

(Space Above This Line for Recording Date)

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on **February 14**
The Mortgagor is **GEORGE S. RUGIS AND JOAN B. RUGIS HUSBAND AND WIFE**

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("Borrower").

This Security Instrument is given to **PEOPLES BANK SB**, which is organized and existing under the laws of
THE STATE OF INDIANA, and whose address is **9204 COLUMBIA AVENUE**
MUNSTER, IN 46321

("Lender").

Borrower owes Lender the principal sum of ****ONE HUNDRED SEVEN THOUSAND DOLLARS AND ZERO CENTS**** Dollars
(U.S. \$107,000.00). This debt is evidenced by Borrower's Note, dated the same date as this Security Instrument
("Note"). If not paid earlier, due and payable on **August 14, 1997**. This Security Instrument secures to Lender: (a) the

repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (b) the payment of all other sums, with interest,
advanced to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument
and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in

LAKE

County, Indiana:

**LOT 11 IN THE PRESERVE UNIT ONE, AN ADDITION TO THE TOWN OF LOWELL, AS PER
PLAT THEREOF, RECORDED IN PLAT BOOK 79 PAGE 2, IN THE OFFICE OF THE
RECORDER OF LAKE COUNTY, INDIANA.**

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which has the address of **17342 BONNIE LANE**, Indiana **46356-**
LOWELL

("Property Address")

Together with all buildings and improvements now or hereafter upon said premises or any part thereof, and all heretofore or hereafter vacated alley and street
abutting said premises, and together with all fixtures and equipment now or hereafter installed for use in the operation of the building or buildings now or hereafter
said premises, including but not limited to, all lighting, heating, cooling, ventilating, air conditioning, plumbing, sprinkling, communicating and electrical systems, and
the machinery, fixtures and equipment pertaining thereto, all of which fixtures, equipment, shall be deemed to be part of the real estate.

Together with all of the rents, profits and leases thereof and the tenements, hereditaments, easements and appurtenances. (Any reference herein to the mortgage
"premises" shall be deemed to apply to the above described lands and said buildings, fixtures and equipment, and the rents profits and leases thereof, and the
tenements, hereditaments, easements and appurtenances, unless the context shall require otherwise.)

Mortgagor does hereby covenant as follows:

(1) Mortgagor shall pay the principal and interest of said indebtedness according to the terms of said Note and shall pay all other amounts provided herein.
(2) At the time of execution and delivery of this instrument, Mortgagor is well and truly seized of the premises in fee simple, free of all liens and encumbrances
whatsoever and will forever warrant and defend the same against any and all claims whatever, and the lien created hereby is and will be kept a first lien upon said
premises and every part thereof. Mortgagor shall pay when due all water charges and all other amounts which might become a lien upon the premises prior to this
Mortgage.

(3) Mortgagor shall pay when due all taxes and assessments that may be levied upon said premises, and shall promptly deliver to Mortgagee receipts showing
payment thereof. Mortgagor shall pay when due all taxes and assessments that may be levied upon or on account of this Mortgage or the indebtedness secured hereby
or upon the interest or estate in said premises created or represented by this Mortgage, whether levied against Mortgagor or otherwise.

(4) Mortgagor will abstain from and will not suffer the commission of waste on said premises and will keep the buildings, improvements, fixtures, equipment
and appliances now or hereafter thereon in good repair and will make replacements thereto as and when the same become necessary. Mortgagor shall promptly notify
Mortgagee in writing of the occurrence of any loss or damage to the premises. Mortgagor shall not materially alter the building, improvements, fixtures, equipment or
appliances now or hereafter upon said premises, or remove the same therefrom, or permit any tenant or other person to do so, without the written consent of Mortgagee.
Mortgagor will not permit any portion of the premises to be used for any unlawful purpose. Mortgagor will comply promptly with all laws, ordinances, regulations and
orders of all public authorities having jurisdiction thereof relating to the premises or the use, occupancy and maintenance thereof. Mortgagee shall have the right at any
time, and from time to time, to enter the premises for the purpose of inspecting the same.

(5) Mortgagor will keep all buildings, improvements, fixtures, equipment and appliances now or hereafter upon said premises and the rents thereof, insured
against loss and damage by fire and the perils covered by extended coverage insurance, and against such other risks (including public liability insurance), and in such
amounts, as may from time to time be required by Mortgagee, and with such insurer or insurers as may from time to time be approved by Mortgagee, with the proceeds
thereof payable to Mortgagee under a standard mortgage clause. The policies of all such insurance and all renewals thereof, together with receipts evidencing payment
in full of the premiums thereon, shall be delivered promptly to Mortgagee. In the event of loss or damage, the proceeds of said insurance shall be paid to Mortgagee
alone. Mortgagee is authorized to adjust and compromise such loss without the consent of Mortgagor, to collect, receive and receipt for such proceeds in the name of
Mortgagee and Mortgagor, and to endorse Mortgagor's name upon any check in payment thereof. The Power granted hereby shall be deemed to be coupled with an
interest and shall be irrevocable. Such proceeds shall be applied toward reimbursement of all costs and expenses of Mortgagee in collecting said proceeds, and toward
the payment of all amounts payable by Mortgagor to Mortgagee hereunder, and toward the payment of the indebtedness secured hereby or any portion thereof, whether
or not then due or payable, or Mortgagee, at its option, may apply said insurance proceeds or any part thereof to the repair or rebuilding of said premises. All of said
policies of insurance shall be held by Mortgagee as additional security hereunder and, in the event of sale of the premises on foreclosure, the ownership of all policies
of insurance and the right to receive the proceeds of any insurance payable by reason of any loss theretofore or thereafter occurring, shall pass to the purchaser at said
sale and Mortgagor hereby appoints Mortgagee its attorney-in-fact, in Mortgagor's name, to assign and transfer all such policies and proceeds to such purchaser.

(6) In the event that any person, firm, or corporation owning or owning an interest in, the premises, is adjudicated a bankrupt, or insolvent, or shall make an
assignment of the benefit of creditors, or shall take, or receive, the benefit of any act for reorganization, or if a receiver should be appointed for such owner, Mortgagee
may, at its option, declare the principal of the note hereby secured and then outstanding to be due and payable immediately; and upon such declaration, the said
principal, so declared to be due and payable, together with the interest accrued thereon, and together with any other sums secured hereby shall become and be due and
payable immediately, anything in this Mortgage or in said Note to the contrary notwithstanding.

(7) If default be made in the payment of any of the aforesaid taxes or assessments or in making repairs or replacement or in procuring and maintaining insurance
and paying the premiums therefor, or in keeping or performing any other covenant of Mortgagor herein, Mortgagee may, at its option and without any obligation on its
part so to do, pay said taxes and assessments, make such repairs and replacements, effect such insurance, pay such premiums, and perform any other covenant of
Mortgagor herein. All amounts expended by Mortgagee hereunder shall be secured hereby and shall be due and payable by Mortgagor to Mortgagee forthwith on
demand, with interest thereon at the rate at which interest accrues on amounts after the same become due under the Note.

STATE OF INDIANA
LAKE COUNTY
RECORDER OF RECORD
MORTGAGE
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(8) Nonpayment of any taxes or assessments levied or assessed upon the premises, and nonpayment of any insurance premium upon any insurance policy covering the premises, or any part thereof, shall constitute waste, and shall entitle Mortgagee to exercise the remedies afforded by the appropriate statutes of the appropriate state as now or hereafter amended, and by any other statute or law now or hereafter in effect.

(9) In the event that Mortgagee is made a party to any suit or proceedings by reason of the interest of Mortgagee in the premises, Mortgagor shall reimburse Mortgagee for all costs and expenses, including attorney fees, incurred by Mortgagee in connection therewith. All amounts incurred by Mortgagee hereunder shall be secured hereby and shall be due and payable by Mortgagor to Mortgagee forthwith on demand, with interest hereon at the rate at which interest accrues on amounts after same become due.

(10) Should default be made in the payment of the principal or interest of said indebtedness or any part thereof, or in the payment of any other sums provided herein, or in the performance of any covenant or condition provided herein, Mortgagee may at any time after such default, and without notice, declare the entire principal balance of the indebtedness secured hereby, together with interest thereon, to be due and payable immediately. Lender may foreclose this mortgage by judicial proceedings and shall be entitled to collect in such proceedings all expenses of foreclosure, including but not limited to reasonable attorney's fees and cost of documentary evidence of title reports.

(11) In the event of the taking of all or any portion of the premises in any proceedings under the power of eminent domain, the entire award rendered in such proceedings shall be paid to Mortgagee, to be applied toward reimbursement of all costs and expenses of Mortgagee in connection with said proceedings, and toward the payment of all amounts payable by Mortgagor to Mortgagee hereunder, and toward the payment of the indebtedness secured hereby, or any portion thereof, whether or not then due or payable, or Mortgagee, at its option, may apply said award, or any part thereof, to the repair or rebuilding of said premises.

(12) As additional security for the payment of the indebtedness represented by the Note herein described, interest thereon, insurance premiums, taxes and assessments, at the time and in the manner herein agreed, and for the performance of the covenants and agreements herein contained, the Mortgagor does hereby sell, assign, transfer and set over unto the Mortgagee herein all the rents, profits, and income, whether due or to become due under all oral or written leases of the mortgage premises in existence or coming into existence during the period this Mortgage is in effect. This assignment of rents shall run with the land and be good and valid as against the Mortgagor herein, or those claiming by, under or through the Mortgagor, from the date of the recording of this instrument. This assignment shall continue to be operative during the foreclosure or any other proceeding taken to enforce this Mortgage. In the event of a sale on foreclosure which shall result in a deficiency, this assignment shall stand as security during the redemption period for the payment of such deficiency.

In the event of default in any of the terms, condition or covenants of this Mortgage, the Mortgagor shall, upon demand therefor made by the Mortgagee, deliver and surrender possession of the mortgaged premises to the Mortgagee, who shall thereafter collect the rents, and income therefrom, rent or lease said premises or portion thereof upon such terms and for such time as it may deem best, terminate any tenancy and maintain proceedings to recover rents or possession of the premises from any tenant of trespasser, and apply the net proceeds of such rent and income to the following purposes:

- (a) Preservation of the premises;
- (b) Payment of taxes;
- (c) Payment of insurance premiums;
- (d) Payment of installments of interest and principal due under the terms of this Mortgage.

In the event that the Mortgagor fails, refuses or neglects to deliver or surrender such possession, the Mortgagee shall be entitled to the appointment of a receiver of the property hereby mortgaged and of the earning, income, issues and profits, with such power as the court making such appointment may confer.

(13) The funds secured hereby are to be advanced for use in the construction of certain improvements on said premises pursuant to a construction loan agreement between the Mortgagor and Mortgagee of even date, which construction loan agreement is incorporated herein by reference to the same effect as if fully set forth and made a part of this Mortgage. Any default under the terms and condition of said construction loan agreement shall also constitute a default of this Mortgage.

(14) In the event that Mortgagor shall at any time sell, convey or transfer either directly or indirectly the mortgaged premises or any portion thereof, or any interest therein, or cease to be the holder of the entire record title to and beneficial interest in the mortgaged premises or any part thereof, whether by sale or any other means whatsoever, without the prior written consent of Mortgagee, the entire indebtedness secured hereby may, at the option of Mortgagee, be declared immediately due and payable without notice. No transfer of the premises by Mortgagor with the prior written consent of Mortgagee, and no extension of time of payment or other indulgence after such transfer shall operate to release or discharge Mortgagor, it being agreed that the liability of Mortgagor shall continue as principal until all of the indebtedness secured hereby is paid in full, notwithstanding any transfer of said premises, extension of time or other indulgence to the then owner, or other act which might constitute a discharge of a surety.

(15) Mortgagor will not, without the prior written consent of Mortgagee, mortgage or pledge as security for any other loans obtained by Mortgagor, the premises and improvements thereon, fixtures or personal property used in the operation of the improvements on the premises. If any such mortgage or pledge is entered into without the prior written consent of the Mortgagee, the entire indebtedness secured hereby, may, at the option of Mortgagee, be declared immediately due and payable without notice.

(16) All notices, demands and requests required or permitted to be given to Mortgagor hereunder or by law shall be deemed delivered when deposited in the United States mail, with full postage prepaid thereon, addressed to Mortgagor at the last address of Mortgagor on the records of Mortgagee.

(17) Each and every of the rights, remedies and benefits provided to Mortgagee herein shall be cumulative and shall not be exclusive of any other of said rights, remedies or benefits, or of any other rights, remedies or benefits allowed by law. Any waiver by Mortgagee of any default shall not constitute a waiver of any similar or other default.

(18) All of the covenants and conditions hereof shall run with the land and shall be binding upon the successors and assign of Mortgagor, and shall inure to the benefit of the successors and assign of Mortgagee. Any reference herein to "Mortgagee" shall include the successors and assign of Mortgagee.

(19) Borrower hereby waives all right of valuation and appraisalment.

George S. Rugis

SIGNATURE
GEORGE S. RUGIS

Joan B. Rugis

SIGNATURE
JOAN B. RUGIS

SIGNATURE

SIGNATURE

STATE OF INDIANA)
) ss:
COUNTY OF LAKE)

Before me, the undersigned, a Notary Public in and for said County and State, this

14TH

day of

FEBRUARY , 19 97 came
JOAN B. RUGIS, husband and wife

GEORGE S. RUGIS AND

and acknowledged the execution of the annexed instrument.

Witness My Hand and Official Seal

Jean Henderson

Notary Public Jean Henderson

My Commission Expires: 12-3-97

RESIDENT OF COUNTY (Lake)

This instrument prepared by DANIEL W MOSER, VICE PRESIDENT FOR HOUSING FINANCE