

494951LD

MORTGAGE

Paul and Sandra Horst, husband and wife, mortgages and warrants to Howard and Marjorie Dillabaugh, husband and wife, to secure the repayment of a Mortgage Note, the said mortgage being dated and duly signed, sealed, and acknowledged by the grantor, shall be deemed and held to be good and sufficient mortgage to the grantee, his or her heirs, assigns, executors, and administrators, with warranty from the grantor and his or her legal representatives, or perfect title in the grantor, and against all previous encumbrances.

97090723

ARTICLE I
RECITALS

Execution and Delivery of Note

1.01 The Borrower has executed and delivered to the Lender a Note (Note") bearing the same date as this Mortgage, promising to pay to the Lender the principal sum of Three Hundred Thirty Thousand (\$330,000.00) dollars, in lawful money of the United State of America. This money was advanced by the Lender to the Borrower, with interest on the principal sum at the rate of Nine (9) percent per year according to the terms and conditions specified in the Note, and unpaid remaining balance provided for in the Note or in this Mortgage being due and payable on or before November 15, 2012. The terms of the Note are incorporated into this Mortgage by this reference.

STATE OF INDIANA
LAKE COUNTY
RECORD
NOV 10 11

Mortgage of Property

1.02 In consideration of this loan, and as security for repayment to the Mortgagee of the principal, interest, and any other sums provided for in the Note and the Mortgage according to the terms and conditions of the Note and Mortgage, and as security for performance of the agreements and conditions contained in the Note and the Mortgage, the Borrower mortgages to the Lender the real estate described:

THE EAST 740 FEET OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 34 NORTH, RANGE 8 WEST OF THE 2ND P. M., IN LAKE COUNTY, INDIANA; EXCEPTING THEREFROM A PARCEL DESCRIBED AS COMMENCING AT A POINT ON THE NORTH LINE OF SAID SOUTHWEST QUARTER 150 FEET WEST OF THE NORTHEAST CORNER OF SAID WEST HALF OF SAID SOUTHWEST QUARTER; THENCE SOUTH ALONG A LINE PARALLEL TO THE WEST LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 660 FEET; THENCE WEST PARALLEL TO THE NORTH LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 330 FEET; THENCE NORTH PARALLEL TO THE WEST LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 660 FEET TO THE NORTH LINE OF SAID SOUTHWEST QUARTER; THENCE EAST ALONG SAID NORTH LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 330 FEET TO THE POINT OF COMMENCEMENT, AND ALSO EXCEPTING THEREFROM THE EAST 150 FEET OF THE NORTH 1320 FEET OF SAID WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 23, IN LAKE COUNTY, INDIANA,

together with the following:

36.00
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Chicago Title Insurance Company

- (a) All buildings and improvements erected or to be erected on the property;
- (b) All fixtures, appliances, machinery, equipment, and other articles of personal property at any time installed in, attached to, or situated on the real estate or in the buildings and improvements to be erected on the real estate, or used or intended to be used in connection with the real estate, or in the operation of the buildings and improvements, plant, business, or dwelling on the real estate, whether or not the personal property is affixed to the real estate;
- (c) All building materials, fixtures, building machinery, and building equipment delivered on site to the real estate during the course of, or in connection with, construction of the buildings and improvements;
- (d) All streets, alleys, passages, watercourses, easements, and covenants existing or to be created for the benefit of the Borrower or any subsequent owner or tenant of the mortgaged real estate over ground adjoining the mortgaged real estate, and all rights to enforce their maintenance;
- (e) All other rights, privileges, reversions, and remainders, and all the income, rents, and profits arising from them, and all other interests or rights of the Borrower in the real estate; and
- (f) The replacements or proceeds from the sale of any of the above.

All of the above-mentioned real estate, improvements, personal property, and other property and interests will be referred to in the instrument as the "Mortgaged Property."

ARTICLE II COVENANTS OF BORROWER

Warranty of Title

2.01 The Borrower has good and marketable fee simple title to the Mortgages Property, free and clear of all liens, encumbrances, charges, and all other conditions except none.

Payment and Performance

2.02 The Borrower will pay to the Lender, in accordance with the terms of the Note and this Mortgage, the principal, interest, and all other sums, and will perform and comply with all the agreements, conditions, covenants, provisions, and stipulations of the Note and this Mortgage.

Maintenance of Mortgages Property

2.03 The Borrower will not commit or permit the commission of waste in or about the Mortgages Property. The Borrower will not remove, demolish, or structurally alter any building erected at any time on the Mortgaged Property, without the prior written consent of the Lender. The Borrower will not permit the Mortgaged Property to become vacant, deserted, or unguarded, and will maintain the Mortgaged Property in good condition and repair, reasonable wear and tear excepted. The Borrower will make when necessary, all repairs of every nature.

Condemnation Awards

2.04 All awards made to the owners of the Mortgaged Property by any governmental or other lawful authorities for Mortgaged Property taken or damaged through the exercise of eminent domain, or for any easement taken in the property, including any awards for changes of grade of streets, are assigned to the Lender, who is authorized to collect and receive the proceeds from the authorities and to have proper receipts for those awards. The Lender will apply these payments (after deduction of attorneys' fees and other costs of collecting the fund(s) toward the payment of the amount owed on this Mortgage and the accompanying Note, even though the amount owed may not then be due and payable. The Borrower agrees, on request, to make any assignments or other instruments needed to assign the awards to the Lender, free and clear of any encumbrances. The Borrower agrees to give the Lender immediate notice of the actual or threatened commencement of any eminent domain proceedings affecting the Mortgaged Property, and will give the Lender copies of any papers served on the Borrower in connection with those proceedings. The Borrower will not make any settlement for damages sustained without the Lender's prior written approval, which approval will not be unreasonably withheld.

Insurance

2.05 (a) The Borrower will keep the Mortgaged Property continuously insured, with extended coverage, against loss or damage by fire. The Borrower will also keep the property insured against such other hazards that the Lender may reasonable require.

(b) Without limiting the requirement above, the Borrower will, if requested by the Lender, maintain insurance as follows:

1. Insurance against loss or damage to the Mortgaged Property by fire and any of the risks covered by insurance of the type now known as "fire and extended coverage." This insurance will be in the original amount of the Note, or in the amount of that percentage of the full replacement cost of all buildings and improvements erected on the property inclusive of the cost of excavations, foundations, and footings below the lowest basement floor required to satisfy any applicable coinsurance requirement in any policy, whichever is greater. This insurance will have no more than One Thousand (\$1,000.00) dollars deductible from the loss payable for any casualty. The policies of insurance carried in accordance with this Subparagraph will contain the "Replacement Cost Endorsement";

2. Comprehensive public liability insurance on the Mortgaged Property and, if any construction of new improvements occurs after execution of this Mortgage, completed operations coverage for one year after construction of the improvements has been completed on an "occurrence basis" against claims for personal injury. This coverage will include, without limitation, bodily injury, death, or property damage occurring on, in, or about the Mortgaged Property and the adjoining streets, sidewalks, and passageways;
3. Workers' compensation insurance including employer's liability insurance for all employees of the Borrower engaged on or with respect to the Mortgaged Property in an amount reasonably satisfactory to the Lender, or, if limits are established by law, in the legal amounts;
4. During the course of any construction or repair of improvements on the Mortgaged Property, builder's completed value risk insurance against "all risks of physical loss," including collapse and transit coverage, during construction of such improvements, with deductibles not to exceed One Thousand (\$1,000) dollars.
5. Boiler and machinery insurance covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning, elevator and escalator equipment, provided the Mortgaged Property contains equipment of that nature, and insurance against loss of occupancy or use arising from any breakdown, in amounts reasonably satisfactory to the Mortgagee;
6. Business interruption insurance and loss of "rental value" insurance for a period of Six (6) months in amounts satisfactory to the Lender,
7. Such other insurance as may from time to time be reasonably required by the Lender against the same or other hazards.

(c) All policies of insurance required by the terms of this Paragraph will contain an endorsement or agreement by the insurer that any loss will be payable in accordance with the terms of the policy notwithstanding any act or negligence of the Borrower that might otherwise result in forfeiture of insurance. All policies will also contain an agreement by the insurer waiving all rights of set off, counterclaim, or deductions against the Borrower.

(d) All policies of insurance will be issued by companies and in amounts satisfactory to the Lender. All policies of insurance will contain a mortgage clause in favor of the Lender, not subject to contribution, and a lender's loss payable endorsement for the benefit of the Lender, all in forms satisfactory to the Lender. The Borrower will furnish the Lender with a signed duplicate original policy with respect to all required insurance coverage. At least Thirty (30) days prior to the expiration of each policy, the Borrower will furnish the Lender with evidence satisfactory to the Lender of the payment of premium and the reissuance of a policy continuing insurance in force as required by this Mortgage. All policies, including policies for any amount carried in excess of the

required minimum and policies not specifically required by the Lender, will be in a form satisfactory to the Lender, will be maintained in full force and effect, and will be assigned and delivered to the Lender, with premiums prepaid, as collateral security for payment of the indebtedness secured by this Mortgage. All policies will contain a provision that the policies will not be cancelled or materially amended including any reduction in the scope or limits of coverage, without at least Thirty (30) days prior written notice to the Lender. If all or part of the insurance will expire, be withdrawn, or become void or unsafe by reason of the Borrower's breach of any condition, or become void or unsafe by reason of the value or impairment of the capital of any company in which the insurance may then be carried, or if for any reason whatever the insurance will be unsatisfactory to the Lender, the Borrower will place new insurance on the premises, satisfactory, to the Lender.

(e) In the event the Borrower fails to provide, maintain, or deliver and furnish to the Lender the policies of insurance required by this Mortgage, the Lender may procure insurance for the risks, covering the Lender's interest. The Borrower will pay all premiums on insurance procured by the Lender promptly on demand. Until payment is made by the Borrower, the amount of all premiums, together with interest at a rate that will be Twelve (12%) percent per year higher than the rate specified in the Note, will be secured by this Mortgage.

(f) In the event of loss, the Borrower will give immediate notice to the Lender, and the Lender may make proof of loss if not made promptly by the Borrower. Each insurance company is hereby authorized and directed to make payment under the insurance, including return of unearned premiums, directly to the Lender instead of to the Borrower and the Lender jointly, and the Borrower appoints, the Lender, irrevocably, as the Borrower's attorney-in-fact, to endorse any insurance draft. The Lender will have the right to retain and apply proceeds of any insurance, at its election, to reduction of the indebtedness secured by this Mortgage, or to restoration or repair of the property damaged. If the Lender becomes the owner of any part of the Mortgaged Property by foreclosure or otherwise, the policies, including all rights, title, and interest of the Borrower under those policies, will become the absolute property of the Lender.

(g) Notwithstanding the provisions of Paragraph (e & f), in the event the Mortgaged Property is damaged by fire or other casualty by insurance, the Lender will make the insurance proceeds available to the Borrower for repair and reconstruction of the Mortgaged Property on the following terms and conditions:

1. The work will be performed by a reputable general contractor satisfactory to the Lender pursuant to plans and specifications satisfactory to the Lender, in the exercise of reasonable business judgment.
2. The insurance proceeds will be held in trust by the Lender (or by an escrow agent satisfactory to the Lender), to be disbursed periodically as the work progresses in amounts not exceeding Ninety (90%) percent of the value of labor and materials incorporated into the work. The remaining Ten (10%) percent will be released to the Borrower on final completion of the work in accordance with the plans and specifications, and upon a receipt of a release of liens from all contractors and subcontractors engaged in the work.

3. If the entire insurance proceeds are not used for restoration, the excess proceeds will be applied to the mortgage debt. If the cost of the work will exceed the insurance proceeds, the Borrower will deposit the amount of the excess with the Lender (or the escrow agent) to be disbursed prior to disbursement of the insurance proceeds.
4. If the damage of destruction is such that the buildings on the Mortgaged Property are totally destroyed, this Paragraph (g) will not apply.

Taxes and Other Charges

2.06 The Borrower will pay all taxes, assessments, water and sewer rents, and other charges or claims assessed, levied, or filed against the Borrower, the Mortgaged Property, or the interest of the Lender in the Mortgaged Property, or that, by law, may have priority over the indebtedness secured by this Mortgage. These expenses will be paid when due and payable and before interest or penalties accrue. The Borrower will provide the Lender with receipts for payments of these amounts no later than the payment dates. If the Borrower, in good faith and by appropriate legal action, contests the validity or amount of any item, the Borrower may establish by deposit of cash with the Lender, a reserve for the payment in an amount required by the Lender. If a reserve is maintained and so long as the contest that operates to prevent collection has not been terminated or discontinued adversely to the Borrower, and is maintained and prosecuted with diligence.

Installments for Insurance, Taxes, and Other Charges

2.07 On written request by the Lender, the borrower will include in the monthly payments of principal and interest, an amount equal to one twelfth of the annual premiums for the fire and extended coverage insurance and the annual real estate taxes, water and sewer rents, special assessments, charges, or claims, and any other item that might become a lien on the Mortgaged Property prior to the lien of this Mortgage. From time to time, the borrower will pay on demand to the Lender any additional sums necessary to pay taxes and other items, as estimated by the Lender. The amounts paid will be security for payment of taxes and other items and will be used in payment of those items if the Borrower is not otherwise in default under this Mortgage. No amount paid will be deemed to be trust funds but may be commingled with the general funds of the Lender, and no interest will be payable on the amounts. If, pursuant to any provision of this Mortgage, the whole amount of the unpaid principal debt becomes due and payable, the Lender will have the right, at its election, to apply these funds against the entire indebtedness secured by this Mortgage. At the Lender's option, the Lender may waive, and after any waiver may reinstate, the provisions of this Paragraph requiring the monthly payments.

Security Agreement

2.08 This Mortgage constitutes a security agreement under the Uniform Commercial Code and creates a security interest in the personal property included in the Mortgaged Property. The Borrower will execute and file any financing statements or other security agreements, the Lender may require to confirm the lien of this Mortgage with respect to the personal property. The Borrower will pay all costs of filing.

Compliance with Law and Regulations

2.09 The Borrower will comply with all laws, ordinances, regulation, and orders of all federal, state, municipal, and other governmental authorities relating to the Mortgaged Property.

Inspections

2.10 The Lender, and any persons authorized by the Lender, will have the right at any time, on reasonable notice to the Borrower, to enter the Mortgaged Property at a reasonable hour to inspect and photograph its condition and state of repair.

Declaration of No Set-Off

2.11 Within Seven (7) days after a request by the Lender, the Borrower will certify to the Lender, or to any proposed assignee of this Mortgage, in a duly acknowledged writing, the amount of principal, interest and other charges owing on the obligation secured by this Mortgage. The Borrower will also indicate whether there are any set-offs or defenses against the Mortgage.

Defaults and Right to Remedy

2.12 If the Borrower fails to pay taxes, assessments, water and sewer charges, other lienable claims (not including contested claims), or otherwise fails to comply with its obligations under the Mortgage, the Note, or any other document executed in connection with the Mortgage, then the Lender, at its election and without notice to the Borrower, has the right to make any payment or expenditure that the borrower should have made, or, that the Lender deems advisable, to protect the security of this Mortgage or the Mortgaged Property. Any payment by the Lender will not prejudice the Lender's rights or remedies under this Mortgage. All sums, as well as costs, advanced by the Lender pursuant to this Mortgage will be due immediately from the Borrower to the Lender, will be secured by this Mortgage, and will bear interest at Twelve (12%) percent per annum a rate in excess of the rate otherwise provided in the Note from the date of payment by the Lender until the date of repayment.

Personal Liability

2.13 The Mortgagor agrees to be personally liable for all indebtedness secured by this Mortgage in accordance with its terms and the terms of the Note.

ARTICLE III DEFAULT AND REMEDIES

Events of Default

3.01 Any of the following will constitute an "Event of Default":

- (a) Failure of the Borrower to pay any installment of principal or interest, or any other sum, on the date it is due under the Note or this Mortgage.

- (b) The Borrower's failure to perform any of the other agreements, conditions, or covenants in the Personal Note, Mortgage Note or any other document executed in connection with the Mortgage.
- (c) The entry of a decree by a court having jurisdiction over the Mortgaged Property with respect to the Borrower in an involuntary case under the federal bankruptcy laws, or any other applicable federal or state bankruptcy, insolvency, or similar laws;
- (d) The appointment of a receiver, liquidator, custodian, trustee, (or similar official) for any substantial part of the Borrower's Property;
- (e) A court-ordered winding-up or liquidation of the Borrower's affairs;
- (f) The commencement by the Borrower of a voluntary case under the federal bankruptcy laws or any other applicable federal or state bankruptcy, insolvency, or similar laws;
- (g) The consent by the Borrower to the appointment of a receiver, liquidator, trustee, custodian, or similar official for any substantial part of the Borrower's property;
- (h) The Borrower's making any assignment for the benefit of creditors or the failure of the Borrower generally to pay its debts as they become due; or
- (i) If a final judgment for the payment of money is rendered against the Borrower in an amount greater than Twenty Five Thousand (\$25,000.00) dollars, and, within Thirty (30) days after the entry, the judgment has not been discharged or execution stayed pending appeal, or if, within Thirty (30) days after the expiration of any stay, the judgment has not been discharged.

For purposes of this Paragraph 3.01, " the Borrower" means the party named as the Borrower in this Mortgage and all persons guaranteeing the Borrower's obligations to the Lender.

Remedies

3.02 (a) If any Event of Default occurs, the entire unpaid balance of principal, accrued interest, and all other sums secured by this Mortgage will become immediately due and payable Thirty (30) days at the option of the Lender on written notice to the Borrower or without further notice or demand.

(b) When the entire indebtedness becomes due and payable, because of maturity or because of any Event of Default, then the Lender may institute an action of mortgage foreclosure, or take any other action at law or in equity for the enforcement of this Mortgage and realization on the mortgage security that the law may allow. The Lender may proceed to final judgment and execution for the entire unpaid balance of the principal debt, with interest at the rate(s) stipulated in the Note, and all other sums due in accordance with the provisions of the Note and this Mortgage. This amount includes all sums that may have been loaned by the Lender to the borrower after the date of this Mortgage, and all sums that may have been advanced by the Lender for taxes, water or sewer rents, other lienable charges or claims, insurance, repairs, maintenance, and all costs of the suit. The Borrower authorizes the Lender at its option to foreclose this Mortgage Property. The Borrower will not assert the failure to make any tenants parties to the foreclosure proceedings as a defense to any proceedings instituted by the Lender to recover the indebtedness secured by this Mortgage or any deficiency remaining unpaid after the foreclosure sale. The mortgagor is not prevented from asserting in any proceedings disputing the amount of the deficiency or the sufficiency of any bid at the foreclosure sale that any tenants adversely affect the value of the mortgaged Property.

(c) When the entire indebtedness becomes due and payable, because of maturity or because of any Event of Default, the Lender may enter into possession of the Mortgaged Property, with or without legal action. In the alternative, the Lender will be entitled to appointment of a receiver without regard to the solvency of the Borrower or any other person liable for the debit secured by this Mortgage, and regardless of whether the Lender has an adequate remedy at law. Either the Lender or a receiver may rent the Mortgaged Property for any period and on any terms and conditions that the Lender or receiver may see fit. The Lender or the receiver may collect rents, and, after deducting all costs of collection and administration expense, apply the net rentals to the payment of taxes, water and sewer rents, or other lienable charges and claims, and insurance premiums, and to the maintenance, repair or restoration of the Mortgaged Property, or to the reduction of the principal or interest, as the Lender or the receiver may elect. For that purpose, the borrower assigns to the Lender all rentals due under any existing or future lease of the Mortgaged Property, as well as all rights, and remedies provided in the lease or at law or in equity for the collection of the rentals. Any lease or leases entered into by the Lender or the receiver pursuant to this Paragraph 3.02 will service foreclosure of the Mortgage and repayment of the debt, unless the lease provides otherwise.

Attorneys' Fees

3.03 If the Lender becomes a party to any suit of proceeding affecting the Mortgaged Property, the lien created by this Mortgage, or the Lender's interest in the Mortgaged Property, or if the Lender engages counsel to collect any of the indebtedness or to enforce performance of the agreements or covenants of this Mortgage or the Note, the Lender's costs, expenses, and reasonable attorneys' fees will be paid by the Borrower, on demand, with interest at the rate provided in the Note. Until paid they will be deemed to be part of the indebtedness evidenced by the Note and secured by this Mortgage.

**ARTICLE IV
ADDITIONAL PROVISIONS**

Satisfaction of Mortgage

4.01 If the Borrower pays the Lender the principal sum and all other sums secured by this Mortgage in accordance with the provisions of the Note, then the Lender must provide Borrower with a release of mortgage or other evidence of satisfaction as requested by Borrower.

Assignment

4.02 Except as provided otherwise in this instrument, the Lender may assign this mortgage, together with any and all notes or bonds representing the obligation of the Borrower to make payments, at any time without the prior consent of the Borrower. However, the Lender must give the Borrower actual notice of any assignment by certified mail, return receipt requested, before the due date of the next installment payment that is to be paid after the effective date of the assignment. The Lender also agrees to give the Borrower actual notice of any assignment or endorsement of the Note that is being executed in connection with this mortgage; the Lender must give this notice by certified mail, return receipt requested, thirty days before the effective date of the assignment or indorsement. Failure to provide the Borrower with any notice as required in the Paragraph 4.02 shall make the assignment null, void, and of no legal effect. The Lender further agrees to indemnify and hold the Borrower harmless from any loss to any person incurred because of the Lender's failure to give the notices required by this Paragraph 4.02.

Partial Release of Property

4.03 (a) The Lender agrees to release portions of the Mortgage Property from the lien of this Mortgage, provided no Event of Default has occurred, on the following terms and conditions:

- (1) The portions to be released will consist of properly subdivided lots as provided by the Lake County Ordinances, and will be described in accordance with a recorded subdivision plan that is satisfactory to the Lender.
- (2) Releases will only be made in connection with bona fide sales of lots to unrelated, individual purchasers.
- (3) The Borrower will pay the Lender One Hundred (100%) percent of the net proceeds of all sales collected by Borrower, in addition to the monthly sums provided for by the Mortgage Note.
- (4) Each request for a release will include a field survey of the area to be released, a release instrument in form and substance satisfactory to the Lender, a certified appraisal verifying the fair market value of the lot to be sold, and a check for the appropriate amount.

- (5) The Lender will not be obligated to deliver any release unless the real estate remaining subject to the lien of this Mortgage has a right of access to a public highway for vehicles and pedestrians and access to utility and service facilities for providing the whole of any part of the Mortgaged Property with water, sanitary sewer, storm sewer, electricity, gas, and street lighting services; and complies in all respects with applicable zoning and subdivision ordinances and all other requirements of law.
- (6) All costs incident to the preparation and recording of release documents will be borne by the Borrower.

(b) The Lender agrees to join in any easement the Borrower may grant across or through any part of the real estate for streets, driveways, water, sewer, gas and electric facilities, storm drainage systems, telephone apparatus, and other public facilities that the Borrower may require in connection with development of the real estate in accordance with plans already submitted by the Borrower to the Lender. The lien of this mortgage will be subordinate to the rights granted pursuant to each easement.

(c) As further security for the loan, the Borrower assigns to the Lender all of the Borrower's rights as seller (but none of the Borrower's obligations) under existing and future agreements of sale pertaining to individual lots, including deposits made by purchasers. The Lender will not be liable to any person for the proper application of such deposits by reason of the assignment of deposits unless the Lender actually receives the deposits. The deposits will be escrowed with the Lender (or an escrow agent approved by the Lender) until settlement with the purchasers. Unless returned to the purchaser pursuant to the terms of the agreement of sale, the deposits will not be used for any purpose except reduction of the indebtedness secured by this Mortgage. The form of the agreements of sale will be subject to the approval of the Lender, and each signed agreement of sale will be accompanied by a minimum deposit of Ten (10%) percent of the sale price. The Borrower will not enter into any agreement of sale for lots that provides for a sale price less than that set forth in a current schedule of sales prices approved by the Lender. The Borrower will deliver to the Lender monthly statements indicating sales figure and deposits. The Borrower will certify these statements as being complete and correct.

Other Financing

4.04 The Borrower will not create or permit to exist any other lien on, or security interest in, any portion of the Mortgaged Property (including any furniture, fixtures, machinery, and equipment used in connection with the Mortgaged Property). The Borrower will not lease any furniture, fixtures, machinery, and equipment, except as contemplated by this Mortgage, without the prior written consent of the Lender.

Due-on-Sale Clause

4.05 Without the prior written consent of the Lender, the Borrower will not cause or permit any sale, exchange, transfer, lease, or conveyance ("transfer or placement of the property or the Borrowers

interest in Trust.") of any part of the Mortgaged Property, or any interest in it, real, personal or beneficial, either voluntary or by operation of law other than leases in the ordinary course of the Borrower's business or rentals.

Financial Statements

4.06 (a) As long as the debt secured by this Mortgage remains unpaid, the Borrower agrees to annually provide the Lender with [audited] statements prepared by a [certified] public accountant showing the annual income and expenses relating to the Mortgaged Property and a balance sheet for the Borrower. Each annual report will be certified by a Certified Public Accountant of the Borrower as being true, correct, and complete. Annual reports will be due on or before February 1st of each year.

(b) Any parties guaranteeing the obligation of the Borrower will provide financial statements to the Lender on or before February 1st of each year while the guarantee is in effect. Each statement will include a balance sheet and be certified as true and correct by the guarantor.

Notices

4.07 All notices permitted or required under this Mortgage or the Note will be in writing, and will be sent by registered or certified mail, postage prepaid, addressed to the addressee at the address set forth in this Mortgage or in the Note, or at such other address as the addressee any designate in writing from time to time.

State Law to Apply

4.08 This Mortgage shall be construed under and in accordance with the laws of the State of Indiana.

Amendment

4.09 This Mortgage cannot be changed or amended except by agreement in writing signed by the party against whom enforcement of the change is sought.

Parties Bound

4.10 This Mortgage will be binding on and insure to the benefit of the parties and their respective heirs, personal representatives, successors, and assigns.

Joint and Several Liability

4.11 All agreements, covenants, and other provisions, affecting the Borrower will be joint and several, and will bind and affect all persons who are defined as "the Borrower" as fully as though all of them were specifically named wherever the work "the Borrower" is used.

Interest Rate

4.12 Regardless of any provision in this Mortgage or in the Note, the Borrower's liability for interest will not exceed the limits imposed by the then applicable usury law. If any clause in the Note or this Mortgage required interest payments in excess of the highest rate permitted by the then applicable usury law, the clause in question will be deemed to require payment at the highest interest rate allowed by that law.

4.13 The captions preceding the text of the paragraphs or subparagraphs of this Mortgage are inserted only for convenience of reference and will not constitute a part of this Mortgage, nor will they in any way affect its meaning, construction, or effect.

ACKNOWLEDGMENT

This instrument was prepared by : **Angelo Sabato, Attorney at Law**
Attorney No. 1781-45
6980 West 115th
Crown Point, Indiana 46307

WHEREFORE, the Parties have set their respective hands and/or seals this 19 day of November, 1997, at Crown Point, Indiana.

Mortgagors: Paul Horst
Paul Horst

Sandra Horst
Sandra Horst

Lenders: Howard C. Dillabaugh
Howard C. Dillabaugh

Marjorie F. Dillabaugh
Marjorie F. Dillabaugh

ACKNOWLEDGEMENT

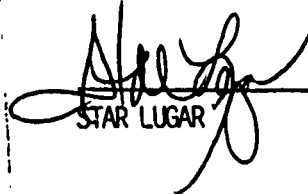
STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

Before me, STAR LUGAR, a Notary Public in and for said
County and State, on this 19th day of November, 19 97,
personally appeared PAUL HORST AND SANDRA HORST
personally known to me, and known to me to be the person(s) who (is) (are)
described in and who executed the foregoing document and acknowledged the same to
be (his) (their) voluntary act and deed for the uses and purposes therein set
forth.

WITNESS my hand and official seal.

My Commission Expires:
6-25-99

Resident of LAKE County



STAR LUGAR Notary Public

Star Lugar
Notary Public, State of Indiana
Lake County
My Commission Expires 06/25/99

