

WORDS USED OFTEN IN THIS DOCUMENT

- (A) "Mortgage." This document, which is dated December 22, 19 94, will be called the "Mortgage."
- (B) "Borrower."
James E. Johnson
will sometimes be called the "Borrower" and sometimes simply "I."
- (C) "Lender."
Cityscape Mortgage Corp.
will be called the "Lender." The Lender's address is:
665 Taxter Road, Elmsford, NY 10523
- (D) "Note." The note signed by Borrower and dated December 22, 19 94, and any extensions and renewals of that note, will be called the "Note". The Note shows that I owe Lender U.S. \$ 38,250.00 plus interest.
- (E) "Property." The Property that is described below in the section titled "Description Of The Property" will be called the "Property."

BORROWER'S TRANSFER TO LENDER OF RIGHTS IN THE PROPERTY

I mortgage and warrant the Property to Lender subject to the terms of this Mortgage. This means that, by signing this Mortgage, I am giving Lender those rights that are stated in this Mortgage and also those rights that the law gives to lenders who hold mortgages on real property. I am giving Lender these rights to protect Lender from possible losses that might result if I do not:

- (A) Pay all the amounts that I owe Lender as stated in the Note;
- (B) Pay, with interest, any amounts that Lender spends under this Mortgage to protect the value of the Property and Lender's rights in the Property; and
- (C) Keep all of my promises and agreements under this Mortgage.

DESCRIPTION OF THE PROPERTY

I give Lender rights in the following Property:

- (A) The Property which is located at: 4706 Pennsylvania Street, Gary, IN 46408
This Property is in Lake County in the State of Indiana. It has the following legal description:
-SEE SCHEDULE A ANNEXED HERETO AND MADE A PART HEREOF-
- (B) All buildings, structures and other improvements and fixtures attached thereto that are located on the Property described in Paragraph (A) of this section;
- (C) All rights in other Property that I have as owner of the Property described in paragraph (A) of this section. These rights are known as "Easements, rights and appurtenances attached to the Property";
- (D) All rents or royalties from the Property described in paragraph (A) of this section; and
- (E) All of the Property described in paragraphs (B) through (D) of this section that I acquire in the future, and all rights described in paragraphs (B) through (D) of this section that I acquire in the future.

It may be that I do not own the Property but am a tenant under a lease. In that case, the rights I am giving to Lender by this Mortgage are rights in my tenancy.

1. BORROWER'S RIGHT TO MORTGAGE THE PROPERTY AND BORROWER'S OBLIGATION TO DEFEND OWNERSHIP OF THE PROPERTY

I promise that: (A) I lawfully own the Property, (B) I have the right to mortgage and warrant the Property to Lender; and (C) there are no outstanding claims or charges against the Property other than claims and charges of record.

I give a general warranty of title to Lender. This means that I am fully responsible for any losses which Lender suffers because someone other than myself has some of the rights in the Property which I promise that I have. I promise that I will defend my ownership of the Property against any claims of such rights.

2. BORROWER'S PROMISE TO PAY PRINCIPAL AND INTEREST UNDER THE NOTE AND TO FULLFILL OTHER PAYMENT OBLIGATIONS

Subject to Paragraph 13 below, I will promptly pay to Lender when due the principal of and interest under the Note and any late charges, dishonored check charges and collection costs and expenses as stated in the Note.

3. APPLICATION OF BORROWER'S PAYMENTS

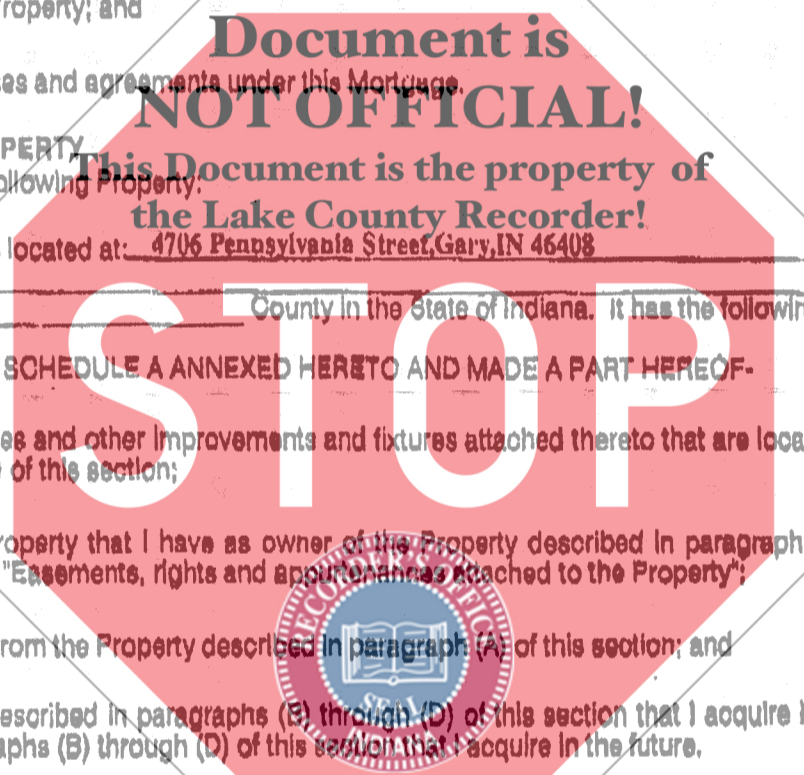
Unless the law requires otherwise, Lender will apply each of my payments under the Note and under this Mortgage first to accrued and unpaid interest under the Note to the date of payment and the remainder, if any, to the unpaid principal balance under the Note. Any late charges, collection costs and expenses, dishonored check charges and payments made by the Lender to enforce the Note and/or to protect the Lender's interests under this Mortgage will be assessed separately.

95001469

95 JAN -9 AM 9:46

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

AMASA G. GOLBY
CHIEF DEP. RECORDER



J E J
J E J

21.00

4. BORROWER'S OBLIGATION TO PAY PRIOR MORTGAGES, CHARGES AND ASSESSMENTS AND TO SATISFY CLAIMS AGAINST THE PROPERTY

I will keep all promises that I have made in any superior mortgage or deed of trust, including my promises to make payments when due. I will pay all taxes, assessments, and any other charges and fines that may be imposed on the Property and that may be superior to this Mortgage and will provide to Lender, within ten (10) days of Lender's request, receipts showing that these items have been paid. I will see that any claim, demand or charge that is made against the Property because an obligation has not been fulfilled (known as a "lien") is promptly paid or satisfied if the lien may be superior to this Mortgage. I will also make payments due under my lease if I am a tenant on the Property and I will pay ground rents (if any) due on the Property.

5. BORROWER'S OBLIGATION TO OBTAIN AND TO KEEP HAZARD INSURANCE ON THE PROPERTY

I will obtain hazard insurance to cover all buildings, structures and other improvements that now are or in the future will be located on the Property. The insurance must cover loss or damage caused by fire, hazards normally covered by "extended coverage" hazard insurance policies, and other hazards for which Lender requires coverage. The insurance must be in the amounts and for the periods of time required by Lender.

I may choose the insurance company but my choice is subject to Lender's approval. Lender may not refuse to approve my choice unless the refusal is reasonable. All of the insurance policies and renewals of those policies must include what is known as a "standard mortgage clause" to protect Lender. The form of all policies and the form of all renewals must be acceptable to Lender. Lender will have the right to hold the policies and renewals, subject to the terms of any superior mortgage or deed of trust.

If there is a loss or damage to the Property, I will promptly notify the insurance company and Lender. If I do not promptly prove to the insurance company that the loss or damage occurred, then Lender may do so.

All proceeds due from the insurance company will be paid to Lender. Lender may use the proceeds to repair or restore the Property or to reduce the amount that I owe to Lender under the Note and under this Mortgage. I authorize Lender to endorse my name on any insurance check whether payable to me or payable jointly to me, Lender and any other party and to apply the proceeds, in its discretion, as provided in the preceding sentence.

6. BORROWER'S OBLIGATION TO MAINTAIN THE PROPERTY AND TO FULFILL OBLIGATIONS IN LEASE, PROPERTY REGIME OR CONDOMINIUM, PUD AND HOMEOWNER ASSOCIATION DOCUMENTS

I will keep the Property in good repair. I will not destroy, damage or substantially change the Property, and I will not allow the Property to deteriorate. If I do not own but am a tenant on the Property, I will fulfill my obligations under my lease. If the Property is a unit in a property regime or condominium or in a planned unit development, or if I am a member of a homeowner association, I will fulfill all of my obligations under the declaration, regime by-laws, regulations and other documents that create or govern the property regime or condominium or the planned unit development or the homeowner association.

7. LENDER'S RIGHT TO TAKE ACTION TO PROTECT THE PROPERTY

If: (A) I do not keep my promises and agreements made in this Mortgage, or (B) someone, including me, begins a legal proceeding that may affect Lender's rights in the Property (such as, for example, a legal proceeding in bankruptcy, in probate, for condemnation, or to enforce laws or regulations or to enforce and protect a lien), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions under this Paragraph 7 may include, for example, appearing in court, paying reasonable attorney's fees, and entering on the Property to make repairs, paying hazard insurance premiums, real estate taxes, and payments on superior liens or mortgages.

I will pay to Lender any amounts, with interest, which Lender spends under this Paragraph 7. This Mortgage will protect Lender in case I do not keep this promise to pay those amounts with interest. This Mortgage secures the repayment of those amounts with interest.

I will pay those amounts to Lender sends me a notice requesting that I do so. I will also pay interest on those amounts at the same rate stated in the Note. Interest on each amount will begin on the date that the amount is spent by Lender.

Although Lender may take action under this Paragraph 7, Lender does not have to do so.

8. LENDER'S RIGHT TO INSPECT THE PROPERTY

Lender, and others authorized by Lender, may enter on and inspect the Property. They must do so in a reasonable manner and at reasonable times. However, before one of those inspections is made, Lender must give me notice stating a reasonable purpose for the inspection. That purpose must be related to Lender's rights in the Property.

9. AGREEMENTS ABOUT CONDEMNATION OF THE PROPERTY

A taking of Property by any governmental authority by eminent domain is known as "condemnation". I give to Lender my right: (A) to proceeds of all awards or claims for damages resulting from condemnation or other governmental taking of the Property; and (B) to proceeds from a sale of the Property that is made to avoid condemnation. All of those proceeds will be paid to Lender and applied to the amount secured by this Mortgage, subject to the terms of any superior mortgage or deed of trust. Any excess will be paid to the persons legally entitled to it.

10. CONTINUATION OF BORROWER'S OBLIGATIONS

Lender may allow a person who takes over my rights and obligation to delay or to change the amount of the monthly payments of principal and interest due under the Note or under this Mortgage. Even if Lender does this, however, that person and I will both still be fully obligated under the Note and under this Mortgage.

J E J
J. E. J.

Lender may allow those delays or changes for a person who takes over my rights and obligations, even if Lender is requested not to do so. Lender will not be required to bring a lawsuit against such a person for not fulfilling obligations under the Note or under this Mortgage, even if Lender is requested to do so.

11. CONTINUATION OF LENDER'S RIGHTS

Even if Lender does not exercise or enforce any right of Lender under this Mortgage or under the law, Lender will still have all of those rights and may exercise and enforce them in the future. Even if Lender obtains insurance, pays taxes, or pays other claims, charges or liens against the Property, Lender will still have the right, under Paragraph 16 below, to demand that I make Immediate Payment In Full (see Paragraph 16 for a definition of this phrase) of the amount that I owe to Lender under the Note and under this Mortgage.

12. LENDER'S ABILITY TO ENFORCE MORE THAN ONE OF LENDER'S RIGHTS

Each of Lender's rights under this Mortgage is separate. Lender may exercise and enforce one or more of those rights, as well as any of Lender's other rights under the law, one at a time or all at once.

13. OBLIGATIONS OF BORROWERS AND OF PERSONS TAKING OVER BORROWER'S RIGHTS OR OBLIGATIONS

Subject to the terms of paragraph 16 (C) below, any person who takes over my rights or obligations under this Mortgage will have all of my rights and will be obligated to keep all of my promises and agreements made in this Mortgage. Similarly, any person who takes over Lender's rights or obligations under this Mortgage will have all of Lender's rights and will be obligated to keep all of Lender's agreements made in this Mortgage. In this Mortgage, the word "person" means any person, organization, governmental authority or any other party.

If more than one person signs this Mortgage as Borrower, each of us is fully obligated to keep all of Borrower's promises and obligations contained in this Mortgage. Lender may enforce Lender's rights under this Mortgage against each of us individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under the Note and under this Mortgage. However, if one of us does not sign the Note, then: (A) that person is signing this Mortgage only to give that person's rights in the Property to Lender under the terms of this Mortgage; and (B) that person is not personally obligated to make payments or to act under the Note or under this Mortgage. Any person signing this Mortgage but not signing the Note also agrees (i) that Lender may allow any other Borrower to delay or to change payments due under the Note or under this Mortgage and (ii) that Lender may make other accommodations under the Note or under this Mortgage. Lender may do this without obtaining anyone's consent and without modifying the effect of this Mortgage.



14. AGREEMENT ABOUT GIVING NOTICES REQUIRED UNDER THIS MORTGAGE

Unless the law requires otherwise, any notice that must be given to me under this Mortgage will be given by delivering it or by mailing it by mail addressed to me at the address stated in the section above titled "Description Of The Property". A notice will be delivered or mailed to me at a different address if I give Lender a notice of my different address. Any notice that must be given to Lender under this Mortgage will be given by mailing it by certified mail to Lender's address stated in paragraph (C) of the section above titled "Words Used Often in This Document". A notice will be mailed to Lender at a different address if Lender gives me a notice of the different address. A notice required by this Mortgage is given when it is mailed or when it is delivered according to the requirements of this Paragraph 14.

15. LAW THAT GOVERNS THIS MORTGAGE

This Mortgage shall be governed by federal law, including, if the Note is a Balloon Note, the Alternative Mortgage Transaction Parity Act of 1982 and applicable regulations, Indiana law and any local law that applies in the place in which the Property is located. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision. To this end the provisions of this Mortgage and the Note are declared to be severable.

As used in this Mortgage, the words "costs", "expenses" and "attorneys' fees" include all amounts not prohibited by applicable law or limited in the Mortgage.

16. LENDER'S RIGHTS IF BORROWER FAILS TO KEEP PROMISES AND AGREEMENTS

If any of the events or conditions described in subparagraphs (A), (B), (C), (D), (E), or (F) of this Paragraph 16 shall occur, Lender may require that I pay immediately the entire amount remaining unpaid under the Note and this Mortgage. This requirement will be called "Immediate Payment In Full".

If Lender requires Immediate Payment In Full, Lender may bring a lawsuit to take away all of my remaining rights in the Property and to have the Property sold. At this sale Lender or another person may acquire the Property. This is known as "foreclosure and sale". If the proceeds of this sale are insufficient to repay Lender the amounts due to Lender from me under the Note and under this Mortgage, Lender may obtain a court judgment against me personally for the difference between all amounts due from me under the Note and this Mortgage and the sale proceeds. In any lawsuit for foreclosure and sale, Lender will have the right to collect all costs and expenses of the foreclosure and sale allowed by law. This includes reasonable attorneys' fees (provided that collection of the Note and this Mortgage is referred to an attorney who is not a salaried employee of the Lender). All such sums as may come due will be secured by the lien of this Mortgage.

Lender may require Immediate Payment In Full under this Paragraph 16, if:

(A) I fail to make any payment required by the Note or this Mortgage when it is due; or

(B) I fail to keep any other promise or agreement in this Mortgage within the time set forth, or if no time is set forth in this Mortgage, then within the time set forth in the notice sent to me by Lender; or

(C) Except in those circumstances in which Federal law otherwise provides, all or any part of the Property, or any right in the Property, is sold or transferred without Lender's prior written consent (or, if Borrower is not a natural person, if a beneficial interest in Borrower is sold or transferred); or

J. E. J.
T. E. J.

(D) On application of Lender, two or more insurance companies licensed to do business in the State in which the Property is located refuse to issue policies insuring the buildings and improvements on the Property; or

(E) I fail to make any payment required by any superior mortgage or I fail to keep any other promise or agreement in any superior mortgage; or

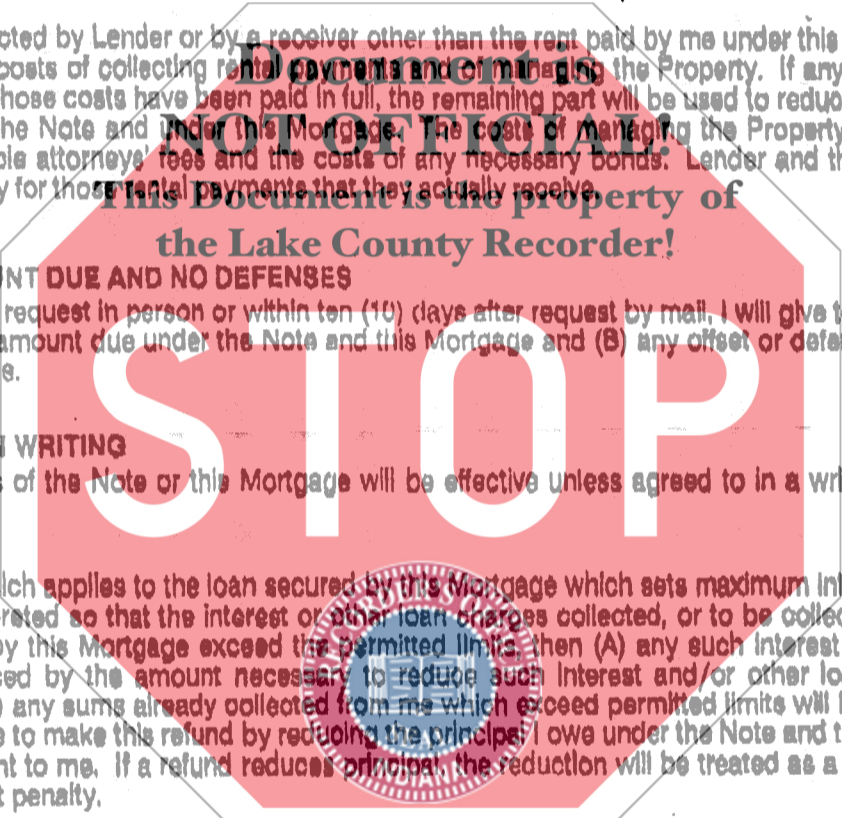
(F) Any representation made or information given to Lender by Borrower in connection with Borrower's application for this loan is false or misleading in any material respect.

17. LENDER'S RIGHTS TO RENTAL PAYMENTS FROM THE PROPERTY AND TO TAKE POSSESSION OF THE PROPERTY

As additional protection for Lender, I give to Lender all of my rights to any rental payments from the Property. However, until Lender requires Immediate Payment in Full or until I abandon the Property I have the right to collect and keep those rental payments as they become due. I have not given any of my rights to rental payments from the Property to anyone other than the holder of a superior mortgage and I will not do so without Lender's prior consent in writing. If Lender requires Immediate Payment in Full or if I abandon the Property then Lender, persons authorized by Lender or a receiver appointed by a court at Lender's request may: (A) collect the rental payments, including overdue rental payments directly from the tenants; (B) enter on and take possession of the Property; (C) manage the Property; and (D) sign, cancel and change leases. I agree that if Lender notifies the tenants that Lender has the right to collect rental payments directly from them under this Paragraph 17 the tenants may make those rental payments to Lender without having to ask whether I have failed to keep my promises and agreements under this Mortgage.

If there is a judgment for Lender in a lawsuit for foreclosure and sale, I will pay to Lender reasonable rent from the date the judgment is entered for as long as I occupy the Property. However, this does not give me the right to be a tenant on the Property.

All rental payments collected by Lender or by a receiver other than the rent paid by me under this Paragraph 17 will be used first to pay the costs of collecting rental payments and of managing the Property. If any part of the rental payments remains after those costs have been paid in full, the remaining part will be used to reduce the amount that I owe to Lender under the Note and under this Mortgage. The costs of managing the Property may include the receiver's fees, reasonable attorneys' fees and the costs of any necessary bonds. Lender and the receiver will be obligated to account only for those rental payments that they actually receive.



18. STATEMENT OF AMOUNT DUE AND NO DEFENSES

Within five (5) days after request in person or within ten (10) days after request by mail, I will give to Lender a signed statement as to (A) the amount due under the Note and this Mortgage and (B) any offset or defense I have against the Note or this Mortgage.

19. CHANGES MUST BE IN WRITING

No change in the terms of the Note or this Mortgage will be effective unless agreed to in a writing signed by the Lender.

20. LOAN CHARGES

If a law or regulation which applies to the loan secured by this Mortgage which sets maximum interest or other loan charges, is finally interpreted so that the interest or other loan charges collected, or to be collected, in connection with the loan secured by this Mortgage exceed the permitted limits, then (A) any such interest and/or other loan charges shall be reduced by the amount necessary to reduce such interest and/or other loan charges to the permitted limits; and (B) any sums already collected from me which exceed permitted limits will be refunded to me. The Lender may choose to make this refund by reducing the principal I owe under the Note and this Mortgage or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment penalty.

21. WAIVER OF VALUATION AND APPRAISEMENT

I waive all right of valuation and appraisal.

22. BORROWER'S COPY OF THE NOTE AND OF THIS MORTGAGE

I acknowledge receipt of a copy of the Note and of this Mortgage.

By signing this Mortgage I agree to all of the above.

James E. Johnson (Seal)
Borrower James E. Johnson

James E. Johnson (Seal)
Borrower

____ (Seal)
Borrower

____ (Seal)
Borrower

ACKNOWLEDGEMENT
(Individual)

STATE OF Indiana

COUNTY OF Lake

} SS:

Before me, a Notary Public in and for said County and State, personally appeared James E. Johnson

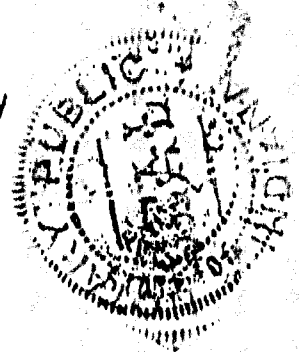
, who acknowledged the execution of the foregoing instrument, and who, having been duly sworn, stated that any representations therein are true.

WITNESS my hand and notarial seal this 22nd day of December, 19 94

Todd E. Balash
Notary Public

My Commission Expires:

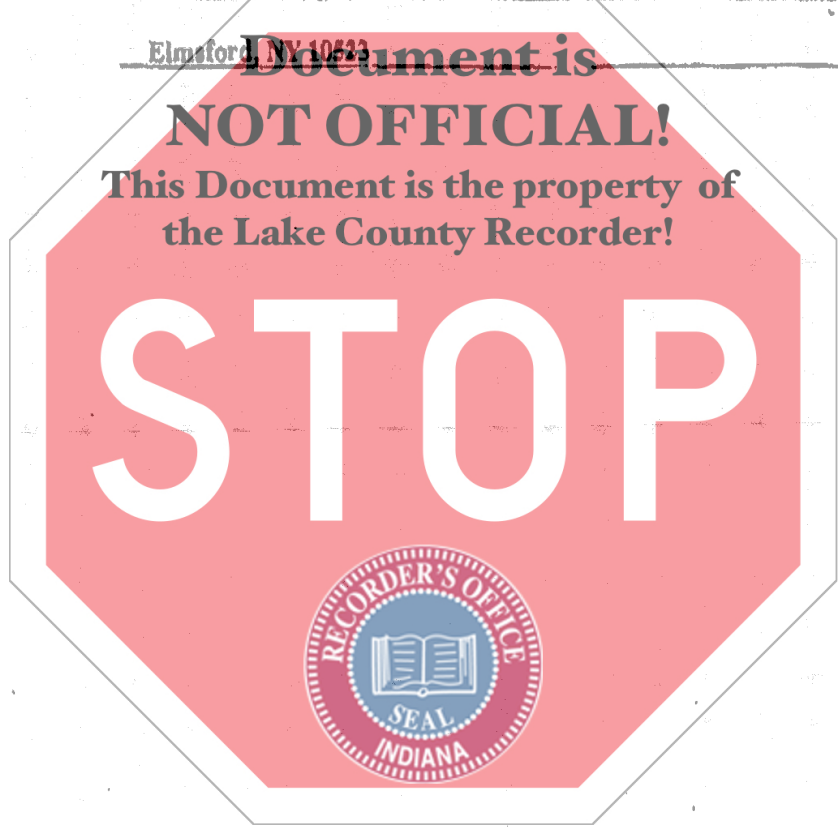
TODD E. BALASH
Notary Public, State of Indiana
Porter County
My Commission Exp. Nov. 17, 1998



This instrument was prepared by Paula Ahlbrand

AFTER RECORDING RETURN TO: Cityscape Mortgage Corp.

565 Taxter Road
Elmsford, NY 10523



Lot 17, Block 2, Broadmoor Subdivision, City of Gary, as shown in Plat Book 10, page 16, Lake County, Indiana.



BALLOON MORTGAGE RIDER

Rider to Mortgage, Dated
Lender and James E. Johnson

12/22/94

, between Cityscape Mortgage Corp., as
as Borrower(s).

THIS LOAN HAS A BALLOON PAYMENT DUE AT MATURITY. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER.

James E. Johnson
James E. Johnson

Document is
NOT OFFICIAL!

STATE OF

This Document is the property of
the Lake County Recorder!

I, the undersigned, a Notary Public in and for said county and state, do hereby certify that personally known to me to be the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this 22nd day of December, 1994.

Todd E. Balash
Notary Public



My Commission Expires:

TODD E. BALASH
Notary Public, State of Indiana
Porter County
My Commission Exp. Nov. 17, 1998



PREPARED BY:

RETURN TO: CITYSCAPE MORTGAGE CORP., 565 TAXTER ROAD, ELMSFORD, N.Y. 10523-2300