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STATE OF INDIANA
LAKE COUNTY
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MORTGAGE AND SECURITY AGREEMENT

MORRIS W. CARTER

THIS MORTGAGE made as of the 12th day of December, 1997, by Stanisa Jevtic, Trustee of the Stanisa Jevtic Revocable Living Trust dated October 12, 1993, and Janet Jevtic, Trustee of the Janet Jevtic Revocable Living Trust dated October 12, 1993, whose address is 1112 Rand Street, Hobart, Indiana 46342 (collectively the "Mortgagor") unto Auto-Owners Insurance Company, a Michigan corporation, whose address is 6101 Anacapi Boulevard, Lansing, Michigan 48909 (the "Mortgagee").

WITNESSETH:

In order to secure all of the following indebtedness and obligations (hereafter collectively called the "Obligations"): (i) the payment of and indemnification for any and all liabilities and obligations of Mortgagee arising from or out of that certain performance bond given by Mortgagee as surety to New Prairie United School Corporation ("New Prairie") as obligee dated as of October 11, 1994 in the amount of One Hundred Fifty-Six Thousand Seven Hundred Forty-Eight Dollars (\$156,748.00) and relating to a construction contract between New Prairie and Stan's Painting and Decorating, Inc. ("Stan's") in connection with Prairie View Elementary School (the "Prairie View Contract"); (ii) the payment of and indemnification for any and all liabilities and obligations of Mortgagee arising out of that certain performance bond given by Mortgagee as surety to New Prairie as obligee dated as of December 1, 1994 in the amount of One Hundred Twenty-Nine Thousand Four Hundred Nineteen Dollars (\$129,419.00) and relating to a construction contract between New Prairie and Stan's for the Rolling Prairie Elementary School (the "Rolling Prairie Contract"); (iii) all liabilities, obligations and payments due from Stan's and Stanisa Jevtic and Janet Jevtic under that certain agreement for defense of claims between Mortgagee, Stan's and the Jevtics dated of even date herewith (the "Agreement for Defense"), including without limitation all "Claims Obligations" (as such term is defined in the Agreement for Defense); (iv) any and all liabilities and obligations owing to Mortgagee by Stan's and the Jevtics, jointly and severally, under that certain Indemnity Agreement dated April 7, 1995 (the "Indemnity Agreement"); and (v) the payment of all other sums together with interest advanced in accordance herewith to protect the security of this Mortgage, Mortgagor hereby mortgages and warrants to the Mortgagee all of the following described property located in the City of Hobart, County of Lake, State of Indiana, being more fully described in attached Exhibit 1, together with the following:

A. All buildings, structures and improvements now or hereafter erected on the Premises, and all and singular tenements, hereditaments, easements, licenses, servitudes, rights and privileges and appurtenances thereunto belonging or in anyway appertaining, and the reversion or reversions, remainder and remainders thereof; and also all the estate, right, title, interest, property, claim and demand whatsoever of the Mortgagor, of, in and to the same and of, in and to every part and parcel thereof; and

B. All the rents, issues and profits thereof which are hereby specifically assigned, transferred and set over to the Mortgagee; and

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C. All right, title and interest of the Mortgagor, if any, in and to the land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Premises to the center line thereof, and all easements, rights and licenses relating to the Premises; and

D. All fixtures now or hereafter located in or upon or affixed to said Premises or any part thereof, and used or usable in connection with any present or future operation of said Premises, whether now owned or hereafter acquired by Mortgagor, including but not limited to, all heating, lighting, incinerating, ventilating, air conditioning, air cooling, plumbing together with any and all additions thereto and replacements thereof, all of which, including replacements and additions, shall be deemed a part of the realty and not severable in whole or in part without material injury to the Premises; and

E. Any and all awards or payments, including interest thereon, and the right to receive the same which may be made with respect to any of the Premises as a result of (i) any condemnation proceeding, (ii) the alteration of the grade of any street, or (iii) any other injury to or decrease in the value of the Premises, to the extent of all amounts which may be secured by this Mortgage at the date of receipt of any such award or payment. The Mortgagor shall execute and deliver, from time to time, such further instruments as may be requested by the Mortgagee to confirm such assignment to the Mortgagee of any such award or payment; and

F. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing real and personal property into cash or liquidated claims.

All of the hereinabove described real and personal property is collectively referred to in this Mortgage as the "Premises."

Mortgagor warrants and represents that: Mortgagor has the power and authority necessary to execute and deliver this Mortgage; Mortgagor is well seized of the Premises in marketable fee simple free from all encumbrances and charges except the permitted exceptions specifically listed in attached Exhibit 2 (the "Permitted Exceptions"); and that the lien of this Mortgage is a second lien upon the Premises, free and clear of any liens or security interests except a first mortgage given by Mortgagor to Banc One Mortgage Corp. as Mortgagee in the original principal amount of One Hundred Four Thousand Eight Dollars (\$104,800.00) dated February 28, 1991 and recorded March 1, 1991 in the office of the Recorder of Lake County, Indiana as document number 91009787 (the "Banc One Mortgage"). Mortgagor will forever warrant and defend the Premises against all claims and demands whatsoever, and shall not permit a lien or encumbrance of any nature to attach to the Premises which might take precedence over the lien of this Mortgage except the Banc One Mortgage.

The Mortgagor hereby further covenants and agrees with, and warrants and represents to, the Mortgagee, its successors and assigns, as follows:

1. PAYMENT OF DEBT. Mortgagor shall duly pay on demand all of the Obligations secured hereby as and when the same shall become due.

2. **TAXES.** Mortgagor shall pay or provide for the payment as they become due and payable and prior to the date when they become delinquent, all real and personal property taxes and other taxes and assessments, water and sewer rates and charges, all other charges of governmental units, agencies or instrumentalities (and all other entities or authorities having the power to do so), and all interest or costs or penalties with respect thereto, and charges for any easements or agreements maintained for the benefit of the Premises, general and special, ordinary or extraordinary, foreseen or unforeseen, of any kind or nature whatsoever, which at any time prior to or after the execution of this Mortgage may be assessed, levied or imposed upon the Premises or the rent or income received therefrom, or any use or occupancy thereof. Mortgagor will present to Mortgagee upon request receipts or other evidence of the timely payment of all such taxes and assessments.

3. **INSURANCE.** Mortgagor shall keep the Premises continuously insured by carriers at all times satisfactory to Mortgagee with policies of insurance covering: (i) loss by fire and all other hazards customarily included within the term "extended coverage," (ii) rent loss or business interruption insurance, (iii) comprehensive general liability insurance; and (iv) such other hazards, casualties, liabilities and contingencies as Mortgagee shall reasonably require, all of which policies shall be in such amounts and for such periods as Mortgagee shall reasonably require. All insurance policies and renewals thereof shall be in a form reasonably acceptable to Mortgagee; the Mortgagee shall be named as its interests appear upon such liability policies and as Mortgagee upon any all-risk insurance policies including a standard mortgage clause in favor of and in form acceptable to Mortgagee. Mortgagee shall have the right to hold the policies, and Mortgagor shall promptly furnish to Mortgagee all renewal notices and all receipts of paid premiums. At least thirty (30) days prior to the expiration date of a policy, Mortgagor shall deliver to Mortgagee a renewal policy in form satisfactory to Mortgagee. All required policies of insurance shall provide that Mortgagee shall receive at least thirty (30) days advance written notice prior to cancellation or termination of any such policy of insurance.

In the event of loss, Mortgagor shall give immediate written notice to the insurance carrier and to Mortgagee. Mortgagor hereby authorizes and empowers Mortgagee as attorney-in-fact for 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 them from Mortgagee's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this paragraph 3 shall require Mortgagee to incur any expense or take any action hereunder. Mortgagor further authorizes Mortgagee, at Mortgagee's option (i) to hold the balance of such proceeds to be used to reimburse Mortgagor for the cost of reconstruction or repair of the Premises, or (ii) to apply the balance of such proceeds to the payment of the sum secured by this Mortgage, whether or not then due; provided, however, that if at the time of loss, the Mortgagor is not in default under this Mortgage, and if the amount of the damage or destruction is less than Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), then the Mortgagee shall, upon request by Mortgagor, apply all or a part of any insurance proceeds it may receive pursuant to this section 3 to payment for the restoration of the Premises. If the insurance proceeds are held by Mortgagee to reimburse Mortgagor for the cost of restoration and repair of the Premises, the

Premises shall be restored to the equivalent of its original condition or such other conditions as Mortgagee may approve in writing, such approval not to be unreasonably withheld or delayed. In any event, Mortgagee may, at Mortgagee's option, condition such restoration and repair and disbursement of said proceeds on Mortgagee's approval of such plans and specifications of an architect satisfactory to Mortgagee, contractor's costs, estimates, architect's certificates, schedule of completion, waivers of lien, sworn statements of subcontractors and materialmen and such other evidence of costs, percentage completion of construction, application of payments and satisfactions of liens as Mortgagee may reasonably require. If the insurance proceeds are applied to the payment of the sum secured by this Mortgage, any such application of proceeds to principal shall not extend or postpone the due dates of any monthly installments due under each one of the Notes or other indebtedness secured hereby. If the Premises is sold pursuant to the remedies available to Mortgagee or if Mortgagee acquires title to the Premises, Mortgagee shall have all the rights, title and interest of Mortgagor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Premises prior to such sale or acquisition.

4. MAINTENANCE. Mortgagor shall: (a) maintain the Premises in good condition and repair, including all on-site paved parking areas, roadways and landscaped areas, not commit or suffer any waste of the Premises, and comply with, or cause to be complied with, all statutes, codes, laws, acts, ordinances, orders, regulations, decrees or judgments of all federal, state, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers which now or at any time hereafter may be applicable to the Premises or any part thereof or to any property adjoining the Premises or any part thereof or any use or condition of the Premises or any part thereof; (b) promptly repair, restore, replace or rebuild any part of the Premises which may be damaged or destroyed by any casualty whatsoever; (c) within a reasonable time, complete and pay for any structure at any time in the process of construction on the Premises; (d) not initiate, join in or consent to any change in any restrictive covenant, zoning ordinance or other public or private restriction limiting or defining the uses which may be made of any portion of the Premises; and (e) not construct, demolish, materially change or alter any buildings or additions on the Premises nor remove or dispose of any fixtures or personal property without the prior written consent of Mortgagee, which consent will not be unreasonably withheld, except that Mortgagor may dispose of obsolete, defective or worn-out such fixtures or personal property without Mortgagee's consent if replaced with suitable items in good condition and owned by Mortgagor free from any lien or security interest except those created by this Mortgage. All repairs and replacements shall be of at least equal type, quality and specification to the original item repaired or replaced.

5. PROTECTION OF MORTGAGEE'S SECURITY. Upon any failure by Mortgagor to observe or perform any obligation of this Mortgage, or if any other contingency shall arise or be threatened relating to the Premises, Mortgagee may, at its option, make any advances or incur any expenses or otherwise act in its sole discretion as may seem advisable to protect Mortgagee's security or carry out Mortgagor's Obligations. All advances, costs and expenses (including reasonable attorney's fees) made, paid or incurred by Mortgagee under this Mortgage for the protection of Mortgagee's security or rights in connection with the Premises,

or in foreclosure proceedings commenced and subsequently abandoned, or in connection with any effort to seek appointment of a receiver for the Premises, or in any dispute or litigation to which Mortgagee or the holder of each one of the Notes may become involved by reason of or arising out of this Mortgage, or to carry out any Obligation of Mortgagor, shall be paid by Mortgagor to Mortgagee upon demand with interest from the date of advance or payment, until repaid, at the default rate provided in each one of the Notes. All sums payable by Mortgagor to Mortgagee under this paragraph shall be additional indebtedness, secured by the lien of this Mortgage. Nothing contained in this paragraph shall require Mortgagor to incur any cost or expense or take any action.

Mortgagor will hereby immediately upon demand reimburse the Mortgagee for the cost and expense of any appraisal of the Premises obtained by Mortgagee on or after the date of this Mortgage if such appraisal is obtained by Mortgagee pursuant to the requirements of any law, statute, rule, regulation, interpretative ruling, opinion, or directive, whether now existing or hereafter arising, of any federal or State governmental agency or unit governing, regulating or controlling the activities or business of Mortgagee.

6. INSPECTION. Mortgagee and persons authorized by it shall have the right to enter and inspect the Premises at all reasonable times during normal business hours, upon notice to Mortgagor.

7. LEASES. Mortgagor will observe and perform all covenants, conditions and agreements contained in any lease or leases now or hereafter affecting the Premises, or any portion thereof, on the part of Mortgagor to be observed and performed. If Mortgagor shall default in the performance in any of the terms, covenants, conditions or obligations imposed upon Mortgagor by any such lease or leases, which default will give the lessee or lessees the right to terminate or cancel said lease or leases or make monetary advances and offset the same against future rentals, then, at the option of Mortgagee, the whole of the indebtedness secured by this Mortgage, including all advances and payments by Mortgagee hereunder, shall become immediately due, payable without notice or demand.

Mortgagor will not amend, cancel, abridge, terminate or otherwise modify any existing or future lease of the said Premises, or any part thereof, or accept any prepayment of rent or installments of rent for more than one (1) month in advance, or enter into any new lease, lease renewal or extension without the prior written consent of the Mortgagee and including such terms and conditions as Mortgagee may reasonably require.

8. EMINENT DOMAIN. In the event the Premises or any part thereof are taken under the power of eminent domain, the entire award or payment in lieu of condemnation, to the full extent of the indebtedness secured hereby, shall be paid to the Mortgagee and applied toward reimbursement of all of the Mortgagee's costs and expenses incurred in connection with collecting such award or payment, and all or any portion of the balance, to fulfill any other covenant herein or any other Obligation secured hereby, or to repair or restore the Premises; The Mortgagee is hereby empowered in the name of the Mortgagor to receive, and to give

acquittance for, any such award or payment, whether it is joint or several; provided, however, that the Mortgagee shall not be held responsible for failure to collect any such award or payment, regardless of the cause of such failure.

9. TAXATION OF MORTGAGES. In the event of the passage (after the date of this Mortgage) of any federal, state or local law, deducting from the value of real property for the purposes of taxation any lien thereon, or changing in any way the laws for the taxation of mortgages or debts secured by Mortgage for federal, state or local purposes, or the manner of the collections of any such taxes, or imposing a tax, either directly or indirectly, on this Mortgage, the holder of this Mortgage and of the debt which it secures shall have the right to declare the principal sum and all interest due on a date so specified, by not less than ninety (90) days written notice, to be given to the Mortgagor by the Mortgagee; provided, however, that such election shall be ineffective if (a) the Mortgagor is permitted by law to pay the whole of such tax in addition to all other payments required hereunder; and (b) such payment is not usurious, but only if Mortgagor, prior to such specified date, does pay any such tax when due and agrees to pay such taxes then and thereafter levied or assessed against the Premises.

10. WASTE. Mortgagor's failure to pay any taxes assessed against the Premises, or any insurance premium upon policies covering any of the Premises, shall constitute waste. Upon the happening of either or both of those acts of waste and the continuing failure thereof by Mortgagor for a period of more than thirty (30) days after notice to Mortgagor by Mortgagee, and on proper application made by Mortgagee to a court of competent jurisdiction, Mortgagee shall be entitled to the appointment of a receiver of the Premises and of the earnings, income, issue and profits thereof, with such powers as the court making that appointment shall confer. Mortgagor irrevocably consents to and waives any notice of application for that appointment. Payment by Mortgagee for and on behalf of Mortgagor of any delinquent tax or insurance premium, properly payable by Mortgagor under the terms of this Mortgage, shall not cure Mortgagor's default nor shall it in any manner impair Mortgagee's right to the appointment of a receiver on account of that default.

11. ASSIGNMENT OF RENTS. As additional security for the payment of the indebtedness secured hereby, and for the performance of the Obligations, Mortgagor does hereby sell, assign, transfer and set over unto Mortgagee all the rents, profits and income, whether due or to become due, under all oral or written leases of the 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 Mortgagor and or those claiming by, under or through Mortgagor, from the date of the recording of this Mortgage. However, Mortgagor may collect and retain the rents, profits and income so long as Mortgagor is not in default under this Mortgage. This assignment shall continue to be operative during 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 any redemption period for the payment of that deficiency.

In the event of default in any of the terms, conditions or covenants of this Mortgage, Mortgagor shall, upon Mortgagee's demand, deliver and surrender possession of the Premises to Mortgagee, which shall thereafter collect the rents, profits and income therefrom, rent or lease the Premises or any 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 or trespasser, and apply the net proceeds of the rent and income to the following purposes in such order and amounts as Mortgagee shall, in its sole and absolute discretion, elect:

- (i) Preservation of the Premises;
- (ii) Payment of taxes and assessments;
- (iii) Payment of insurance premiums;
- (iv) Payment of all indebtedness secured by this Mortgage; and
- (v) Other obligations Mortgagee deems necessary.

If this assignment is in addition to any separate assignment to Mortgagee of rents, leases, profits or income of the Premises, this assignment shall abate to the extent of the assertion of rights by Mortgagee under and the actual enforcement of that other assignment.

12. **NON-WAIVER.** Any failure or omission, intentional or otherwise, by Mortgagee to insist upon strict performance by Mortgagor of any of the terms and provisions of this Mortgage shall not be deemed to be a waiver of any such terms and provisions of this Mortgage or any portion thereof. Notwithstanding any such failure or omission, Mortgagee shall have the right thereafter to insist upon strict performance by Mortgagor of each and every one of the terms and provisions of this Mortgage. No waiver or indulgence by the Mortgagee of any default under any of the terms and provisions of this Mortgage shall be effective unless done so in writing and signed by the Mortgagee, and in any event shall be effective only as to that particular default. A waiver granted by Mortgagee on one occasion shall not be construed as a waiver of, or constitute a bar to any default by Mortgagor on any other occasion, or in any way impair, impede or restrict the enforcement of any of Mortgagee's rights and remedies under this Mortgage. Neither the Mortgagor nor any other person now or hereafter obligated for the payment of the whole or any part of the indebtedness secured hereby (hereafter "Guarantor") shall be relieved of that obligation by reason of Mortgagee's failure to comply with any request of Mortgagor or any Guarantor to take action to foreclosure this Mortgage or otherwise enforce any of its provisions or any obligations or by reason of any agreement or stipulation between any subsequent owner or owners of the Premises and the Mortgagee extending the time of payment or modifying the terms of any of the obligations secured by this Mortgage without first having obtained the consent of Mortgagor or any Guarantor. In the latter event, Mortgagor and any and all Guarantors shall continue to be liable to make payments according to the terms of any such agreement of extension or modification unless they are expressly released and

discharged by Mortgagee in writing. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien on the Premises, Mortgagee may release the obligation of anyone at any time liable for any of the indebtedness secured hereby or any part of the security held for such indebtedness and may extend the time of payment or otherwise modify the terms of each one of the Notes, the Mortgage and/or the Loan Agreement without, as to the security of the remainder thereof, in anyway impairing or affecting the lien of this Mortgage or the priority of that lien as security for the payment of the indebtedness, as extended or modified, over any subordinate lien.

13. TRANSFER. In the event of the sale or transfer by operation of law, or otherwise, of all or any part of the Premises, Mortgagee is authorized and empowered to deal with the transferee with reference to the Premises and this Mortgage as fully and to the same extent as it might with Mortgagor, without in any way releasing or discharging Mortgagor from its liability or undertakings.

14. DUE ON SALE OR ENCUMBRANCE. IN MAKING THE LOAN SECURED BY THIS MORTGAGE, MORTGAGEE HAS RELIED UPON THE INTEGRITY OF MORTGAGOR AND MORTGAGOR'S FAMILIARITY WITH THE PREMISES. MORTGAGOR ACKNOWLEDGES THAT ITS CONTINUED OWNERSHIP AND OPERATION OF THE PREMISES, AND THE ABSENCE OF ADDITIONAL DEBT TO BE PAID BY MORTGAGOR, ARE ESSENTIAL TO THE PROTECTION AND PRESERVATION OF MORTGAGEE'S SECURITY AND NECESSARY TO REASONABLY ENSURE PROMPT PAYMENT OF THE INDEBTEDNESS SECURED HEREBY AND PERFORMANCE OF THE OBLIGATIONS. MORTGAGOR SHALL NOT SELL, ASSIGN OR TRANSFER THE PREMISES OR ANY PORTION THEREOF OR INTEREST THEREIN, BY INSTRUMENT, CONVEYANCE, OPERATION OF LAW, SALE OF INTERESTS IN MORTGAGOR OR OTHERWISE AND MORTGAGOR SHALL NOT EXECUTE ANY MORTGAGE, CHATTEL MORTGAGE, SECURITY AGREEMENT, OR OTHER DOCUMENT OR AGREEMENT GRANTING A LIEN AGAINST THE PREMISES WITHOUT MORTGAGEE'S PRIOR WRITTEN APPROVAL, AND THEN ONLY WHEN THE DOCUMENT GRANTING THAT LIEN HAS BEEN APPROVED IN WRITING BY MORTGAGEE AND EXPRESSLY PROVIDES THAT IT IS SUBJECT TO THE LIEN OF THIS MORTGAGEE FOR THE FULL AMOUNT OF THE INDEBTEDNESS SECURED HEREBY, AND IS SUBJECT AND SUBORDINATE AS WELL TO ANY THEN EXISTING LEASES AFFECTING THE PREMISES. UPON THE OCCURRENCE OF ANY OF THE FOREGOING EVENTS OF TRANSFER OR ENCUMBRANCING, MORTGAGEE MAY, AT ITS SOLE ELECTION, DECLARE THIS MORTGAGE IN DEFAULT AND THE INDEBTEDNESS SECURED HEREBY TO BE DUE AND PAYABLE FORTHWITH EVEN THOUGH THE TIME FOR PAYMENT THEREOF SHALL NOT THEN HAVE OTHERWISE EXPIRED. MORTGAGEE MAY THEREAFTER EXERCISE ALL OF ITS RIGHTS AND REMEDIES UNDER THIS MORTGAGE.

15. **ACTS OF DEFAULT.** The entire amount of all Obligations secured by this Mortgage shall be accelerated and shall become immediately due and payable in full and without notice or demand upon the occurrence of any one or more of the following events of default:

- (a) Upon failure in the payment when due of any of the Obligations;
- (b) Upon failure of performance or compliance with any representation, covenant, term or provision of this Mortgage;
- (c) Upon occurrence of default under any of the terms, conditions or covenants contained in the Agreement for Defense and/or any of the Collateral Documents, as such term is defined therein.

16 **REMEDIES.** Immediately upon the occurrence of any one or more events of default under this Mortgage, the Mortgagee shall have the option, in addition to and not in lieu of or substitution for, all other rights and remedies provided by law, equity or in any other agreement executed by or between Mortgagor and Mortgagee to do any or all of the following:

- (a) To bring suit for any or all of the Obligations secured hereby and to take any and all steps and institute any and all other proceedings that the Mortgagee deems necessary to enforce the Obligations and to protect the lien of this Mortgage.
- (b) Advance such sums as the Mortgagee, in its sole discretion, deems necessary to cure any default. In making any such advance, the Mortgagee shall be entitled to rely upon the genuineness and accuracy of any demand, document, claim, statement or invoice presented to the Mortgagee, and the Mortgagee shall be under no duty whatsoever to independently investigate or confirm the genuineness or accuracy, or of any other fact pertaining to, the demand, document, claim, statement or invoice so presented. Repayment of the money so advanced by the Mortgagee shall be secured hereby and shall constitute the further lien upon the Premises, payable on demand with interest as hereinabove provided. The Mortgagee shall in no event be obligated to make any advances to or for the benefit of the Mortgagor and no advance by the Mortgagee shall cure the Mortgagor's or anyone else's default nor preclude the Mortgagee from foreclosing this Mortgage or from exercising any other right or remedy available to the Mortgagee on account of such default.
- (c) Immediately commence foreclosure proceedings against the Premises pursuant to the applicable laws so made and provided. The Mortgagor hereby grants power to the Mortgagee, in the event of a default hereunder, to grant, bargain, sell, release and convey the Premises at public auction or vendue, and upon such sale to execute and deliver to the purchaser(s) instruments of conveyance pursuant to the terms hereof and to the applicable laws.

(d) Mortgagee shall, as a matter of right, without notice and without giving bond to Mortgagor or anyone claiming by, under or through Mortgagor, and without regard to the solvency or insolvency of Mortgagor or the then value of the Premises, be entitled to have a receiver appointed for all or any part of the Premises and the rents, issues and profits thereof, with such powers the court making such appointment shall confer, and Mortgagor hereby consents to the appointment of such receiver and shall not oppose any such appointment. Any such receiver may, to the extent permitted under applicable law, without notice, enter upon and take possession of the Premises or any part thereof by force, summary proceedings, ejectment or otherwise, and may remove Mortgagor or other persons and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, rents, issues and proceeds accruing with respect thereto or any part thereof, whether during the pendency of any foreclosure or until any right of redemption shall expire or otherwise.

(e) Mortgagee may exercise all of the rights and remedies of a secured creditor under the Uniform Commercial Code.

Each remedy provided in this Mortgage is distinct and cumulative to all other rights or remedies under this Mortgage or any other agreement by or between Mortgagor and Mortgagee or afforded by law or equity, and may be exercised concurrently, independently, or successively as to all such other remedies. All expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for court costs, reasonable attorney's fees, appraiser's fees, documentary and expert evidence, stenographic charges, publication costs, title searches and title insurance policies as Mortgagee may deem to be necessary either to obtain any remedy provided under this Mortgage, to prosecute any foreclosure action or to evidence to the bidder at any sale pursuant thereto the true condition of the title to or the value of the Premises, and all other costs of collection of the indebtedness secured hereby and costs of enforcement of this Mortgage or any other instrument evidencing or securing such indebtedness shall become additional indebtedness secured by the lien of this Mortgage and which Mortgagor agrees to pay, and all of such shall be immediately due and payable with interest thereon from the date of expenditure until paid at the highest lawful rate at the time of expenditure. In any event, the institution of foreclosure proceedings shall constitute the declaration of the acceleration of all indebtedness secured hereby.

17. **SALE IN PARCELS.** In case of any sale under this Mortgage, the Premises may be sold in one parcel and as an entirety or in such parcels, manner and order as Mortgagee in its sole discretion may elect.

18. **ENVIRONMENTAL HAZARDS.** Mortgagor hereby represents, warrants and covenants that:

(a) Mortgagor has not used Hazardous Materials on, from or affecting the Premises in any manner which violates federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treatment, transportation, manufacture,

refinement, handling, production or disposal of Hazardous Materials and the Premises is free from Hazardous Materials in an amount or concentration which might require investigation, reporting (other than required reporting) or remediation by or at the direction of any governmental authority;

(b) Mortgagor has no knowledge of any use by any prior owner of the Premises or any prior or existing tenant, subtenant or occupant of Hazardous Materials on, from or affecting the Premises in any manner which violates federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials;

(c) The Premises has never been used as or for a mine, quarry, gasoline sales or vehicle service station, or waste disposal facility; and no underground storage tank is now, nor has ever been, located at, on or under the Premises;

(d) The Premises is in compliance with all applicable Hazardous Materials Laws (as defined below), and no violation of such laws has arisen from use, ownership or operation of the Premises, and the Premises is subject to no lien or claim of lien in favor of any person as a result of any Hazardous Materials or response thereto;

(e) Mortgagor has never received any written notice of any violations of federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials at the Premises, and has no knowledge of any action commenced or threatened by any party for noncompliance therewith;

(f) Mortgagor shall comply with each and every covenant, term, condition and provision contained in the following Environmental Requirements:

(i) Mortgagor shall, and Mortgagor shall cause all employees, agents, contractors, and subcontractors of Mortgagor and any other persons present on or occupying the Project to, keep and maintain the Premises, including, without limitation, the soil and ground water thereof, in compliance with, and not cause or permit the Premises, including the soil and ground water thereof, to be in violation of any federal, state or local laws, ordinances, or regulations relating to industrial hygiene or to the environmental conditions thereon (including but not limited to any "Hazardous Materials Laws" and "Wetlands Laws," each as hereinafter defined). Neither Mortgagor nor any employees, agents, contractors, and subcontractors of Mortgagor nor any other persons occupying or present on the Premises shall (a) use, generate, manufacture, store, or dispose of on, under, or about the Premises or transport to or from the Premises, except as such may be required to be used, stored, or transported in connection with the permitted uses of the Premises and then only to the extent permitted by law after obtaining all

necessary permits and licenses therefor; or (b) perform, cause to be performed or permit any fill activities or other acts which would in any way destroy, eliminate, alter, obstruct, interfere with, or otherwise affect any Wetlands, as defined in 33 C.F.R. §328.3 and in any comparable state and/or local law, statute, ordinance, rule, or regulation ("Wetlands"), in violation of any federal, state or local laws, statutes, ordinances, rules, or regulation pertaining to such Wetlands ("Wetlands Laws"). The representation of Mortgagor contained in this Paragraph 18 and the indemnification by Mortgagor of Mortgagee contained herein shall relate only to activity and conditions which existed prior to the date that Mortgagor obtained title to the Premises and to conditions and acts which occur during the period of time that Mortgagor has title to the Premises.

(ii) Mortgagor shall within Ten (10) days advise Mortgagee in writing of: (a) any notices (whether such notices are received from the Environmental Protection Agency, or any other federal, state, or local governmental agency or regional office thereof) of violation or potential violation which are received by Mortgagor of any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials or Wetlands including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Hazardous Materials Transportation Act, the Resource Conservation Act, the Hazardous Substances Act, and the Underground Tank Act of 1984 (collectively, "Hazardous Materials Laws") or of any Wetlands Laws; (b) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any Hazardous Materials Laws or Wetlands Laws; and (c) all claims made or threatened by any third party against Mortgagor or the Premises relating to damage, contribution, cost recovery, compensation, mitigation, loss, or injury resulting from any Hazardous Materials or Wetlands (the matters set forth in clauses (a), (b) and (c) above are hereinafter referred to as "Hazardous Materials or Wetlands Claims").

(iii) Mortgagee shall have the right but not the obligation to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials or Wetlands Claims and to have their reasonable attorneys' and consultants' fees in connection therewith paid by Mortgagor within Thirty (30) days.

(iv) Mortgagor shall be solely responsible for, and shall indemnify and hold harmless Mortgagee, and its directors, officers, employees, agents, successors and assigns from and against, any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence (whether prior to or during the term of the Loans secured by the Mortgage) of Hazardous Materials or to the destruction, elimination, alteration, obstruction, interference

with, or other change to Wetlands on under or about the Premises (whether by Mortgagor or a predecessor in title or any employees, agents, contractor, or subcontractors of Mortgagor or any predecessor in title or any third persons at any time occupying or present on the Premises), including, without limitation: (a) all foreseeable consequential damages; (b) the cost of any required or necessary repair, cleanup, or detoxification of the Premises, including the soil and ground water thereof, and the preparation and implementation of any closure, remedial or other required plans; (c) damage to any Wetlands or natural resources; and (d) all reasonable costs and expenses incurred by Mortgagee in connection with clauses (a), (b) and (c), including but not limited to reasonable attorneys' and consultants' fees; provided, however, that nothing contained in this paragraph shall be deemed to (i) create or give any rights to any person other than Mortgagee or its successors and assigns, it being intended that there shall be no third party beneficiary or such provisions, or (ii) preclude Mortgagor from seeking indemnification from, or otherwise proceeding against, any third party including, without limitation, any fee owner, tenant, or predecessor entitled to the Premises.

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(v) Any costs or expenses reasonably incurred by Mortgagee for which Mortgagor is responsible or for which Mortgagor has indemnified Mortgagee shall be paid to Mortgagee on demand, and failing prompt reimbursement, shall be added to the indebtedness secured by the Mortgage and earn interest at the default rate of interest specified in each one of the Notes until paid in full.

(vi) Without Mortgagee's prior written consent, which shall not be unreasonably withheld, Mortgagor shall not take any remedial action in response to the presence of any Hazardous Materials or Wetlands on, under, or about the Premises nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material or Wetlands Claims, which remedial action, settlement, consent, or compromise might, in Mortgagee's reasonable judgment, impair the value of the Mortgagee's security hereunder, provided, however, that Mortgagee's prior consent not be necessary in the event that the presence of Hazardous Materials or Wetlands on, under, or about the Premises either poses an immediate threat to the health, safety, or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not possible to obtain Mortgagee's consent before taking such action, provided that in such event Mortgagor shall notify Mortgagee as soon as practicable of any action so taken, Mortgagee agrees not to withhold its consent, where such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction or a governmental agency, or (ii) Mortgagor establishes to the reasonable satisfaction of Mortgagee that there is no reasonable alternative to such remedial action which would result in less impairment of Mortgagee's security hereunder.

As used in this Mortgage, the term "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials defined as or included in the definition of "Hazardous Substances," "Hazardous Wastes," "Hazardous Materials," or "Toxic Substances" under any Hazardous Materials Laws.

Mortgagor's representations, warranties and obligations under this paragraph shall not be terminated, released, discharged, extinguished, or otherwise affected by any foreclosure of any indebtedness or obligation, any satisfaction of the indebtedness secured by this Mortgage or the release or discharge of the Premises or any other action or thing, except and unless such representations, warranties and obligations are expressly released in writing by Mortgagee, which writing shall refer particularly to this paragraph. This provision may be enforced at any time by Mortgagee and, without limiting the foregoing, shall survive the payment or other satisfaction by any means of the obligations evidenced by each one of the Notes and the Term Note and the release and discharge of this Mortgage, except in the case of a specific release as to this paragraph, as referred to above.

19. SEVERABILITY. The rights of Mortgagee arising under the clauses and covenants contained in this Mortgage shall be separate, distinct and cumulative. None of them shall be in exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision of this Mortgage to the exclusion of any other provision. The invalidity of any of the covenants, phrases or clauses in this Mortgage shall not affect any remaining portions, and this Mortgage shall be construed as if the invalid covenant, phrase or clause had not been a part of this Mortgage.

20. APPLICABLE LAW. Any proceedings for the foreclosure of this Mortgage or the enforcement of any rights conferred on Mortgagee under its terms shall be governed by the laws of the State of Indiana.

21. SUCCESSORS. Each and every one of the covenants, agreements and obligations of this Mortgage shall run with the land and shall be binding upon and inure to the benefit of the Mortgagor and the Mortgagee and their respective heirs, legal representatives, successors and assigns.


22. NOTICES. All notices, demands and requests required or permitted to be given hereunder or by law shall be in writing and shall be deemed delivered when deposited in the United States Mail in a postage prepaid envelope, mailed by First Class Mail, and addressed as follows: if to the Mortgagor, at Mortgagor's address stated above or such other address as Mortgagor may designate by notice to Mortgagee as provided herein; and if to Mortgagee, at Mortgagee's address stated herein or at such other address as Mortgagee may designate by notice to Mortgagor as provided herein.

23. MISCELLANEOUS. Section headings contained in this Mortgage are included for convenience of reference only and should not constitute a part of this Mortgage for any other purpose.

24. WAIVER OF JURY. TO THE EXTENT PERMITTED BY LAW, MORTGAGOR HEREBY KNOWINGLY AND VOLUNTARILY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN MORTGAGOR AND MORTGAGEE ARISING OUT OF, IN CONNECTION WITH, RELATED TO OR INCIDENTAL TO THIS MORTGAGE OR ANY OTHER AGREEMENT, INSTRUMENT OR DOCUMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED TO THE INDEMNITY AGREEMENT OR ANY ONE OR MORE OF THE BONDS.

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

WITNESSES:




Stanisa Jevtic, Trustee of the Stanisa Jevtic Revocable Living Trust dated October 12, 1993



Janet Jevtic, Trustee of the Janet Jevtic Revocable Living Trust dated October 12, 1993

STATE OF INDIANA, COUNTY OF LAKE

This instrument was acknowledged before me this 13th day of March, 1997, by Stanisa Jevtic, Trustee of the Stanisa Jevtic Revocable Living Trust dated October 12, 1993, and Janet Jevtic, Trustee of the Janet Jevtic Revocable Living Trust dated October 12, 1993.



SUSAN OSBURN, Notary Public
Lake County, Indiana
My commission expires: 4/16/98

Drafted by, and when recorded return to:
Bruce N. Elliott (P28770)
Conlin, McKenney & Philbrick, P.C.
350 S. Main Street, Suite 400
Ann Arbor, Michigan 48104
(313) 761-9000

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EXHIBIT 1

Legal Description

The West 110 feet of the East 260 feet of the South 242 feet of the East 1/2 of the Southeast 1/4 of the Northwest 1/4 of the Northeast 1/4 of Section 29, Township 36 North, Range 7 West of the 2nd Principal Meridian, in Lake County, Indiana.



EXHIBIT 2

Permitted Exceptions

NONE

