

FC 15480

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

REAL ESTATE MORTGAGE, INTERESTS, AND SECURITY AGREEMENT  
SEP - 7 AM 10:06

THIS MORTGAGE is made this 1ST day of SEPTEMBER, 1995, between the Mortgagor, (herein "Mortgagor"), JERRY L. HOWARD AND ANITA L. HOWARD and the Mortgagee, FIRST FEDERAL SAVINGS BANK OF INDIANA, whose address is 8400 Louisiana, P. O. Box 11110, Merrillville, Indiana 46411 (herein "Lender").

WHEREAS, Lender has loaned to JERRY L. HOWARD AND ANITA L. HOWARD (herein "Borrower") the principal sum of FORTY TWO THOUSAND AND 00/100 Dollars (\$42,000.00), which indebtedness is evidenced by Borrower's Note dated SEPTEMBER 1, 1995, (herein "Note"), providing for monthly installments of interest, with the balance of the indebtedness, if not sooner paid, due and payable in full on or before September 1, 2005; and

WHEREAS, in order to induce Lender to loan to Borrower the sum set forth above, Mortgagor has agreed to mortgage the real estate set forth herein as consideration for the loan; and

TO SECURE to Lender (a) the repayment of the indebtedness evidenced by the Note, with interest thereon, and all renewals, extensions and modifications thereof; (b) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage, and (c) the performance of the covenants and agreements of Borrower and Mortgagor herein contained, Mortgagor does hereby mortgage, grant and convey to Lender the following described property located in the County of LAKE, State of Indiana:

LOTS 1 TO 8, BOTH INCLUSIVE, IN BLOCK 14 IN PLAT "C", THE SHADES, CEDAR LAKE, AS PER PLAT THEREOF, RECORDED IN PLAT BOOK 11, PAGE 30, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.

Commonly known as: 144 N. MORSE STREET, CEDAR LAKE, INDIANA

TOGETHER with all buildings, improvements and fixtures now or hereafter erected on the property, and all heretofore or hereafter vacated alleys and streets abutting the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property, and all fixtures, machinery, equipment, engines, boilers, incinerators, building materials, appliances and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light; and all elevators, and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, water heaters, water closets, sinks, refrigerators, ranges and stoves, dishwashers, disposals, washing machines, clothes dryers, storm doors, storm windows, awnings, blinds, shades, mirrors, cabinets, paneling, rugs, attached floor coverings, antennae, and trees and plants; all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the real property covered by this Mortgage; and all of the foregoing, together with said property are herein referred to as the "Property".

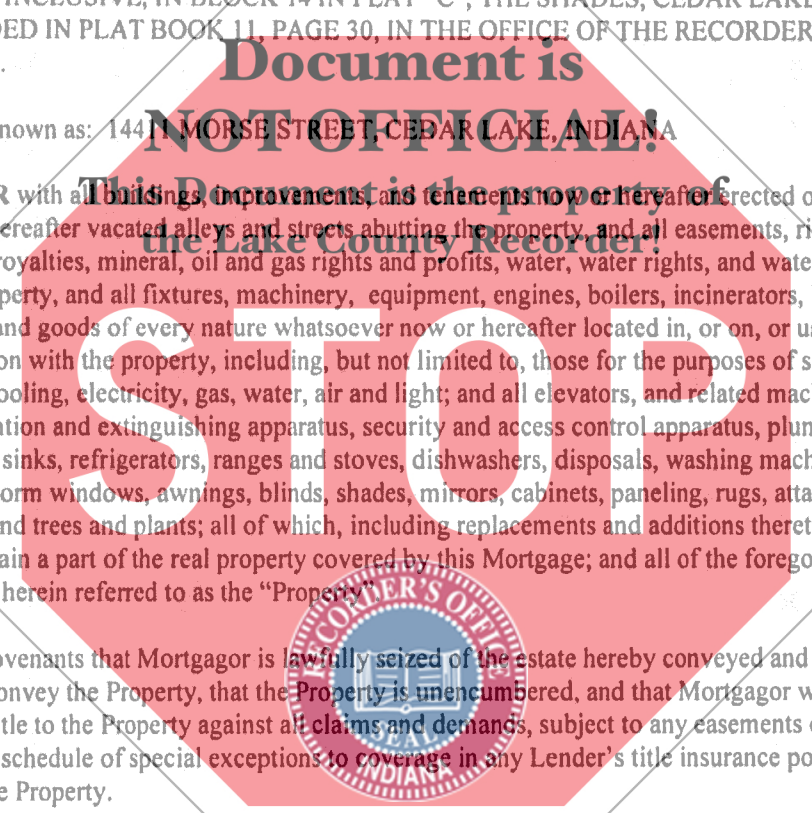
Mortgagor covenants that Mortgagor is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property, that the Property is unencumbered, and that Mortgagor will warrant and defend generally the title to the Property against all claims and demands, subject to any easements or restrictions specifically listed in a schedule of special exceptions to coverage in any Lender's title insurance policy insuring Lender's interest in the Property.

**BORROWER AND LENDER COVENANT AND AGREE AS FOLLOWS:**

- 1. PAYMENT OF PRINCIPAL AND INTEREST.** Borrower shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, prepayment and late charges as provided in the Note.
- 2. FUNDS FOR TAXES AND INSURANCE.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly installments of principal and interest are payable under the Note, until the Note is paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments which may attain priority over this Mortgage, if any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof.

The Funds shall be held by Lender. Lender shall apply the Funds to pay said taxes, assessments, and insurance premiums. Lender may not charge for so holding and applying the Funds, analyzing said account, or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Mortgage that interest on the Funds shall be paid to Borrower, and unless such agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Mortgage.

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If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, and insurance premiums, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency within 30 days from the date notice is mailed by Lender to Borrower requesting payment thereof.

Upon payment in full of all sums secured by this Mortgage, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 20 hereof the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Mortgage.

**3. APPLICATION OF PAYMENTS.** Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender in the following order of priority: (i) amounts payable to Lender by Borrower under paragraph 2 hereof, (ii) interest payable on the Note, (iii) principal of the Note, and (iv) any other sums secured by this Instrument in such order as Lender, at Lender's option, may determine; provided, however, that Lender may, at Lender's option, apply any sums payable pursuant to paragraph 8 hereof prior to interest on and principal of the Note, but such application shall not otherwise affect the order of priority of application specified in this paragraph 3.

**4. CHARGES; LIENS.** Borrower and/or Mortgagor shall pay all water and sewer rates, rents, taxes assessments, premiums, and Other Impositions attributable to the property at Lender's option in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower and Mortgagor making payment, when due, directly to the payee thereof, or in such other manner as Lender may designate in writing. Borrower shall promptly furnish to Lender all notices due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has, or may have, priority over or equality with, the lien of this Mortgage, and Borrower shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the property. Without Lender's prior written permission, Borrower shall not allow any lien inferior to this Mortgage to be perfected against the property.

**5. HAZARD INSURANCE.** Borrower and/or Mortgagor shall keep the improvements now existing or hereafter erected on the property insured by carriers at all times satisfactory to Lender against loss by fire, hazards included within the term "extended coverage", rent loss and such other hazards, casualties, liabilities and contingencies as Lender shall require and in such amounts and for such periods as Lender shall require. All premiums on insurance policies shall be paid, at Lender's option, in the manner provided under paragraph 2 hereof, or by Borrower and/or Mortgagor making payment, when due, directly to the carrier, or in such other manner as Lender may designate in writing.

All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies, and Borrower and/or Mortgagor shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. At least thirty days prior to the expiration date of a policy, Borrower and/or Mortgagor shall deliver to Lender a renewal policy in form satisfactory to Lender.

In the event of loss, Borrower and/or Mortgagor shall give immediately written notice to the insurance carrier and to Lender. Borrower and/or Mortgagor hereby authorizes and empowers Lender as attorney-in-fact for Borrower and/or Mortgagor to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Lender's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this paragraph 5 shall require Lender to incur any expense or take any action hereunder. Borrower and/or Mortgagor further authorized Lender, at Lender's option in the exercise of sound judgment and not arbitrarily, (a) to hold the balance of such proceeds to be used to reimburse Borrower and/or Mortgagor for the cost of reconstruction or repair of the property, or (b) to apply the balance of such proceeds to the payment of the sums secured by this Mortgage, whether or not then due, in the order of application set forth in paragraph 3 hereof.

If the insurance proceeds are held by Lender to reimburse Borrower and/or Mortgagor for the cost of restoration and repair of the property, the property shall be restored to the equivalent of its original condition or such other condition as Lender may approve in writing. Lender may, at Lender's option, condition disbursement of said proceeds on Lender's approval of such plans and specifications of an architect satisfactory to Lender, contractor's cost estimates, architects, certificates, waiver of liens, sworn statements of mechanics and materialmen and such other evidence of costs, percentage completion of construction, application of payments, and satisfaction of liens as Lender may reasonably require. If the insurance proceeds are applied to the payment of the sums secured by this Mortgage, any such application of proceeds are applied to the payment of the sums secured by this Mortgage, any such application of proceeds to principal shall not exceed or postpone the due dates of the monthly installments referred to in paragraphs 1 and 2 hereof or change the amounts of such installments. If the property is sold pursuant to paragraph 20 hereof if Lender acquires title to the property, Lender shall have all of the right, title and interest of Borrower and/or Mortgagor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the property prior to such sale or acquisition.

**6. PRESERVATION AND MAINTENANCE OF PROPERTY.** Borrower and/or Mortgagor (a) shall not commit waste or permit impairment or deterioration of the Property, (b) shall not abandon the property, (c) shall restore or repair promptly and in a good and workmanlike manner all or any part of the property to the equivalent of its original condition, or such other condition as Lender may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (d) shall keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, (e) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property, (f) shall generally operate and maintain the Property in a manner to ensure reasonable rentals within the geographic area, and (g) shall give notice in writing to Lender of and, unless otherwise directed in writing by Lender, appear in and defend any action or proceeding purporting to affect the Property, the security of this instrument or the rights or powers of Lender. Neither Borrower and/or Mortgagor nor any tenant or other person shall remove, demolish or alter any improvement now existing or hereafter erected on the Property or any fixture, equipment, machinery or appliance in or on the property except when incident to the replacement of fixtures, equipment, and machinery with items of like kind.

**7. PROTECTION OF LENDER'S SECURITY.** If Borrower and/or Mortgagor fail to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then lender at Lender's option, upon notice to Borrower and/or Mortgagor, may make such appearance, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement or reasonable attorney's fees and entry upon the Property to make repairs. If Lender required mortgage insurance as a condition of making the loan secured by this Mortgage, Borrower and/or Mortgage shall pay the premiums required to maintain such insurance in effect unit such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law. Borrower shall pay the amount of all mortgage insurance premiums in the manner provided under paragraph 2 hereof. In addition, Borrower and/or Mortgagor shall reimburse Lender the cost of any additional appraisals of the property required by Lender or the Office of Thrift Supervision.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

**8. INSPECTION.** Lender may make or cause to be made reasonable entries upon and inspections of the Property.

**9. BOOKS AND RECORDS.** Borrower and/or Mortgagor shall keep and maintain at all times at Borrower's and/or Mortgagor's address stated below, or such other place as Lender may approve in writing, complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the property and copies of all written contracts, leases and other instruments which affect the property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Lender. Upon Lender's request, Borrower and/or Mortgagor shall furnish to Lender, within one hundred twenty (120) days after the end of each fiscal year of Borrower and/or Mortgagor, a statement of income and expenses of the property, and a statement of changes in financial position, each in reasonable detail and certified by Borrower and, if Lender shall reasonably require, by an independent certified public accountant.

**10. CONDEMNATION.** Borrower and/or Mortgagor shall promptly notify Lender of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the property, or part thereof, and Borrower and/or Mortgagor shall appear in and prosecute any such action or proceeding unless otherwise directed by Lender in writing. Borrower and/or Mortgage authorizes Lender, at Lender's option, as attorney-in-fact for Borrower, to commence, appear in and prosecute, in Lender's or Borrower's and/or Mortgagor's name, any action or proceeding relating to any condemnation or other taking of the property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award, payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the property, or part thereof, or for conveyances in lieu of condemnation, are hereby assigned to and shall be paid to Lender.

**11. BORROWER AND LIEN NOT RELEASED.** From time to time, Lender may, at Lender's option, without giving notice to or obtaining the consent of Borrower and/or Mortgagor, Borrower's and/or Mortgagor's successors or assigns or of any junior lienholder or guarantors, without liability on Lender's part and notwithstanding Borrower's and/or Mortgagor's breach of any covenant or agreement of Borrower and/or Mortgage in this Mortgage, extend the time for payment of said indebtedness or any part thereof, reduce the payments thereon, release anyone liable on any of said indebtedness, accept a renewal note or notes therefor, modify the terms and time of payment of said indebtedness with the consent of the Borrower and/or Mortgagor, release from the lien of this Mortgage any part of the property, release other security, reconvey any part of the property, consent to any map or plan of the property, consent to the granting of any easement, join in any extension or subordination agreement, and agree in writing with Borrower to modify the rate of interest or period of amortization of the Note or change the

amount of the monthly installments payable thereunder. Any actions taken by Lender pursuant to the terms of this paragraph 11 shall not affect the obligation of Borrower and/or Mortgagor or Borrower's and/or Mortgagor's successors or assigns to pay the sum secured by this Mortgage and to observe the covenants of this Mortgage contained herein, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the indebtedness secured hereby, and shall not affect the lien or priority of lien hereof on the property. Borrower and/or Mortgagor shall pay Lender a reasonable service charge, together with such title insurance premiums and attorney's fees as may be incurred at Lender's option, for any such action if taken at Borrower's and/or Mortgagor's request.

**12. FORBEARANCE BY LENDER NOT A WAIVER.** Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The acceptance by Lender of payment of any sum secured by this Mortgage after the due date of such payment shall not be a waiver of Lender's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Mortgage, nor shall Lender's receipt of any awards, proceeds or damages, under paragraphs 5 and 10 hereof operate to cure or waive Borrower's default in payment of sums secured by this Mortgage.

**13. REMEDIES CUMULATIVE.** All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity and may be exercised concurrently, independently or successively, in any other whatsoever.

**14. SUCCESSORS AND ASSIGNS BOUND; INDIVIDUAL, JOINT AND COLLECTIVE LIABILITY; CAPTIONS.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the respective successors and assigns of Lender and Borrower and/or Mortgagor, subject to the provisions of paragraph 19 hereof. All covenants and agreements of Borrower and/or Mortgagor shall be individual, joint and collective. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

**15. NOTICE.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower and/or Mortgagor provided for in this Mortgage shall be given by mailing such notice by certified mail, return receipt requested, addressed to Borrower and/or Mortgagor at the Property Address or at such other address as Borrower and/or Mortgagor may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower and/or Mortgagor as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower and/or Mortgagor when given in the manner designated herein.

**16. GOVERNING LAW; SEVERABILITY.** This Mortgage shall be governed by the law of the jurisdiction 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, and to this end the provisions of the Mortgage and the Note are declared to be severable.

**17. BORROWER'S COPY.** Borrower shall be furnished a conformed copy of the Note and of this Mortgage at the time of execution or after recordation hereof.

**18. LEASES OF THE PROPERTY.** Mortgagor shall comply with and observe Mortgagor's obligations as landlord under all leases of the property or any part thereof. Mortgagor will not lease any portion of the property for commercial use except with the prior written approval of Lender. Mortgagor, at Lender's request, shall furnish Lender with executed copies of all leases now existing or hereafter made or all or any part of the property, and all leases now or hereafter entered into will be in form and substance subject to the approval of Lender. All leases of the property shall specifically provide that such leases are subordinate to this Mortgage; that the tenant attorns to Lender, such attornment to be effective upon Lender's acquisition of title to the property, that the tenant agrees to execute such further evidences of attornment as Lender may from time to time request; that the attornment of the tenant shall not be terminated by foreclosure; and that Lender may, at Lender's option, accept or reject such attornments. Mortgagor shall not, without Lender's written consent, execute, modify, surrender or terminate, either orally or in writing, any lease now existing or hereafter made of all or any part of the property providing for a term of one year or more, permit an assignment or sublease of such a lease without Lender's written consent, or request or consent to the subordination of any lease of all or any part of the property to any lien subordinate to this Mortgage. If Mortgagor becomes aware that any tenant proposes to do, or is doing, any act or thing which may give rise to any right of set-off against rent, Mortgagor shall (i) take such steps as shall be reasonably calculated to prevent the accrual of any right to a set-off against rent, (ii) notify Lender thereof and of the amount of said set-offs, and (iii) within ten (10) days after such accrual, reimburse the tenant who shall have acquired such right to set-off or take such other steps as shall effectively discharge such set-off and as shall assure that rents thereafter due shall continue to be payable without set-off or deduction.

Upon Lender's request, Mortgagor, upon Mortgagor's default, shall assign as additional collateral to Lender, by written instrument satisfactory to Lender, all leases now existing or hereafter made of all or any part of the property and all security deposits made by tenants in connection with such leases of the property. Upon assignment by Mortgagor to Lender of any leases of the property, Lender shall have all of the rights and powers

possessed by Mortgagor prior to such assignment and Lender shall have the right to modify, extend or terminate such existing leases and to execute new leases, in Lender's sole discretion.

**19. TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN BORROWER:**

**ASSUMPTION.** On sale or transfer of (i) all or any part of the Property, or any interest therein, or (ii) beneficial interests in Mortgagor (if Mortgagor is not a natural person or persons but is a partnership or other legal entity), then the Lender may, at Lender's option, declare all of the sums secured by this Mortgage to be immediately due and payable, and Lender may invoke any remedies permitted by paragraph 20 of this Mortgage. Notwithstanding anything contained herein to the contrary provided Borrower is not in default, any Mortgagor, who is a natural person, shall be permitted to make lifetime gifts or testamentary transfers of all or any portion of their interest in the partnership to other Mortgagors who are natural persons; provided, however, that such transfer shall not release original Mortgagor from any liability on account of said transfer.

**20. ACCELERATION; REMEDIES.** Upon Borrower's and/or Mortgagor's breach of any covenant or agreement of Borrower and Mortgagor in this Mortgage or the Note, including, but not limited to, the covenants to pay when due any sums secured by this Mortgage, Lender, at Lender'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 and may invoke any other remedies permitted by applicable law or provided herein. Lender shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including, but not limited to, attorney's fees, costs of documentary evidence, abstracts and title reports. Notwithstanding anything contained in this Paragraph 20 to the contrary. Note Holder agrees prior to the institution of legal proceedings for the collection of this loan based on Borrower's and Mortgagor's default to give Borrower, JERRY L. HOWARD AND ANITA L. HOWARD, a ten(10) day notice in the manner provided in Paragraph 15 hereof of said default and the fact that legal proceedings will be instituted at the expiration of ten(10) days from the date of mailing of said notice unless the default of the Borrower is cured within that time.

**21. ACCELERATION IN CASE OF BORROWER'S INSOLVENCY.** If Borrower and/or Mortgagor shall voluntarily file a petition under the Federal Bankruptcy Act, as such Act may from time to time be amended, or under any similar or successor Federal statute relating to bankruptcy, insolvency, arrangements or reorganizations, or under any state bankruptcy or insolvency act, or file an answer in an involuntary proceeding admitting insolvency or inability to pay debts, or if Borrower and/or Mortgagor shall fail to obtain a vacation or stay of involuntary proceedings brought for the reorganization, dissolution or liquidation of Borrower and/or Mortgagor, or if Borrower and/or Mortgagor shall be adjudged a bankrupt, or if a trustee or receiver shall be appointed for Borrower's or Mortgagor's property, or if the Property shall become subject to the jurisdiction of a Federal bankruptcy court or similar state court, or if Borrower and Mortgagor shall make an assignment for the benefit of Borrower's and/or Mortgagor's creditors, or if there is an attachment, execution or other judicial seizure of any portion of Borrower's and/or Mortgagor's assets and such seizure is not discharged within ten days, then Lender may, at Lender's option, declare all of the sums secured by this Mortgage to be immediately due and payable without prior notice to Borrower and/or Mortgagor, and Lender may invoke any remedies permitted by paragraph 20 of this Mortgage. Any attorney's fees and other expenses incurred by Lender in connection with Borrower's and/or Mortgagor's bankruptcy or any of the other aforesaid events shall be additional indebtedness of Borrower and/or Mortgagor secured by this Mortgage pursuant to paragraph 7 hereof.

**22. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.** As additional security hereunder, Mortgagor hereby assigns to Lender the rents to the Property, provided that Mortgagor shall, prior to acceleration under paragraph 20 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 20 hereof or abandonment of the Property, and at any time prior to the expiration of any period of redemption following judicial sale, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of 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 sums secured by this Mortgage. Lender and the receiver shall be liable to account only for those rents actually received.

**23. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.** This instrument is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Borrower and/or Mortgagor, hereby grant Lender a security interest in said items.

Mortgagor represents the following:

- (i) JERRY L. HOWARD AND ANITA L. HOWARD is and will be the true and lawful owner of the collateral, subject to no liens, charges or encumbrances other than the lien hereof;
- (ii) the collateral is to be used by the Mortgagor solely for business purposes, being installed upon the property for Mortgagor's own use or as the equipment and furnishings furnished by Mortgagor as landlord, to tenants of the property;
- (iii) the only persons having any interest in the property are the Mortgagor, JERRY L. HOWARD AND ANITA L. HOWARD and the Lender.

Mortgagor agrees that Lender may file this Instrument, or a reproduction thereof, in the real estate records or other appropriate index, as a financing statement for any of the items specified above as part of the Property. Any reproduction of this Instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Mortgagor agrees to execute and deliver to Lender, upon Lender's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Instrument in such form as Lender may require to perfect a security interest with respect to said items. Mortgagor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Lender may reasonably require. Without the prior written consent of Lender, Mortgagor shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including replacements and additions thereto. Upon Mortgagor's breach of any covenant or agreement of Mortgagor contained in this Instrument or Borrower's breach of the Note including the covenants to pay when due all sums secured by this Instrument, Lender shall have the remedies of a secured party under the Uniform Commercial Code and at Lender's option may also invoke the remedies provided in paragraph 20 of this Instrument as to such items. In exercising any of said remedies, Lender may proceed against the items of real property and any items of personal property specified above as part of the Property separately or together and in any order whatsoever, without in any way affecting the availability of Lender's remedies under the Uniform Commercial Code or of the remedies provided in paragraph 18 of this Instrument.

**24. RELEASE.** Upon payment of all sums secured by this Mortgage, Lender shall release this Mortgage without charge to Borrower and/or Mortgagor. Borrower and/or Mortgagor shall pay all costs of recordation, if any.

**25. WAIVER OF VALUATION AND APPRAISMENT LAWS.** Mortgagor hereby waives all right of valuation and appraisal.

**26. WAIVER OF MARSHALLING.** Notwithstanding the existence of any other security interests in the property held by Lender or by any other part, Lender shall have the right to determine the order in which any or all of the property shall be subjected to the remedies provided herein. Lender shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Borrower and/or Mortgagor, any party who consents to this Instrument and any party who now or hereafter acquires a security interest in the property and who has actual or constructive notice hereof waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

**27. USE OF PROPERTY.** Unless required by applicable law or unless Lender has otherwise agreed in writing, Mortgagor shall not allow changes in the use for which all or any part of the Property was intended at the time this Mortgage was executed. Mortgagor shall not initiate or acquiesce in a change in the zoning classification of the Property without Lender's prior written consent.

**28. SECONDARY LIENS AND/OR ENCUMBRANCES.** The Mortgagor further covenants and agrees not to further encumber the property without the written consent of Lender, nor to commit, permit, or suffer any waste, impairment, or depreciation of said property and, in the event of any breach of this covenant, at any time after such breach, without limiting the foregoing, the Lender may, at its option, declare all of the remainder of the indebtedness immediately due and collectible, whether or not any other default exists; this covenant shall run with the land and remain in full force and effect until said indebtedness is liquidated.

**29. LEGISLATION AFFECTING LENDER'S RIGHTS.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Mortgage unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Mortgage and may invoke remedies permitted by paragraph 20.

**30. BORROWER'S REPRESENTATIONS AND WARRANTIES.** To induce Lender to fund the Note, JERRY L. HOWARD AND ANITA L. HOWARD represent, acknowledge and warrant to Lender, and agrees with Lender, as follows:

- (a) The improvements located on the property do not encroach upon any easements or any adjoining properties;
- (b) No services, labor or materials have been furnished to the property within the past sixty (60) days which would create any mechanic's liens or right to mechanic's liens.
- (c) The Premises, and the use and operation thereof, are currently in compliance and will remain in compliance with all applicable laws and regulations (including all environmental, health and safety laws and regulations). All required governmental permits are in effect and will remain in effect.
- (d) There are and will be no environmental; health or safety hazards that pertain to any of the Premises or the business or operations conducted thereon. No storage, treatment or disposal of hazardous waste or material (collectively, "Hazardous Materials") has or will occur on the Premises (for purposes of these representations and warranties, the term "Hazardous Materials" shall include substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response,

Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9061 et seq; Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1802 et seq; The Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq; and the regulations adopted and publications promulgated pursuant to said laws). The business and all operations conducted on the Premises have and will lawfully dispose of their Hazardous Materials.

(e) There are no pending or threatened: (i) actions or proceedings from any governmental agency or any other entity regarding the condition or use of the Premises, or regarding any environmental, health or safety law; or (ii) "superliens" or similar governmental actions or proceedings that could impair the value of the Premises, or the priority of the lien of this Mortgage or any of the other Loan Documents collectively "Environmental Proceedings"). Borrower and Mortgagor will promptly notify Lender of any notices, or other knowledge obtained by Borrower and Mortgagor hereafter of any pending or threatened Environmental Proceedings, and Borrower and Mortgagor will promptly cure and have dismissed with prejudice any such Environmental Proceedings to the satisfaction of Lender.

(f) Any fees, costs and expenses imposed upon or incurred by Lender on account of any breach of this Paragraph shall be immediately due and payable by Borrower and/or Mortgagor to Lender upon demand, and shall become part of the Indebtedness. Borrower and/or Mortgagor shall keep, save and protect, defend, indemnify and hold Lender harmless from and against any and all claims, loss, costs, damages, liability or expense, including reasonable attorney's fees, sustained or incurred by Lender by reason of any Environmental Proceedings or the breach or default by Borrowers of any representation, warranty or covenant contained in this Paragraph.

31. MISCELLANEOUS. JERRY L. HOWARD AND ANITA L. HOWARD, who are all makers of the Note which this real estate mortgage secures, by execution of this real estate mortgage, are all agreeing to be individually, jointly and severally liable and responsible for the performance of all the covenants and agreements of Mortgagor expressed in said Mortgage.

IN WITNESS WHEREOF, Borrower and Mortgagor have executed this Mortgage on the day and year first written above.



Jerry L. Howard  
JERRY L. HOWARD Borrower  
Anita L. Howard  
ANITA L. HOWARD Borrower

STATE OF INDIANA )  
                          ) SS:  
COUNTY OF LAKE )

Before me, the undersigned, a Notary Public in and for said County and State, this 1st day of September, 1995, personally appeared Jerry L. Howard and Anita L. Howard, and duly acknowledged the execution of the above and foregoing Real Estate Mortgage, Assignment of Rents and Security Agreement, as foresaid and as its voluntary act and deed.

Given under my hand and official seal, this 1st day of September, 1995.

Kim A. Diaz  
Notary Public Kim A. Diaz

My Commission Expires: 2/15/99  
County of Residence: Lake

This instrument prepared by: First Federal Savings Bank of Indiana  
Andrea Ginther