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CP/GM/TICOR

SECOND REAL ESTATE MORTGAGE

THIS INSTRUMENT ("Mortgage") WITNESSES: That the undersigned, jointly and severally, ("Mortgagors") of the State of Indiana, hereby MORTGAGE and WARRANT to INDIANA HOUSING FINANCE AUTHORITY ("Mortgagee"), the real estate and improvements ("Real Estate") located in LAKE County, State of Indiana, more particularly described in Exhibit A, attached hereto and made a part hereof, together with all rights, privileges, interests, easements, hereditaments, appurtenances, fixtures and improvements now or hereafter belonging, appertaining, attached to, or used in connection with the Real Estate, and all the rents, issues, income and profits thereof (collectively, the "Mortgaged Property").

This Mortgage is given to secure performance of the provisions hereof and to secure payment of a certain promissory note (the "Note") of even date herewith, executed and delivered by Mortgagors.

Mortgagors jointly and severally, covenant with Mortgagee as follows:

1. **Payment of Sums Due.** Mortgagors shall pay when due all indebtedness secured by this Mortgage, on the dates and in the amounts, respectively, as provided in the Note or in this Mortgage, as when the payment(s) thereof become due, all without relief from valuation and appraisal laws and with attorneys' fees.
2. **No Liens.** Mortgagors shall not permit any lien of mechanics or materialmen to attach to and remain on the Mortgaged Property or any part thereof for more than 45 days after receiving notice thereof from Mortgagee.
3. **Repair of Mortgaged Premises; Insurance.** Mortgagors shall keep the Mortgaged Property in good repair and shall not commit waste thereon. Mortgagors shall procure and maintain in effect at all times adequate insurance in insurance companies acceptable to Mortgagee against loss, damage to, or destruction of the Mortgaged Property because of fire, windstorm or other such hazards in such amounts as Mortgagee may reasonably require from time to time, and all such insurance policies shall contain proper clauses making all proceeds of such policies payable to Mortgagee and Mortgagors as their respective interests may appear. Upon request, all such policies of insurance shall be delivered to and retained by the Mortgagee until indebtedness secured hereby is fully paid.
4. **Taxes and Assessments.** Mortgagors shall pay all taxes or assessments levied or assessed against the Mortgaged Property, or any part thereof, as and when the same become due and before penalties accrue.
5. **Advancement to Protect Security.** Mortgagee may, at its option, advance and pay all sums necessary to protect and preserve the security intended to be given by this Mortgage. All sums so advanced and paid by Mortgagee shall become a part of the indebtedness secured hereby and shall bear interest from the date or dates of payment at the rate of eighteen percent (18%) per annum. Such sums may include, but are not limited to, insurance premiums, taxes, assessments and liens which may be or become prior and senior to this mortgage as a lien on the Mortgaged Property, or any part thereof, and all costs, expenses and attorney's fees incurred by Mortgagee in respect of any and all legal or equitable proceedings which relate to this Mortgage or to the Mortgaged Property.
6. **Default by Mortgagor; Remedies of Mortgagee.** Upon default by Mortgagor in any payment provided for hereunder in the Note, or in the performance of any covenant or agreement of Mortgagor hereunder or in the Note, including any other mortgage applicable to the Mortgaged Property, or if Mortgagors shall abandon the Mortgaged Property, then and in any such event, the entire indebtedness secured hereby shall become immediately due and payable at the option of Mortgagee, without notice, and this Mortgage may be foreclosed accordingly. Upon such foreclosure, Mortgagee may obtain appropriate title evidence to the Mortgaged Property, and may add the cost thereof to the principal balance due.
7. **Non-Waiver; Remedies Cumulative.** No delay by Mortgagee in the exercise of any of its rights hereunder shall preclude the exercise thereof as long as Mortgagor is in default hereunder, and no failure of Mortgagee to exercise any of its rights hereunder shall preclude the exercise thereof in the event of a subsequent default by Mortgagor hereunder. Mortgagee may enforce any one or more of its rights or remedies hereunder successively or concurrently.
8. **Extensions; Reductions; Renewals; Continued Liability of Mortgagor.** Mortgagee may extend the time for payment of the indebtedness, or reduce the payments thereon, or accept a renewal note or notes thereafter, without consent of any junior lien holder, and without the consent of Mortgagors. No such extension, reduction or renewal shall affect the priority of this Mortgage or impair the security hereof in any manner whatsoever, or release, discharge or affect in any manner the personal liability of Mortgagors to Mortgagee.
9. **Subordination.** This Mortgage shall be subordinate only to Mortgagors' purchase money mortgage of even date herewith, the proceeds of which being utilized only to purchase the Mortgage Property.
10. **General Agreement of Parties.** All rights and obligations hereunder shall extend to and be binding upon the several heirs, representatives, successors and assigns of the parties to this Mortgage. When applicable, use of the singular form of any word also shall mean or apply to the plural and masculine form shall mean and apply to the feminine or the neuter. The titles of the several paragraphs of this Mortgage are for convenience only and do not define, limit or construe the content of such paragraphs.

If the Mortgaged Property is refinanced, sold or otherwise transferred by the undersigned, or if the Mortgaged Property is ever held or used by Mortgagors for the purpose of something other than their principal place of residence, then, notwithstanding the foregoing, any and all amounts outstanding and due immediately to Mortgagee under the Note, shall be due and payable to Mortgagee upon such occurrence.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage this 18 day of March, 1994.

Mortgagor: [Signature]  
Signature: JAMES D. KREIS

[Signature]  
Signature: TERRA A. KREIS

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

STATE OF INDIANA )  
                                  ) SS:  
COUNTY OF LAKE )

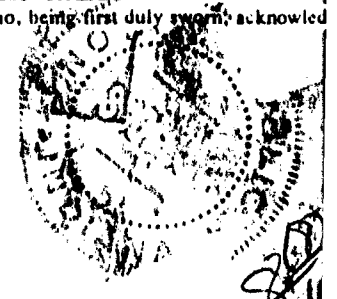
JAMES D. & TERRA A. KREIS

Before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_ who, being first duly sworn, acknowledged execution of the foregoing Mortgage.

Witness my hand and Notarial Seal this 18 day of March 1994

My Commission Expires:  
10/24/96

[Signature]  
Notary Public  
Gloria Miller



My County of Residence:  
Lake

Printed Name \_\_\_\_\_

This instrument was prepared by Lante K. Earnest, Esq., KLINEMAN, ROSE, and WOLF, P.C., 135 N. Pennsylvania Street, Suite 2100, Indianapolis, Indiana 46245.

**Exhibit "A"**

**Legal Description**

**Lot 22 in Morning Sun Homes, in the City of Crown Point, as per plat thereof, recorded in Plat Book 31 page 63, in the Office of the Recorder of Lake County, Indiana.**

