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WHEN RECORDED MAIL TO:

Millie Ikonic
CITIZENS FINANCIAL SERVICES, FSB
5311 HOHMAN AVENUE
HAMMOND, INDIANA 46320
96059109

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

96 SEP -4 AM 10:30

MARGARETTE CLEVELAND
RECORDER

ADJUSTABLE RATE REAL ESTATE MORTGAGE
(Security for Construction Loan Agreement)

THIS REAL ESTATE MORTGAGE ("Mortgage") is made this 21st day of August, 1996, between C & CF Development Co., LLC ("Mortgagor") and CITIZENS FINANCIAL SERVICES, FSB, a Corporation organized and existing under the laws of the United States of America, whose address is 707 Ridge Road, Munster, IN 46321 ("Mortgagee").

Mortgagor is indebted to Mortgagee in the principal sum not to exceed Six Hundred Forty Thousand Dollars (\$640,000.00), which indebtedness is evidenced by Mortgagor's Adjustable Rate Mortgage Draw Note dated August 21, 1996 ("Note"), providing for monthly installments of interest, with the balance of the indebtedness, if not sooner paid, due and payable on August 1, 1997.

The Adjustable Rate Mortgage Draw Note secured by this mortgage provides for adjustments of the interest rate. The interest rate shall be adjusted daily so that the current interest rate is always equivalent to the Prime Rate as published in the "Money Rates" section of *The Wall Street Journal* plus one percentage point.

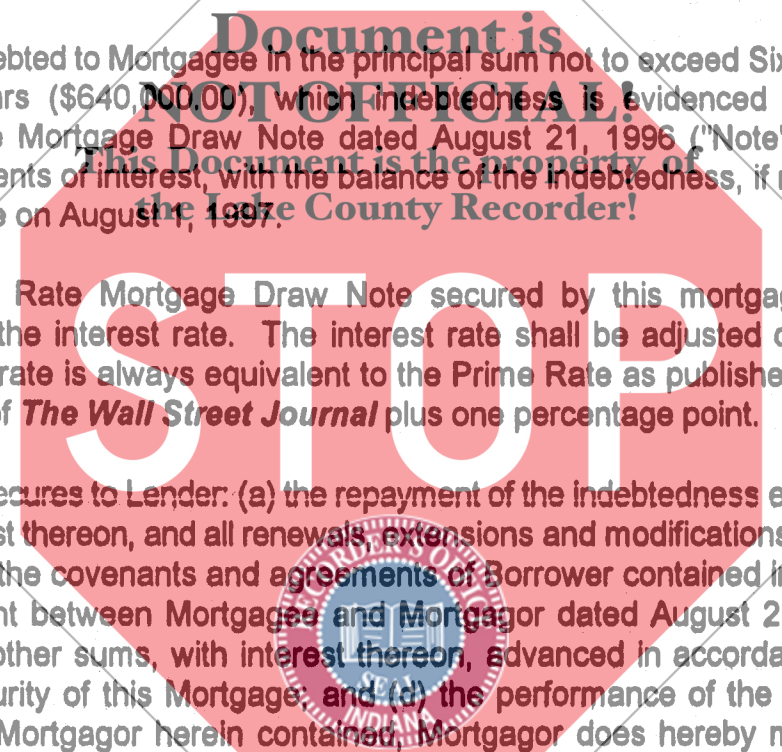
This Mortgage secures to Lender: (a) the repayment of the indebtedness evidenced by the Note, with interest thereon, and all renewals, extensions and modifications thereof; (b) the performance of the covenants and agreements of Borrower contained in a Construction Loan Agreement between Mortgagee and Mortgagor dated August 21, 1996; (c) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage; and (d) the performance of the covenants and agreements of Mortgagor herein contained. Mortgagor does hereby mortgage, grant, convey and assign to Mortgagee the following described property located in the Town of Munster, County of Lake, State of Indiana:

Lot 31 Block Three of the Townhomes at White Oak Estates, to the Town of Munster, as shown in Plat Book 78, Page 52, in the Office of the Recorder of Lake County, Indiana.

TOGETHER with all buildings, improvements, and tenements 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.

17.00
FA DP

HOLD FOR FIRST AMERICAN TITLE



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

The Mortgagor does hereby further covenant and agree as follows:

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

2. That Mortgagor will pay, before the same become delinquent, all taxes, charges and assessments of every kind that may be levied on said premises or any part thereof.

3. That in case the Mortgagor fails to pay any tax, or assessments, or fails to keep the buildings on said premises in good repair and insured as above provided, the Mortgagee may pay such taxes, or assessments, or may redeem said premises from sale for taxes or assessments, make repairs or procure insurance, and may pay, remove or discharge any claim, lien or encumbrance, or may purchase any tax title or claim against said premises, and protect the title and possession thereof, in order to preserve the priority of the lien of this mortgage thereon, and may employ attorneys at law to perform any service connected with the mortgage, or to prosecute or defend any suit affecting or involving this mortgage or the title or possession of said premises, and that all moneys paid for any such purpose and all moneys paid out by the Mortgagee to protect the lien of this mortgage and the security intended to be effected hereby, shall be immediately due and payable with interest thereon and become so much additional indebtedness, secured by this mortgage, provided, however, that it shall not be obligatory upon the Mortgagee to advance funds for any of the purposes aforesaid, or to inquire into the validity of such taxes or assessments, or tax sale (the receipts of the proper officers being conclusive evidence of the validity) and amount thereof or into the necessity of such repairs.

4. That if default be made in the performance of any of the covenants or agreements herein or in said note contained, on the part of the Mortgagor to be kept and performed, then the whole of said indebtedness secured hereby, including all payments for liens, taxes, assessments, insurance, attorneys' fees, costs, charges or expenses, shall at the election of the Mortgagee, and without notice of such election, at once become and be due and payable at the place of payment aforesaid, anything in said note or herein to the contrary notwithstanding and thereupon the Mortgagee shall have the right (either with or without possess), to hold and enjoy said property, and to lease the same or any part thereof upon such terms as it shall deem best, and to collect and receive all the rents

NOT FOR AMERICAN TITLE

under any leases now on said property, or which may hereafter be placed thereon, and all leases or sub-leases, rents, issues and profits direct to Mortgagee, to pay said rents, issues and profits direct to Mortgagee, this assignment to become null and void upon release of this mortgage, PROVIDED, however, this assignment shall become effective only upon default by Mortgagor in making payment of any installment of the note hereby secured or in the performance of any of the terms and conditions of this mortgage.

10. That Mortgagor will not convey, lease, or transfer the mortgaged premises or transfer all or any part of the beneficial interest of a trust if Mortgagor is a Trustee so long as any part of the indebtedness hereby secured remains unpaid, without the written consent of the Mortgagee, and that a violation of this provision will, at the option of the Mortgagee and without notice, accelerate maturity of the indebtedness hereby secured and cause the entire unpaid balance thereof to become immediately due and payable.

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



C & CF DEVELOPMENT CO., LLC,
an Indiana limited liability company

By: CFS Investment Services, Inc.,
an Indiana corporation
Its: Member

By: James W. Prisby
James W. Prisby, President

By: John T. Stephens
John T. Stephens,
Secretary/Treasurer

By: Clark Builders & Remodelers, Inc.,
d/b/a Clark builders, an Indiana
corporation
Its: Member

By: H.B. Clark, Jr.
H.B. Clark, Jr., President

By: H.B. Clark, Jr.
H.B. Clark, Jr., Secretary

issues and profits thereof, and to make alterations, improvements and repairs, effect insurance, pay taxes, assessments and do all such other things as may be deemed necessary for the proper protection of the property; and the Mortgagee shall have the right to foreclose this mortgage and shall have all the other rights and remedies that the law provides.

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

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

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

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

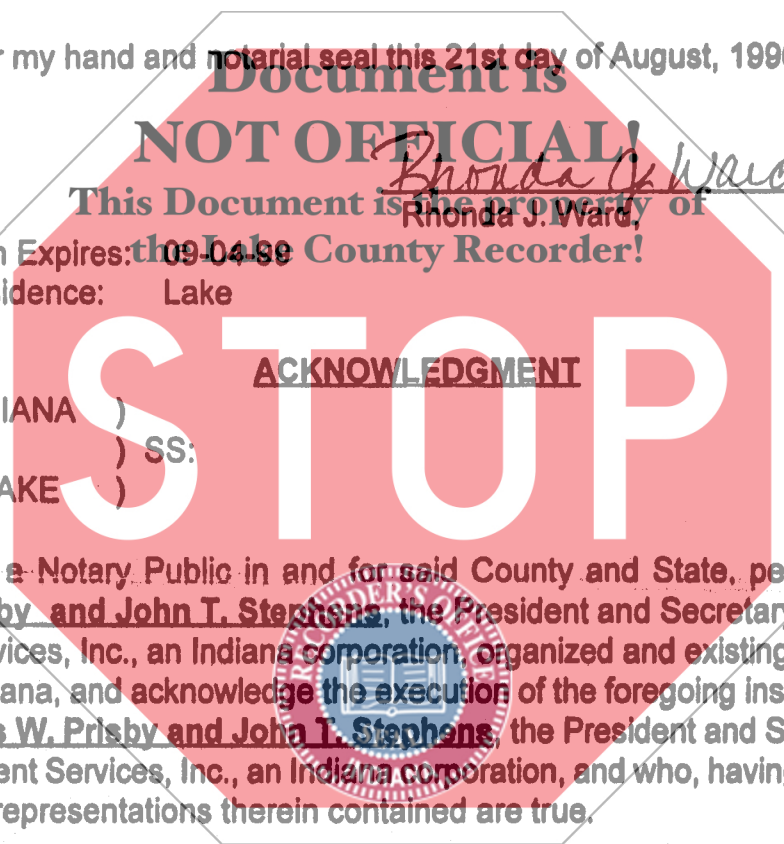
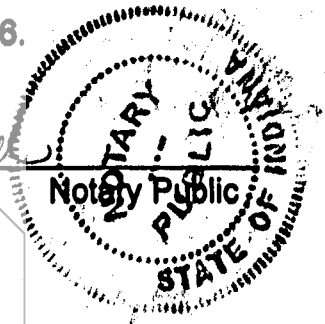
9. That Mortgagor hereby assigns to Mortgagee as additional and collateral security for the indebtedness hereinbefore described, all of the rents, issues and profits accruing

ACKNOWLEDGMENT

STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

Before me, a Notary Public in and for said County and State, personally appeared H.B. Clark, Jr., the President and Secretary of Clark Builders and Remodelers, Inc., d/b/a Clark Builders, an Indiana corporation, organized and existing under the laws of the State of Indiana, and acknowledge the execution of the foregoing instrument for and on behalf of H.B. Clark, Jr., the President and Secretary of Clark Builders and Remodelers, Inc., d/b/a Clark Builders, and who, having been duly sworn, stated that the representations therein contained are true.

Given under my hand and notarial seal this 21st day of August, 1996.



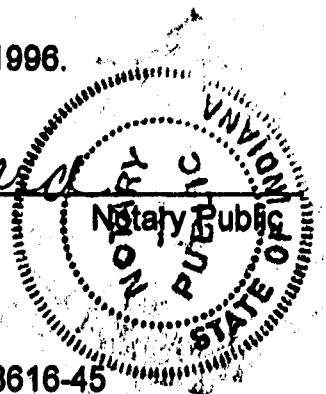
My Commission Expires: 09-04-99
County of Residence: Lake

ACKNOWLEDGMENT

STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

Before me, a Notary Public in and for said County and State, personally appeared James W. Prisby and John T. Stephens, the President and Secretary/Treasurer of CFS Investment Services, Inc., an Indiana corporation, organized and existing under the laws of the State of Indiana, and acknowledge the execution of the foregoing instrument for and on behalf of James W. Prisby and John T. Stephens, the President and Secretary/Treasurer of CFS Investment Services, Inc., an Indiana corporation, and who, having been duly sworn, stated that the representations therein contained are true.

Given under my hand and notarial seal this 21st day of August, 1996.



Rhonda J. Ward
Rhonda J. Ward

My Commission Expires: 09-04-99
County of Residence: Lake

THIS INSTRUMENT PREPARED BY: Brian L. Goins, Attorney #8616-45
5311 Hohman Avenue, Hammond, Indiana