



MERCANTILE NATIONAL BANK OF INDIANA

200 West Ridge Road
Orion, Indiana 46319
(219) 932-8220 "LENDER" Member FDIC

BORROWER

JOHN P HANSEN
DIANE K HANSEN
1436 MACARTHUR BOULEVARD
MUNSTER, IN 46321
Telephone Number
219-838-6731

HOME EQUITY LINE OF CREDIT AGREEMENT

OFFICER INITIALS	INTEREST RATE	CREDIT LIMIT	AGREEMENT DATE	MATURITY DATE	CUSTOMER NUMBER	LOAN NUMBER
STA	VARIABLE	\$20,000.00	7-7-94	7/2002	8518	990-53-29159

ADDRESS OF REAL PROPERTY SECURING THIS CREDIT AGREEMENT: **1436 MACARTHUR BOULEVARD, MUNSTER, IN 46321**

HOME EQUITY LINE OF CREDIT ACCOUNT: This Home Equity Line of Credit Agreement ("Agreement") governs the Borrower's Home Equity Line of Credit ("Account") with the Lender identified above ("Lender"). PLEASE READ CAREFULLY. The Account establishes a line of credit for the Borrower with the Lender to be used for consumer purposes. The Account is secured by the real property identified above (the "Borrower's Home") and also by any deposit accounts Borrower now or hereafter may have with Lender. The Account will permit the Borrower to request advances ("Advances") up to the amount of the credit limit indicated above. The Borrower will be asked to sign this Agreement and a deed of trust or mortgage ("Security Instrument") prior to opening the Account. The Security Instrument will grant the Lender a security interest in the Borrower's Home and is part of this Agreement.

CREDIT LIMIT: Borrower's Credit Limit is stated at the top of this Agreement. Borrower agrees not to request advances on the Account that would cause the balance on the account to exceed the Credit Limit. Although Lender may honor a request for an advance that exceeds the Credit Limit from time to time, Lender shall have no obligation to make such advances.

ACCESS TO THE ACCOUNT: Advances on the Account may be obtained in the following manner: credit line checks written request for a loan advance other _____

USE RESTRICTIONS: Advances will be honored subject to the terms of this Agreement, the Security Instrument, the Borrower's available credit on the Account, and the following restrictions:

Minimum Advance Amount: ONE HUNDRED AND NO/100 DOLLARS

Other Restrictions: _____

ANNUAL PERCENTAGE RATE: The ANNUAL PERCENTAGE RATE is determined in the manner described below and does not include costs other than interest.

FIXED RATE: This Account has a fixed interest rate. The ANNUAL PERCENTAGE RATE for this Account is _____ percent (_____%) per annum.

VARIABLE RATE: This Account has a variable interest rate feature. The ANNUAL PERCENTAGE RATE may change if the Index Rate (as defined below) changes. The Index Rate shall be: WALL STREET PRIME

The initial Index Rate is SEVEN AND 25/100 percent (_____%) per annum.

This Index Rate is readily available to Borrower, and is verifiable by Borrower at any of Lender's offices. The changes in the Index Rate are beyond the control of Lender. If the Index Rate becomes unavailable, Lender may, at Lender's option, choose another index which is also readily available and verifiable by Borrower and which is beyond Lender's control. Lender may also change the Margin (as defined below) used as long as the historical fluctuations in the two indices were substantially similar (the new index rate has been in existence) and as long as the new index and margin will produce an ANNUAL PERCENTAGE RATE similar to the rate that was in effect when the index rate became unavailable. If this happens, the substitute index rate will, for the purposes of this Agreement, be considered the "index Rate."

MARGIN: The ANNUAL PERCENTAGE RATE on this Account shall be calculated by adding a Margin of 50/100 (_____%) per annum to the Index Rate. The ANNUAL PERCENTAGE RATE does not include costs other than interest.

INITIAL RATE: The initial ANNUAL PERCENTAGE RATE for this Account is SEVEN AND 75/100 (_____%) per annum.

MAXIMUM RATE: The maximum ANNUAL PERCENTAGE RATE shall not exceed SEVENTY-ONE AND NO/100 percent per annum, or the maximum ANNUAL PERCENTAGE RATE Lender is permitted to charge by law, whichever is less.

RATE CHANGES: If the Index Rate increases or decreases the corresponding ANNUAL PERCENTAGE RATE and Periodic Rate will increase or decrease unless the minimum or maximum ANNUAL PERCENTAGE RATE has been reached. Borrower's Minimum Payment may also increase or decrease accordingly. The ANNUAL PERCENTAGE RATE will apply to Borrower's Account balance as of the effective date of the increase or decrease as well as to future Advances. Any change in the ANNUAL PERCENTAGE RATE and the Periodic Rate will be effective on: STATEMENT DATE

RATE CHANGE LIMITATIONS: If checked the ANNUAL PERCENTAGE RATE will not increase by more than _____ percent (_____%) every: n/a

CHECK PROCESSING FEE: If a check for payment is returned to Lender for any reason (for example, because there were insufficient funds in Borrower's checking account), Lender will assess a check processing fee of \$ n/a, as permitted by law.

OTHER COSTS AND DISBURSEMENTS: The following other fees, charges, or disbursements have been imposed or drawn upon the Account:

Title Examination:	\$ <u>n/a</u>	Title Insurance:	\$ <u>n/a</u>
Appraisal Fees:	\$ <u>n/a</u>	Filing Fees:	\$ <u>n/a</u>
Loan Application Fee:	\$ <u>n/a</u>	Other:	\$ <u>n/a</u>
Other:	\$ <u>n/a</u>	Other:	\$ <u>n/a</u>
Other:	\$ <u>n/a</u>	TOTAL	\$ <u>n/a</u>

PERIODIC RATE: A Daily Periodic Rate is used to determine the finance charge for each billing cycle on the Account and is determined by dividing the ANNUAL PERCENTAGE RATE by 365 which results in an initial Daily Periodic Rate of 0.0212 %.

A Monthly Periodic Rate is used to determine the finance charge for each billing cycle and is determined by dividing the ANNUAL PERCENTAGE RATE by 12 which results in an initial Monthly Periodic Rate of _____ %.

ACKNOWLEDGEMENT

BORROWER ACKNOWLEDGES THAT BORROWER HAS READ, UNDERSTOOD, AND AGREED TO THE TERMS AND CONDITIONS OF THIS AGREEMENT INCLUDING THE PROVISIONS ON THE REVERSE SIDE AND SUBSEQUENT PAGES. BORROWER ACKNOWLEDGES RECEIPT OF AN EXACT COPY OF THIS AGREEMENT.

Dated: _____

BORROWER: John P. Hansen JOHN P HANSEN

BORROWER: Diane K. Hansen DIANE K HANSEN

BORROWER: _____ BORROWER: _____



95056618
 STATE OF INDIANA
 LAKE COUNTY
 FILED FOR RECORD
 SEP 21 AM 8:44
 RECORDER

FINANCE CHARGES: All advances are subject to finance charges from the date of the advance until such advances are repaid. There is no interest-free grace period on the Account. Lender determines the finance charge assessed on the Account in the manner described below:

- ACTUAL DAILY BALANCE. Lender starts with the balance on the Account at the beginning of each billing cycle less unpaid finance charges including unpaid finance charges. Each day during the billing cycle, Lender subtracts payments and credits from the balance and adds new advances and debits, this determines the ending balance for the account for each day of the billing cycle. Lender multiplies each ending balance by the Daily Periodic Rate to determine the daily finance charge. These daily charges are added together to determine the finance charge for the billing cycle.
- AVERAGE DAILY BALANCE. Lender starts with the balance on the Account at the beginning of each billing cycle less unpaid finance charges including unpaid finance charges. Each day during the billing cycle, Lender subtracts payments and credits from the balance and adds new advances and debits, this determines the ending balance for the account for each day of the billing cycle. Lender then adds up the ending balances for the billing cycle and divides the total by the actual number of days in the billing cycle to determine the Average Daily Balance. Lender then multiplies the Average Daily Balance by the Daily Periodic Rate and the actual number of days in the billing cycle Monthly Periodic Rate to determine the finance charge for the billing cycle.

TERM: Borrower may request Advances for 8 YEARS from the date any right of rescission expires (the "Draw Period"). Lender may review Borrower's Account at the end of the Draw Period and, in Lender's sole discretion, may decide to extend the Draw Period. Lender will notify Borrower in writing of any extension of the Draw Period. Borrower may be required to make Minimum Payments during the Draw Period. After the Draw Period ends, Borrower no longer will be able to request Advances and must repay the outstanding balance on the Account (the "Repayment Period").

- The entire outstanding balance and all accrued finance and other charges must be paid immediately at the end of the Draw Period.
- The length of the Repayment Period is _____.
- The length of the Repayment Period will depend on the balance outstanding at the beginning of it, but it will not be longer than _____.

MINIMUM PAYMENT: Borrower may pay all or a part of the outstanding balance at any time without penalty. All payments shall be applied in the manner determined by Lender. Borrower's payment must be made by the payment due date shown on the periodic statement. Borrower may pay either the Minimum Payment or any amount over that up to the unpaid balance.

During the Draw Period the Minimum Payment will be:

- (a) PRINCIPAL BALANCE METHOD. The greater of \$ _____ or 1/ _____ of the outstanding principal balance for the current billing cycle plus all accrued and unpaid finance charges and any past due principal.
- (b) INTEREST ONLY METHOD. Borrower shall pay all accrued and unpaid finance and other charges for the current billing cycle.
- (c) OTHER THE MINIMUM PAYMENT AMOUNT IS THE AMOUNT OF ACCRUED FINANCE CHARGES AND CREDIT INSURANCE PREMIUM (IF ANY) PLUS QUOTED PRINCIPAL BALANCE

During the Repayment Period, if any, the Minimum Payment will be:

- (a) PRINCIPAL BALANCE METHOD. The greater of \$ _____ or 1/ _____ of the outstanding principal balance for the current billing cycle plus all accrued and unpaid finance charges and any past due principal.
- (b) INTEREST ONLY/BALLOON METHOD. Borrower shall pay all accrued and unpaid finance and other charges for the current billing cycle, and the entire outstanding principal balance and all accrued and unpaid finance and other charges at the end of the Repayment Period.
- (c) ENTIRE BALANCE. The entire outstanding principal balance plus all accrued finance and other charges must be paid immediately at the end of the Draw Period.
- (d) OTHER _____

AMORTIZATION/BALLOON PAYMENT:

- The Minimum Payment will not reduce the principal that is outstanding on Borrower's line. Borrower will then be required to pay the entire balance in a single balloon payment.
- The Minimum Payment will not fully repay the principal that is outstanding on Borrower's line. Borrower will then be required to pay the entire balance in a single balloon payment.
- Under some circumstances, Borrower's payments will not cover the finance charges that accrue and "Negative Amortization" will occur. Negative Amortization will increase the amount Borrower owes Lender and reduce Borrower's equity in Borrower's Home.

TERMS AND CONDITIONS

1. **PROMISE TO PAY:** Borrower promises to pay Lender the full amount of all advances under this Agreement plus all finance charges and fees provided for in this Agreement and the Security Instrument in the manner provided in this Agreement or the Security Instrument. All payments will be made to Lender at its address described above and shall be in collected funds in the lawful currency of the United States of America.

2. **SECURITY AGREEMENT:** In order to secure payment of all amounts due to Lender under this Agreement, Borrower grants to Lender a security interest in (a) Borrower's Home; and (b) all monies, instruments, and savings, checking or other deposit accounts deposited or maintained with Lender. The obligations under this Agreement shall additionally be secured by the collateral securing any other present or future obligation of Borrower to Lender, its subsidiaries or affiliates. However, this cross-collateral language shall have no effect if it would otherwise trigger any right of rescission to which Borrower may be entitled or if the operation of the language would violate any applicable state or federal laws.

3. **PROPERTY INSURANCE:** Borrower is required to maintain property insurance on Borrower's Home. The requirements for property insurance are detailed in the Security Instrument. If checked, Borrower also is required to maintain flood insurance in such amounts and for such term as required by Lender. This insurance may be obtained through a responsible insurer of Borrower's choice.

4. **INFORMATION ABOUT THE BORROWER AND BORROWER'S HOME:** Borrower agrees to provide to Lender, upon request, the financial and credit related information necessary to establish this Account. Borrower understands that Lender will open the Account and make advances under this Account in reliance on that information. Borrower also will furnish to Lender promptly upon request such financial statements, updated credit reports and such other information with respect to Borrower's financial condition or Borrower's Home as Lender may require from time to time. Lender reserves the right to reappraise Borrower's Home and to order credit reports. Borrower promises that all information provided to Lender either now or in the future will be true and complete. Borrower agrees to notify Lender immediately of any adverse change in Borrower's financial or credit condition. Information concerning the Account may be reported to credit reporting agencies and will be made available when requested by proper legal process.

5. **PERIODIC STATEMENTS:** Each billing cycle, Lender will forward to Borrower at the address indicated above a statement of the Account. The statement will include a summary of all transactions on the Account during the billing cycle, the previous balance, Advances, payments and credits, finance charges, the ending balance, and will specify the Minimum Payment amount and date that payment is due.

6. **TERMINATION BY LENDER:** Upon the occurrence, or at any time during the continuance, of any one or more of the following events ("Events of Default"), Borrower shall be in default and at Lender's option, this line of credit shall be terminated and the entire unpaid balance of Borrower's Account, including all finance charges and fees provided for in this Agreement, shall become immediately due and payable without notice or demand (except as required by law). The Borrower:

- commits fraud or makes a material misrepresentation at any time in connection with this Agreement or the Security Instrument;
- fails to meet the repayment terms under this Agreement;
- commits an act, fails to act, or fails to comply with a covenant contained in the Security Instrument which adversely affects Borrower's Home or Lender's rights in Borrower's Home.

In addition, Lender may exercise all rights on default of a secured party permitted under applicable law, and all under this Agreement and the Security Instrument. Lender may set off and apply to amounts due under this Agreement monies and property now or hereafter in Lender's possession, including deposits. Borrower will pay all court and other costs of collection, including the reasonable fees of Lender's attorney (who is not Lender's salaried employee) related to Borrower's default, as allowed by law.

7. TEMPORARY SUSPENSIONS OF CREDIT AND REDUCTION OF CREDIT LIMIT: Lender can refuse to make additional Advances or reduce Borrower's Credit Limit if any Event of Default occurs or during any period in which any one of the following conditions (hereinafter called "Conditions of Suspension") arise:

- The value of Borrower's Home declines significantly below its appraised value for purposes of the line of credit. For example, if the difference between the initial Credit Limit and the available equity (based on appraised value) is reduced by 50%, then the value of Borrower's Home has significantly declined.

- Lender reasonably believes that Borrower will not be able to meet the repayment requirements of this Agreement due to a material change in Borrower's financial circumstances.

- Borrower is in default of a material obligation in this Agreement.

- Government action prevents Lender from imposing the agreed upon ANNUAL PERCENTAGE RATE or impairs Lender's security interest in Borrower's Home such that the value of the interest is less than 120 percent of the Credit Limit.

- A regulatory agency has notified Lender that continued Advances would constitute an unsafe and unsound practice.

- The maximum ANNUAL PERCENTAGE RATE specified above is reached.

If Lender refuses to make additional Advances or reduces the credit limit because of the existence of a Condition of Suspension, it will notify Borrower in writing after taking such action. Borrower must request reinstatement of the line of credit and show Lender that the Condition of Suspension which triggered the Lender's action no longer exists unless the Condition of Suspension is not within Borrower's knowledge or control.

8. RESTRICTIVE ENDORSEMENT: If Borrower marks any check payable to Lender as "Paid in Full" or words to that effect, Borrower will still be responsible for repaying any balance that remains due on the Account.

9. TERMINATION BY BORROWER: Borrower may terminate this Agreement by notifying Lender in writing at the address indicated on this Agreement. Borrower's obligation to repay shall continue until all amounts due and owing have been paid. If this Agreement is signed initially or subsequently by more than one Borrower, termination by any one terminates the line of credit for all.

10. AMENDMENT: Lender may amend this Agreement if Borrower specifically agrees to the amendment in writing at the time the amendment is made. Lender also may amend this Agreement by notifying Borrower of the amendment if the amendment unequivocally benefits Borrower throughout the remainder of the plan or if the amendment is insignificant. All amendments will be made in accordance with law and will apply to amounts Borrower owes when the amendment becomes effective, as well as to new Advances.

11. TAX DEDUCTIBILITY: Borrower should consult a tax advisor regarding the deductibility of interest and charges on the Account.

12. JOINT ACCOUNT: If this Account is a joint Account, each Borrower who signs this Agreement shall be individually and jointly liable for payment of the debt. This liability exists regardless of which Borrower creates the debt, and in spite of any divorce, legal proceedings or agreement that may affect liability between the Borrowers. This joint and several liability shall continue until all obligations are paid in full. A release of one joint Borrower or a release of any collateral securing this Agreement shall not operate as a release of any other joint Borrower.

13. MODIFICATION AND WAIVER: The modification or waiver of any of Borrower's obligations or Lender's rights under this Agreement must be contained in a writing signed by Lender. Lender may perform any of Borrower's obligations or delay or fail to exercise any of its rights without causing a waiver of those obligations or rights. A waiver on one occasion shall not constitute a waiver on any other occasion. Borrower's obligations under this Agreement shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the obligations belonging to any co-borrower or guarantor or any of its rights against any co-borrower, guarantor or collateral.

14. ASSIGNMENT: Borrower may not assign this Agreement without the prior written consent of Lender. Any such assignment and any attempted assignment of this Agreement will be null and void. Lender has the right to sell or transfer the Account at any time.

15. SUCCESSORS AND ASSIGNS: This Agreement shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors, assigns, trustees, receivers, administrators, personal representatives, legatees, and devisees.

16. NOTICES: Any notice or other communication to be provided under this Agreement shall be in writing and sent to the parties at the addresses described in this Agreement or such other address as the parties may designate in writing from time to time.

17. APPLICABLE LAW: This Agreement shall be governed by the laws of the state indicated in Lender's address. Borrower consents to the jurisdiction of any court located in the state indicated in Lender's address in the event of any legal proceeding under this Agreement.

18. SIGNATURES: The signature of the Borrower shall indicate that Borrower has read this Agreement, agreed to the terms and conditions of the Agreement, and received a completed copy of this Agreement and Billing Rights Statement.

19. ADDITIONAL TERMS: \$35.00 ANNUAL FEE WAIVED FIRST YEAR / BILLING CYCLE ENDS 25TH DAY OF MONTH
PAYMENT DATE: 10TH DAY OF EVERY MONTH AFTER THE CLOSE OF THE BILLING CYCLE

CREDIT LIFE AND DISABILITY INSURANCE

Credit Life Insurance and Credit Disability Insurance are not required to obtain credit, and will not be provided unless Borrower signs below and agrees to pay the additional cost. Credit Life Insurance is available at a cost of \$ 1.00 per \$ 1,000.00 of the average daily balance per billing period for single coverage and \$ 1.67 per \$ 1,000.00 of the average daily balance per billing period for joint coverage (if available). Credit Disability Insurance is available at a cost of \$ n/a per \$ n/a of the average daily balance per billing period.

I want Credit Life Insurance. _____

I want Credit Life Insurance. _____

I want Credit Disability Insurance. _____

[Signature]
Initials

BILLING RIGHTS STATEMENT

YOUR (BORROWER'S) BILLING RIGHTS, KEEP THIS NOTICE FOR FUTURE USE.

This notice contains important information about the Borrower's rights and the Lender's responsibilities under the Fair Credit Billing Act.

NOTIFY LENDER IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR (BORROWER'S) BILL

If Borrower thinks that a bill is incorrect or if Borrower needs more information about a transaction on a bill, Borrower should write to Lender as soon as possible at the address indicated on the bill. Lender must hear from the Borrower no later than sixty (60) calendar days after Lender sent Borrower the first bill on which the error or problem appeared. Borrower may telephone Lender, but doing so will not preserve the Borrower's rights.

Borrower should provide the following information in the letter.

Borrower's name and account number.

The dollar amount of the suspected error.

A description of the error and an explanation, if possible, why Borrower believes there is an error. If Borrower needs more information, Borrower should describe the item Borrower is unsure about.

If Borrower has authorized Lender to pay the bill automatically from a savings or checking account, Borrower can stop payment on any amount that the Borrower believes is wrong. To stop payment the Borrower's letter must reach Lender at least three (3) business days before the automatic payment is scheduled to occur.

BORROWER'S RIGHTS AND LENDER'S RESPONSIBILITIES AFTER LENDER RECEIVES WRITTEN NOTICE.

Lender must acknowledge Borrower's letter within thirty (30) days, unless Lender has corrected the error by then. Within ninety (90) days, Lender must either correct the error or explain why Lender believes the bill is correct.

After Lender receives Borrower's letter, Lender cannot try to collect any amount in question, or report the Borrower as delinquent. Lender may continue to bill the Borrower for the amount in question, including finance charges, and Lender may apply any unpaid amount against the Borrower's credit limit. Borrower does not have to pay any questioned amount while Lender is investigating, but Borrower is still obligated to pay the parts of the bill that are not in question.

If Lender finds that Lender has made a mistake on the bill, Borrower will not have to pay any finance charges related to the amount in question. If Lender did not make a mistake, Borrower may have to pay finance charges and Borrower will be required to make up any missed payments on the questioned amount. In either case, Lender will send Borrower a statement of the amount owed and the date it is due.

If Borrower fails to pay the amount owed, Lender may report the Borrower as delinquent. However, if Lender's explanation does not satisfy Borrower and Borrower writes to Lender within ten (10) days telling Lender that Borrower still refuses to pay, Lender must tell anyone Lender reported Borrower to that Borrower has a question regarding Borrower's bills. Furthermore, Lender must tell Borrower the name of anyone that Lender reported Borrower to. Lender must tell anyone Lender reports Borrower to that the matter has been settled between us when it finally is.

If Lender doesn't follow these rules, Lender cannot collect the first \$50.00 of the questioned amount, even if the bill was correct.

