in Plat Book 71, page 50, in the Office of the Recorder of Lake County, Indiana,

which has the address of 1621 Santa Ana Court, Munster, Indiana 46321 (Property), together with all the improvements now or hereafter erected on the Property, and all easements, appurtenances, and fixtures now or hereafter a part of the Property. All replacements and additions shall also be covered by this Security Instrument.

Mortgagor covenants that Mortgagor is lawfully seized of the estate hereby conveyed and has the right to mortgage, hypothecate, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Mortgagor warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

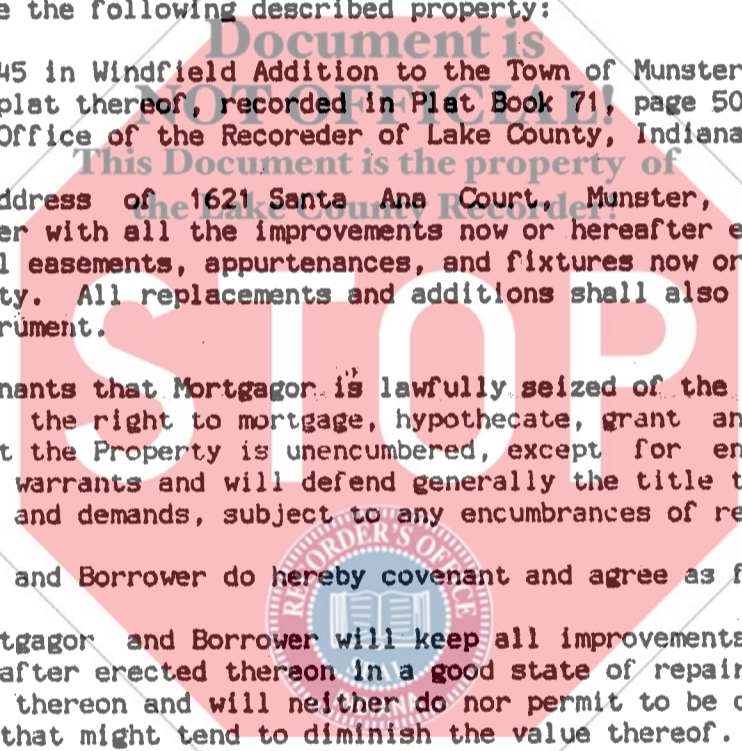
The Mortgagor and Borrower do hereby covenant and agree as follows:

1. The Mortgagor and Borrower will keep all improvements now on the Property; or hereafter erected thereon in a good state of repair and will not permit any waste thereon and will neither do nor permit to be done upon the Property anything that might tend to diminish the value thereof.

2. That Mortgagor and Borrower will keep all buildings which are now or may hereafter be placed on the Property, continuously insured against fire, windstorm and such other perils as Mortgagee may require, in such company or companies, and in such form as may be satisfactory to Mortgagee, and in such amount as the Mortgagee may from time to time direct; such policy or policies of insurance to be payable to Mortgagee as its interest may appear and delivered to and held by Mortgagee until the indebtedness hereby secured has been fully paid. In the event of loss or damage, the proceeds of said insurance shall be applied upon the indebtedness hereby secured, in such manner as the Mortgagee may elect, even though the same is not yet due, or the Mortgagee's option may be used for the purpose of making repairs or improvements upon the mortgaged premises.

3. That in case the Mortgagor and Borrower fail to pay any tax or assessment, or fail to keep the buildings on the Property in good repair and insured as above provided, the Mortgagee may pay such taxes, or assessments, or may redeem said premises from sale for taxes or assessments, make repairs or procure insurance, and may pay, remove or discharge any claim, lien or encumbrance, or may purchase any tax title or claim against the Property, and protect the title and possession thereof, in order to preserve the priority of the lien of this Security Instrument thereon, and may employ attorneys at law to perform any service connected with the Security Instrument, or to prosecute or defend any suit affecting or involving this Security Instrument or the title or possession of the Property, and that all moneys paid for any such purpose and all moneys paid out by the Mortgagee to protect the lien of this Security

STATE OF INDIANA
TICOR TITLE INSURANCE
Crown Point, Indiana



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Instrument and the security intended to be effected hereby, shall be immediately due and payable and become so much additional indebtedness, secured by this Security Instrument, provided, however, that it shall not be obligatory upon the Mortgagee to advance funds for any of the purposes aforesaid, or to inquire into the validity of such taxes or assessments, or tax sale (the receipts of the proper officers being conclusive of the validity and amount thereof) or into the necessity of such repairs.

4. That if default be made in the performance of any of the covenants or agreements herein or in Borrower's Note contained, on the part of the Mortgagor or Borrower to be kept and performed, then the whole of said indebtedness secured hereby, including all payments for liens, taxes, assessments, insurance, attorneys' fees, costs, charges or expenses, shall, at the election of the Mortgagee, and without notice of such election, at once become and be due and payable at the place of payment aforesaid, anything in Borrower's Note or herein to the contrary, notwithstanding and thereupon the Mortgagee shall have the right (either with or without process of law, using such force as may be necessary) to enter upon and possess, hold and enjoy said property, and to lease the same or any part thereof upon such terms as it shall deem best, and to collect and receive all the rents, issues and profits thereof, and to make alterations, improvements and repairs, effect insurance, pay taxes, assessments and do such all other things as may be deemed necessary for the proper protection of the property; and the Mortgagee shall have the right to foreclose this Security Instrument and shall have all the other rights and remedies that the law provides.

5. That upon commencement of any foreclosure, or at any time thereafter, and prior to the expiration of the time for redemption from any sale of the Property on foreclosure, any court of contempt jurisdiction, upon application of the Mortgagee, may appoint a receiver for said premises to take possession thereof, to collect the rents, issues and profits therefrom during the pendency of such foreclosure, and until the time to redeem the same from foreclosure sale shall have expired, and out of rents issues and profits, to make necessary repairs and to keep the Property in proper condition and repair, and to pay all taxes, or assessments, to redeem from tax or assessment sales, to pay insurance premiums necessary to keep the Property insured in accordance with the provisions of this Security Instrument and to pay the expense of the receivership, and said receiver shall apply the net proceeds to the payment of the indebtedness secured hereby, and such receiver shall have all the other usual powers of receivers in such cases.

6. That in case suit be brought to foreclose this Security Instrument, a reasonable sum shall be allowed to the Mortgagee in such proceeding for attorney's fees, title or other expense incident to such foreclosure proceeding, which several sums shall be so much additional indebtedness secured hereby, and shall be recoverable as such whether the suit proceeds to decree or not and shall be included in the decree entered in such foreclosure.

7. That the Mortgagee, at its option, may extend the maturity of Borrower's Note and indebtedness secured hereby, or any balance due thereon, from time to time, upon written agreement executed by the Mortgagor and Borrower for such further periods, at such rate of interest, and upon such condition as may then be agreed upon, and no such extension, and no forbearance or delay of the Mortgagee in enforcing any of the provisions of this indenture, shall operate to impair the lien thereof or waive any rights accrued or that might accrue hereunder.

8. That in the event the Property or any part thereof, be taken by condemnation, the Mortgagee is hereby empowered to collect and receive all compensation which may be paid for damages to any property not taken, and all condemnation money so received shall at Mortgagee's election, be applied either to the reduction of the indebtedness hereby secured, or to the repair and restoration of any property so damaged, provided that any excess over the amount of the indebtedness shall be delivered to the Mortgagor.

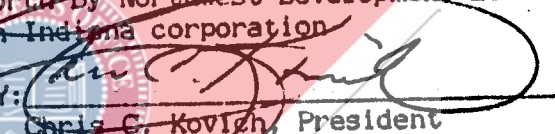
9. That Mortgagor hereby assigns to Mortgagee as additional and collateral security for the indebtedness hereinbefore described, all of the rents, issues and profits accruing under any leases now on said property, or which may hereafter be placed thereon, and all leasees or sub-leasees are hereby directed, upon demand of Mortgagee, to pay said rents, issues and profits direct to Mortgagee, this assignment to become null and void upon release of this Security Instrument, PROVIDED, however, this assignment shall become effective only upon default by Borrower in making payment of any installments of Borrower's Note hereby secured or in the performance of any of the terms and conditions of this Security Instrument.

10. That Mortgagor will not sell or convey the Property so long as any part of the indebtedness hereby secured remains unpaid, without the written consent of the Mortgagee, and that a violation of this provision will, at the option of the Mortgagee and without notice, accelerate maturity of the indebtedness hereby secured and cause the entire unpaid balance thereof to become immediately due and payable.

11. That each right, power and remedy herein conferred upon the Mortgagee is cumulative of every other right or remedy of the Mortgagee, whether herein or by law conferred, and may be enforced concurrently therewith, that no waiver by the Mortgagee of performance of any covenant herein or in said obligation contained shall thereafter in any manner affect the right of Mortgagee to require to enforce performance of the same or any other of said covenants; that whenever the context hereof requires, the masculine gender, as used herein, shall include the feminine and the neuter and the singular number, as used herein, shall include the plural; that all rights and obligations under this Security Instrument shall extend to and be binding upon the respective heirs, executors, administrators, successors and assigns of the Mortgagor, and the successors and assigns of the Mortgagee; and that the power herein mentioned may be exercised as often as occasion therefor arises.

12. This Security instrument is executed by Mortgagor and it is expressly understood and agreed that nothing contained herein or in Borrower's Note which this Security Instrument secures shall be construed as creating any liability on Mortgagor personally to pay Borrower's Note or any interest that may accrue thereon, or any indebtedness accruing thereunder, or to perform any covenant, either expressed or implied herein contained (it being understood and agreed that each of the provisions hereof shall constitute a condition and not a covenant or agreement, regardless of whether the same may be couched in language of a promise or covenant or agreement), all such liability, if any, being expressly waived by Mortgagee and by every person now or hereafter claiming any right or security hereunder, and that so far as Mortgagor and its successors are concerned, the holders and the owner or owners of any indebtedness accruing hereunder shall look solely to any one or more of: (i) the property and the rents, issues and profits thereof, for the payment thereof, by the enforcement of the lien hereby created, in the manner herein and the Note provided; (ii) any other security given to secure said indebtedness; or (iii) the personal liability of the makers of Borrower's Note.

North By Northwest Development Ltd. II,
an Indiana corporation

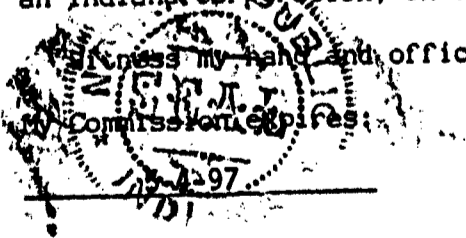
BY: 
Chris C. Kovich, President

CORPORATE ACKNOWLEDGMENT

State of Indiana, Lake County ss:

The foregoing instrument was acknowledged before me this 11th day of March, 1994 by Chris C. Kovich, President of North By Northwest Development, Ltd., II, an Indiana Corporation, on behalf of the Corporation.

Witness my hand and official Seal.




Kristyne M. Ahlgrain Notary Public
Resident of Lake County

This instrument was prepared by: Jeffrey C. Stur, Vice President
Citizens Federal Savings and Loan Association