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JULY ENTERED FOR TAXATION SUBJECT
FINAL ACCEPTANCE FOR TRANSFER.

OCT 28 1997

97073238

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

97 OCT 28 PM 1:10

SAM ORLICH
AUDITOR LAKE COUNTY

MORRIS W. CARTER
7293 494580LP

TRUST DEED

THIS INDENTURE made October 6, 1997, between VICTORIA PLACE TOWNHOMES, INC., an Indiana corporation, herein referred to as "Mortgagor", and LAKE COUNTY TRUST COMPANY, an Indiana corporation, doing business in Crown Point, Indiana, herein referred to as TRUSTEE, WITNESSETH:

THAT WHEREAS, the Mortgagor is justly indebted to the legal holder or holders of the two Installment Notes hereinafter described, said legal holder or holders being herein referred to as HOLDERS OF THE NOTES, in the AGGREGATE PRINCIPAL SUM OF ONE MILLION SIXTY THOUSAND AND 00/100 DOLLARS, (\$1,060,000.00), evidenced by two certain Installment notes, one in the face amount of SIX HUNDRED SIXTY THOUSAND AND NO/100 DOLLARS (\$660,000.00) and the second in the face amount of FOUR HUNDRED THOUSAND AND NO/100 DOLLARS (\$400,000.00), of the Mortgagor of even date herewith and maturing October 6, 1997, made payable to FIRST UNITED BANK, an Illinois banking corporation, upon the terms as are more fully set out in each of the Notes.

Said payments shall be applied first to interest on the unpaid balance at the rate herein specified and then to principal.

The interest rate and the adjustment in it shall be subject to any maximum rate limitation specified by applicable law. If the interest rate and method of adjustment to it exceeds the maximum permitted by law, the rate and/or method of adjustment shall be reduced to the maximum permitted by law.

The payments of both principal and interest are to be made at such banking house or trust company in Lake County, as Holder of the Notes may from time to time in writing appoint and in the absence of such appointment, then at the office of First United Bank, 7626 West Lincoln Highway, Frankfort, Illinois 60423.

NOW, THEREFORE, the Mortgagor to secure the payment of the said principal sum of money and said interest in accordance with the terms, provisions and limitations of this Trust Deed, and the performance of the covenants and agreements herein contained, by the Mortgagor to be performed, and also in consideration of the sum of One Dollar in hand paid, the receipt whereof is hereby acknowledged, does by these presents MORTGAGE AND WARRANT unto the Trustee, its successors and assigns, the following described Real Estate and all of their estate, right, title

Handwritten initials/signature in the bottom right corner.

Chicago Title Insurance Company

-- and interest therein situate, lying and being in the County of Lake and State of Indiana, to-wit:

SEE ATTACHED EXHIBIT A FOR LEGAL DESCRIPTION
AND MADE A PART HEREOF.

which with the property hereinafter described, is referred to herein as the "premises", together with all improvements, tenements, easements, fixtures and appurtenances thereto belonging and all rents issues and profits thereof for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said real estate and no secondary), and all apparatus, equipment or articles now or hereafter, therein or thereon used to supply heat, gas, air conditioning, water, light, power, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing), screens, window shades, storm doors and windows, floor coverings, awnings, stoves and water heaters. All of the foregoing are declared to be a part of said real estate whether physically attached thereto or not, and it is agreed that all similar apparatus, equipment or articles hereafter placed in the premises by the Mortgagor or their of their successors or assigns shall be considered as constituting part of the real estate.

Without limitation, this Trust Deed secures:

- 1) Any and all renewals, extensions or modifications of the Notes;
- 2) All indebtedness or liabilities incurred by the holder hereof for the protection of this security or for the collection of the Notes;
- 3) All further advances to the full amount of the Notes; and,
- 4) All indebtedness or liabilities from Mortgagor to holder of the Notes pursuant to letters of credit related to the development of the premises.

Mortgagor covenants that it is lawfully seized of indefeasible estate in fee simple in such premises and has the right to mortgage, grant and convey the premises, that the premises are not encumbered, except for those encumbrances, liens and easements which are of record, and that Mortgagor will warrant and defend generally the title to the premises against all claims and demands whatever, excepting existing encumbrances, liens and easements of record.

TO HAVE AND TO HOLD the premises unto the said Trustee, its successors and assigns, forever, for the purposes, and upon the uses and trusts herein set forth.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

1. Mortgagor shall (1) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the premises which may become damaged or be destroyed; (2) keep said premises in good condition and repair, without waste, and free from mechanic's or other liens or claims for lien not expressly subordinated to the lien thereof; (3) pay when due any indebtedness which may be secured by a lien or charge on the premises superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to Trustee or

to holders of the Notes; (4) complete within a reasonable time any building or buildings now or at any time in process of erection upon said premises; (5) comply with all requirements of law or municipal ordinances with respect to the premises and the use thereof; (6) make no material alterations in said premises except as required by law or municipal ordinance.

2. Mortgagor shall pay before any penalty attaches all general taxes and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the premises when due, and shall, upon written request, furnish to Trustee or to holders of the Notes duplicate receipts therefor. To prevent default hereunder Mortgagor shall pay in full under protest, in the manner provided by statute, any tax or assessment which Mortgagor may desire to contest.

3. Mortgagor shall keep all buildings and improvements now or hereafter situated on said premises insured against loss or damage by fire and extended coverage under policies providing for payment by the insurance companies of monies sufficient either to pay the costs of replacing or repairing the same or to pay in full the indebtedness secured hereby, all in companies satisfactory to the holders of the Notes, under insurance policies payable, in case of loss or damage, to Trustee for the benefit of the holders of the Notes, such rights to be evidenced by the standard mortgage clause to be attached to each policy, and shall deliver all policies, including additional and renewal policies, to holders of the Notes, and in case of insurance about to expire, shall deliver renewal policies not less than ten days prior to the respective dates of expiration.

4. In case of default therein, Trustee or the holders of the Notes may, but need not, make any payment or perform any act hereinbefore required of Mortgagor in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said premises or contest any tax or assessment.

All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys fees, and any other monies advanced by Trustee or the holders of the Notes to protect the mortgaged premises and the lien hereof, plus reasonable compensation to Trustee for each matter concerning which action herein authorized may be taken, shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at the rate of ten percent (10.00%) per annum. Inaction of the Trustee or holders of the Notes shall never be considered as a waiver of any right accruing to them on account of any default hereunder on the part of Mortgagor.

5. The Trustee or the holders of the notes hereby secured making any payment hereby authorized relating to taxes or assessments may do so according to any bill, statement of estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien or title or claim thereof.

6. Mortgagor shall pay each item of indebtedness herein mentioned, both principal and interest, when due according to the terms thereof.

At the option of the holders of the Notes, and without notice to the Mortgagor, all unpaid indebtedness secured by this Trust Deed shall, notwithstanding anything in the Notes or in this Trust Deed to the contrary, become due and payable (a) immediately in the case of default in making payment of any installment of principal or interest on the Notes, or (b) when default shall occur and continue for three days in the performance or any other agreement of the Mortgagor herein contained.

7. The lien of this Trust Deed shall secure all future advances made pursuant to the terms of Notes to the same extent as if such future advances were made on the date of execution of this Trust Deed. Although there may be no indebtedness outstanding on the Notes at the time any such advance is made, the lien of this Trust Deed, as to third persons without actual notice thereof, shall be valid as to all such indebtedness and future advances from the time this Trust Deed is filed for record in the office of the Lake County Recorder of Deeds. The total amount of the indebtedness evidenced by the Notes and secured by this Trust Deed may increase or decrease from time to time but the total unpaid balance so secured at any one time shall not exceed a maximum principal amount of ONE MILLION SIXTY THOUSAND AND NO/100 DOLLARS (\$1,060,000.00) plus interest, attorneys fees, costs, advances due or incurred by Lender, and commissions; however, total disbursements under this revolving credit line shall not exceed a maximum of SIX MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$6,500,000.00). All future advances shall be at the sole discretion of FIRST UNITED BANK.

8. Mortgagor shall not, without the prior written consent of the Trustee: (a) sell, transfer, convey or assign any interest in the premises or any part thereof except for the sale of individual lots as provided for in the Notes; or (b) further encumber, alienate, hypothecate, grant a security interest in, or grant any other interest whatsoever in the premises or any part thereof, except in connection with this Trust Deed.

In addition, without the prior written consent of Trustee, Mortgagor shall not, during the existence of any Event of Default hereunder or the existence of any occurrence which may become an Event of Default with the giving of notice and/or the passage of time, (i) make any distributions to Mortgagor's shareholders except for reimbursement of expenses and the payment of reasonable salaries, or (ii) pay any fees due to any other person in connection with the management of Mortgagor's affairs or the premises.

9. If the premises, or any part thereof, is taken pursuant to an exercise, or threat of exercise, of the power of eminent domain, the entire proceeds of the award or settlement with respect to the part so taken shall be paid directly to the holder of the Notes (and Mortgagor hereby assigns all of such proceeds to Trustee) and shall be applied, after deduction of all expenses, including attorney fees, incurred by Mortgagee in connection with the taking, to in part or entirely against the then balance of the indebtedness secured by this Trust Deed (without liability for any prepayment penalty). If, by electing to apply part of any such award against the then balance of the indebtedness, Trustee causes the indebtedness to be paid in full, then the Trustee shall pay the balance, if any, then remaining over to the person or persons entitled thereto. Trustee is hereby authorized, at its option, to commence, appear in, prosecute in its own name, and to make any compromise and settlement of, any action or proceeding in connection

with such a taking.

10. When the indebtedness hereby secured shall become due whether by acceleration or otherwise, holders of the Notes or Trustee shall have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale, all expenditures and expenses which may be paid or incurred by or on behalf of Trustee or holders of the Notes for attorneys fees, Trustee's fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to items to be expensed after entry of the decree) of procuring all such abstracts of title, title searches and examinations, guarantee policies and similar data and assurance with respect to title as Trustee or holders of the Notes may deem to be reasonably necessary either to procure such suit or to evidence to bidders at any sale which may be pursuant to such decree the true condition of the title to or the value of the premises. All expenditures and expenses of the nature in this paragraph mentioned shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at the rate of ten percent (10.00%) per annum, when paid or incurred by the Trustee or holders of the Notes in connection with (a) any proceeding, including probate and bankruptcy proceedings, to which either of them shall be a party, either as plaintiff, claimant or defendant, by reason of this Trust Deed or any indebtedness hereby secured; or (b) reparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced; or (c) preparations for the defense of any threatened suit or proceeding which might affect the premises of the security hereof, whether or not actually commenced.

11. The proceeds of any foreclosure sale of the premises shall be distributed and applied in the following order of priority. First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof, second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Notes, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Notes; fourth, any overplus to Mortgagor, their heirs, legal representatives or assigns, as their rights may appear.

12. Upon, or at any time after the filing of a suit to foreclose this Trust Deed, the court in which such suit is filed may appoint a receiver of said premises. Such appointment may be made either before or after sale without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver, and the Trustee hereunder may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of said premises during the pendency of such foreclosure suit and in the case of a sale and a deficiency during the full statutory period of redemption, whether there be redemption or not, as well as during further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the premises during the whole of said period. The Court from time to time may authorized the receiver to apply the net income in his hands in payment in whole or in part of: (1) the indebtedness secured hereby, or

by any decree foreclosing this Trust Deed, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; (2) the deficiency in case of a sale and deficiency.

13. No action for the enforcement of the lien or of any provision hereof shall be subject to any defenses which would not be good and available to the party interposing same in an action at law upon the Notes hereby secured and all indebtedness shall be payable without any relief whatever from valuation or Appraisal Laws. The drawers and endorsers severally waive presentation for payment, protest or notice of protest and non-payment of the Notes or any one of them.

14. Trustee or the holders of the Notes shall have the right to inspect the premises at all reasonable times and access thereto shall be permitted for that purpose.

15. Any provision of this Trust Deed that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

16. Trustee has no duty to examine the title, location, existence or condition of the premises, nor shall Trustee be obligated to record this Trust Deed or to exercise pay power herein given unless expressly obligated by the terms hereof, nor be liable for any acts or omissions hereunder, except in case of its own gross negligence or misconduct or that of the agents or employees of Trustee, and it may require indemnities satisfactory to it before exercising any power herein given.

17. Trustee shall release this Trust Deed and the lien thereof by proper instrument upon presentation of satisfactory evidence that all indebtedness secured by this Trust Deed has been fully paid; and Trustee may execute and deliver a release hereof to and at the request of any person who shall, either before or after maturity thereof, produce and exhibit to Trustee the Notes representing that all indebtedness hereby secured has been paid, which representation Trustee may accept as true without inquiry. Where a release is requested of a successor trustee, such successor trustee may accept as the genuine Notes herein described any Notes which bears a certificate of identification purporting to be executed by a prior Trustee hereunder or which conforms in substance with the description herein contained or the Notes and which purports to be executed by the persons herein designated as the makers thereof; and where the release is requested of the original Trustee and it has never executed a certificate on any instrument identifying same as the Notes described herein, it may accept as the genuine Notes herein described any Notes which may be presented and which conforms in substance with the description herein contained of the Notes and which purports to be executed by the persons herein designated as makers thereof.

18. Trustee may resign by instrument in writing filed in the office of the Recorder of Titles in which this instrument shall have been recorded or filed. In case of the resignation, inability or refusal to act as Trustee, the then Recorder of Deeds of the county in which the premises are situated shall be Successor in Trust. Any Successor in Trust hereunder shall have the identical title, powers and authority as are herein given Trustee, and any Trustee or successor shall be entitled to reasonable compensation for all acts performed

EXHIBIT A

LOTS 6, 7, 8 AND 13 IN VICTORIA PLACE, AN ADDITION TO THE TOWN OF SCHERERVILLE, AS SHOWN IN PLAT BOOK 79, PAGE 90, IN LAKE COUNTY, INDIANA.

TAX ID: 13-268-6; 13-268-7; 13-268-8; 13-268-13

PROPERTY ADDRESS: VACANT LAND IN VICTORIA PLACE SUBDIVISION,
SCHERERVILLE, INDIANA