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STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

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MORRIS W. CARTER

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MORTGAGE

LOW INTEREST REHAB LOAN PROGRAM

This Mortgage made as of the 3rd day of December, 1997 between  
Helen G. Sutton (hereinafter called, and if more than one partly jointly and  
severally hereinafter called "Mortgagor"), residing at  
8920 Ohio Place, Highland, Indiana 46322

County, Indiana and the Lake County Community Development Department having an Office at 2293 North Main Street,  
Crown Point, Indiana 46307.

WITNESSETH, that to secure the payment of an indebtedness in the principal amount of

One Thousand Eight Hundred & Thirty Two and-----  
-----00/100 Dollars

(\$ 1,832.00 ), with interest thereon, which shall be payable in accordance with a certain note bearing even date herewith, a true and correct copy of which, exclusive of the signature of the Mortgagor, marked "Schedule A" is annexed hereto and made a part hereof, and all other indebtedness which the Mortgagor is obligated to pay to the Mortgagee pursuant to the provisions of the Note and this Mortgage, the Mortgagor hereby grants, conveys and mortgages to the Mortgagee:

The following described property situated in Lake County, Indiana.

LOT 18 IN RIDGEWOOD HEIGHTS ADDITION TO THE TOWN OF HIGHLAND,  
AS PER PLAT THEREOF, RECORDED MAY 23, 1956 IN PLAT BOOK 31  
PAGE 47, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.

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TOGETHER WITH all rents and other revenues thereof and all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, including any after-acquired title, franchise, licenses or easements and also with all right, title and interest of the Mortgagor from time to time in and to any and all buildings and improvements thereon and all heating, lighting, plumbing, cooking, incinerating, ventilating, air conditioning, laundry and refrigerating equipment, and all elevators and motors, engines and machinery, sprinkler systems, ice boxes, storm and screen doors, screens, awnings, window shades, blinds, floor coverings, fixtures, equipment and other property now or hereafter owned by Mortgagor, or any successor in title, and attached to or used in connection with the real estate hereinabove described, AND ALSO all furnishings and articles of personal property now or hereafter attached to or in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all goods, chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner (the Mortgagor hereby declaring that it is intended that the items herein enumerated shall be deemed to have been permanently installed as part of the realty): all of which property, together with all and any replacements thereof, shall be deemed a portion of the security for the indebtedness herein mentioned and secured by this Mortgage,

TOGETHER, with any and all awards now or hereafter made for the taking of the property mortgaged hereby, or any part thereof (including any easement), by the exercise of the power of eminent domain, including any award for change of grade of any street or other roadway, which awards are hereby assigned to the Mortgagee and are deemed a part of the property mortgaged hereby, and the Mortgagee is hereby authorized to collect and receive the proceeds of such awards, to give proper receipts and acquittances therefor, and to apply the same toward the payment of the indebtedness secured by this Mortgage, notwithstanding the fact that the amount owing thereon may not then be due and payable, and the Mortgagor hereby agrees, upon request, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning each such award to the Mortgagee, free, clear and discharged of any encumbrances of any kind or nature whatsoever, and

TOGETHER, with all right, title and interest of the Mortgagor in and to the land lying in the streets and roads in front of and adjoining the above described land (all the above described land, buildings, other structures, fixtures, articles of personal property, awards and other rights and interest being hereinafter collectively called the "mortgaged property")

TO HAVE AND TO HOLD the mortgaged property and every part thereof unto the Mortgagee, its successors and assigns forever for the purposes and uses herein set forth.

AND the Mortgagor further covenants and agrees with the Mortgagee, as follows:

1. The Mortgagor will promptly pay the principal of and interest on the indebtedness evidenced by the Note,

and all other charges and indebtedness provided therein and in this Mortgage, at the times and in the manner provided in the Note and in this Mortgage.

2. The Mortgagor will pay when due, as hereinafter provided, all ground rents, if any, and all taxes assessments, water rates and other governmental charges, fines and impositions, of every kind and nature whatsoever, now or hereafter imposed on the mortgaged property, or any part thereof, and will pay when due every amount of indebtedness secured by any lien to which the lien of this Mortgage is expressly subject.

3. This Mortgage and the Note were executed and delivered to secure moneys advanced, or to be advanced, by the Mortgagee as or on account of a loan evidenced by the Note, for the purpose of making the improvements described or referred to in the Contract Agreement dated December 3, 1997, to or on the mortgaged property, and for such other purpose, if any, described or referred to therein, which improvements are hereafter collectively called "Improvements." The Mortgagor shall make or cause to be made all the Improvements. If the construction or installation of the Improvements shall not be carried out with reasonable diligence, or shall be discontinued at any time for any reason, other than strikes, lockouts, acts of God, fires, floods or other similar catastrophes, riots, war or insurrection, the Mortgagee after due notice to the Mortgagor is hereby authorized (a) to enter upon the mortgaged property and employ any watchmen to protect the Improvements from depredation or injury and to preserve and protect such property, (b) to carry out any or all then existing contracts between the Mortgagor and other parties for the purpose of making any of the Improvements, (c) to make and enter into additional contracts and incur obligations for the purposes of completing the Improvements pursuant to the obligations of the Mortgagor hereunder, either in the name of the Mortgagee or the Mortgagor, and

(d) to pay and discharge all debts, obligations and liabilities incurred by reason of any action taken by the Mortgagee, as provided in this Paragraph, all if which amounts so paid by the Mortgagee, with interest thereon from the date of each such payment at the rate then prescribed in the Promissory Note ("Note") attached hereto as "Schedule A" and incorporated herein by reference, shall be payable by the Mortgagor to the Mortgagee on demand and shall be secured by this Mortgage.

4. Mortgagor shall not convert or use the property for any other purpose other than the purpose existing at the time of the signing of this mortgage. Any type of conversion, unless approved by the Mortgagee, shall constitute a default causing the remaining balance of principal and interest to be immediately due and payable in its entirety. Mortgagor will maintain the mortgaged property in good condition and state of repair and will not suffer or permit any waste to any part thereof, and will properly comply with all requirements of federal, state and local governments, or of any departments, divisions or bureaus thereof, pertaining to such property or any part thereof.

5. The Mortgagor will not voluntarily create, or permit or suffer to be created or to exist, on or against the mortgaged property, or any part thereof, any lien superior to the lien of this Mortgage, exclusive of the lien or liens, if any, to which this Mortgage is expressly subject, as set forth in the granting clause above, and will keep and maintain the same free from the claims of all parties supplying labor or material which will enter into the construction or installation of the Improvements.

6. (a) The Mortgagor will keep all building, other structures and improvements, including equipment, now existing or which may hereafter be erected or installed on the land mortgaged hereby, insured against loss by fire and other hazards, casualties and contingencies in such amounts and manner, and for such periods, all as may be required from time to time by the Mortgagee. Unless otherwise required by the Mortgagee, all such insurance shall be effected by Standard Fire and Extended Coverage Insurance policies in amounts not less than necessary to comply with the coinsurance clause percentage of the value applicable to the location and character of the property to be covered. All such insurance shall be carried in companies approved by the Mortgagee and all policies therefor shall be in such form and shall have attached thereto loss payable clauses in favor of the Mortgagee and any other parties as shall be satisfactory to the Mortgagee. All such policies and attachments thereto shall be delivered promptly to the Mortgagee, unless they are required to be delivered to the holder of a lien of a mortgage or similar instrument to which this Mortgagee is expressly subject, in which latter event certificates thereof, satisfactory to the Mortgagee, shall be delivered promptly to the Mortgagee. The Mortgagor will pay promptly when due, as hereinafter provided, and any and all premiums on such insurance, and in every case in which payment thereof is not made from the deposits therefor required by this Mortgage, promptly submit to the Mortgagee for examination receipts or other evidence of such payment as shall be satisfactory to the Mortgagee. The Mortgagee may obtain and pay the premium on (but shall be under no obligation to do so) every kind of insurance required hereby if the amount of such premium has not been deposited as required by this Mortgage, in which event the Mortgagor will pay to the Mortgagee every premium so paid by the Mortgagee.

(b) In the event of loss or damage to the mortgaged property the Mortgagor will give to the Mortgagee immediate notice thereof by mail, and the Mortgagee may make and file proof of loss if not made otherwise promptly by or on behalf of the Mortgagor. Each insurance company issuing any such policy is hereby authorized and directed to make payment hereunder for such loss directly to the Mortgagee, instead of to the Mortgagor and the Mortgagee jointly, unless the amount of loss is payable first to the holder of a lien under a mortgage or similar instrument to which this Mortgagee is expressly subject, and the insurance proceeds or any part thereof is received by the Mortgagee may be applied by the Mortgagee, at its option, either in reduction of the indebtedness hereby secured, or to the restoration or repair of the mortgage property damaged. In the event of foreclosure of this Mortgage, or of any transfer of title to the mortgaged property in extinguishment of such indebtedness, all right, title and interest of the Mortgagor in and to every such insurance policy then in force, subject to the rights and interest of the holder of any such prior lien, shall pass to the grantee acquiring title to the mortgaged property together with such policy and appropriate assignment of such right, title and interest which shall be made by the Mortgagor.

7. (a) In order more fully to protect the security of this Mortgagee, the Mortgagor shall deposit with the Mortgagee together with, and in addition to, the payment of principal and interest monthly on account of the Note secured hereby, until the Note is paid in full, an amount of money equal to the total amount of (i) ground rents, if any, next becoming due, (ii) the premiums next becoming due on the policies of fire and other hazard insurance required by this Mortgage with respect to the mortgaged property, (iii) taxes, assessments, water rates and other governmental charges next becoming due on the mortgaged property (all the foregoing amounts as estimated by the Mortgagee and set forth in a written notice of such estimate by the Mortgagee to the Mortgagor from time to time), less all amounts that may already have been paid therefor, divided by the number of calendar months to elapse before one calendar month prior to the date when such ground rents, premiums, taxes, assessments, water rates and other governmental charges, respectively, will become due and payable. If any amount referred to in clauses (i) through (iii) hereof is required to be deposited by the Mortgagor under a mortgage or similar instrument having priority over the lien of this Mortgage, the Mortgagor shall make the deposits required by this Paragraph 7 only in the event of the termination of such obligation under the prior mortgage or similar instrument. The Mortgagor shall give prompt notice in writing to the Mortgagee of the occurrence of the last-mentioned event. All such amounts so deposited with the Mortgagee shall be held by the Mortgagee, or any agent designated by it, in trust to be used only for the payment of such ground rents, premiums, taxes, assessments, water rates and other governmental charges. No interest shall be payable by the Mortgagee on any sum so deposited.

(b) All amounts required to be deposited within the Mortgagee monthly in accordance with Paragraph 7(a) hereof, and the amount of principal and interest to be paid each month on account of the Note, shall be added together, and the aggregate amount thereof shall be paid by the Mortgagor to the Mortgagee in a single payment to be applied by the Mortgagee on account of the indebtedness of the Mortgagor pursuant to the Note and this Mortgage (to the extent that monies are available from the amount to deposited), in the order, any provision of the Note to the contrary notwithstanding, as follows:

FIRST, to the late charges, if any referred to in the Note,

SECOND, to the amount of such ground rents, if any, fire and other hazard insurance premiums, taxes assessments, water rates and other governmental charges required to be paid under the provisions of this Mortgage, in whatever sequence the Mortgagee may exclusively determine,

THIRD, to interest due on this Note, and

FOURTH, the remainder, to the principal due on the Note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless paid by the Mortgagor prior to the due date of the next such deposit payable, constitute an event of default under this Mortgage.

(c) Any excess funds that may be accumulated by reason of the deposits required under Paragraph 7(a) hereof, remaining after payment of the amounts described in clauses (i), (ii) and (iii) thereof, shall be credited to subsequent respective monthly amounts of the same nature required to be paid thereunder. If any such amount shall exceed the estimate therefor, the Mortgagor shall forthwith pay to the Mortgagee the amount of such deficiency upon written notice by the Mortgagee of the amount thereof. Failure to do so before the due date of such a amount shall be an event of default under this Mortgage. If the mortgaged property is sold under foreclosure or is otherwise acquired by the Mortgagee, after default by the Mortgagor, any remaining balance of the accumulations under Paragraph 7(a) hereof, shall be credited to the principal amount owing on the Note as of the date of commencement of foreclosure proceedings for the mortgaged property,

or as of the date the mortgaged property is otherwise so acquired.

8. The Improvements and all plans and specifications therefor shall comply with all applicable municipal ordinances, regulations, and rules made or promulgated by lawful authority, and upon their completion shall comply therewith.

9. Upon any failure by the Mortgagor to comply with or perform any of the terms, covenants or conditions of this Mortgage requiring the payment of any amount of money by the Mortgagor, other than the principal amount of the loan evidenced by the Note, interest and other charges, as provided in the Note, the Mortgagee may at its option make such payment. Every payment so made by the Mortgagee (including reasonable attorney-fees incurred thereby), with interest thereon from the date of such payment at the rate then prescribed in said Note, shall be payable by the Mortgagor to the Mortgagee on demand and shall be secured by this Mortgage. This Mortgage with respect to any such amount and the interest thereon, shall constitute a lien on the mortgaged property prior to any other lien attaching or accruing subsequent to the lien of this Mortgage.

10. The Mortgagee, by any of its agents or representatives, shall have the right to inspect the mortgaged property from time to time at any reasonable hour of the day. Should the mortgaged property, or any part thereof, at any time require inspection, repair, care or attention of any kind or nature not provided by this Mortgage as determined by the Mortgagee in its sole discretion, the Mortgagee may, after notice to the Mortgagor, enter or cause entry to be made upon, the mortgaged property, and inspect, repair, protect, care for or maintain such property, as the Mortgagee may in its sole discretion deem necessary, and may pay all amounts of money therefor, as the Mortgagee may in its sole discretion deem necessary.

11. The principal amount owing on the Note together with interest thereon and all other charges, as therein provided, and all other amounts of money owing by the Mortgagor to the Mortgagee pursuant to and secured or intended to be secured by this Mortgage, shall immediately become due and payable without notice or demand upon the appointment of a receiver or liquidator, whether voluntary or involuntary, for the Mortgagor or any of the property of the Mortgagor, or upon the filing of a petition by or against the Mortgagor under the provisions of any State insolvency law, or under the provisions of the Bankruptcy Act of 1896, as amended, or upon the making by the Mortgagor of an assignment for the benefit of the Mortgagor's creditors. The Mortgagee is authorized to declare, at its option, all or any part of such indebtedness immediately due and payable upon the happening of any of the following events,

- (a) Failure to pay the amount of any installment of principal and interest, or other charges payable on the Note, which shall have become due, prior to the due date of the next such installment;
- (b) Nonperformance of the Mortgagor of any covenant, agreement, term or condition of this Mortgage, or of the Note (except as otherwise provided in subdivision (a) hereof) or of any other agreement heretofore, herewith or hereafter made by the Mortgagor with the Mortgagee in connection with such indebtedness;
- (c) Failure of the Mortgagor to perform any covenant, agreement, term or condition in any instrument creating a lien upon the mortgaged property, or any part thereof, which shall have priority over the lien of this Mortgage;
- (d) The Mortgagee's discovery of the Mortgagor's failure in any application of the Mortgagor to the Mortgagee to disclose any fact deemed by the Mortgagee to be material, or of the making therein or in any of the agreements entered into by the Mortgagor with the Mortgagee (including, but not limited to, the Note and this Mortgage) of any misrepresentation by, on behalf of, or for the benefit of, the Mortgagor;
- (e) If all or any part of the mortgaged property or an interest therein (including a beneficial interest) is sold or transferred by the Mortgagor without the Mortgagee's prior written consent - excluding (i) the creation of a lien or other encumbrance subordinate to this Mortgage, (ii) the creation of a purchase money security interest for household appliances, (iii) a transfer by devise, descent or operation of law upon the death of a joint tenant, or (iv) the grant of any leasehold interest of three (3) years or less not containing an option to purchase - the Mortgagee may, at its sole option, declare all the sums secured by this Mortgage to be immediately due and payable. The Mortgagee shall have waived such option to accelerate if, prior to the sale or transfer, the Mortgagor and the party to whom the mortgaged property is sold or transferred execute a written assumption agreement acceptable to the Mortgagee. Notwithstanding any assumption agreement, the Mortgagor will continue to be obligated under the Note and this Mortgage unless the Mortgagee releases

the Mortgagor in writing that is duly recorded.

- (f) The enactment after the date of this Mortgage of any law of the State of Indiana deducting from the value of the mortgaged property (or any part thereof), for the purpose of taxation, any lien thereon, or changing in any way its laws for the taxation of mortgages or debts secured by mortgage for state or local purposes or the manner of collection of any such tax, so as to affect this Mortgage, and if after such enactment or change the holder of the Note and this Mortgage gives written notice to the Mortgagor declaring the Note and all other indebtedness secured by this Mortgage to be due and payable, because of any such enactment or change, immediately upon the expiration of thirty (30) days after such notice.

The Mortgagee's failure to exercise any of its rights hereunder shall not constitute a waiver thereof. All the events in this Paragraph enumerated upon the happening of any of which the Note shall become, or may be declared to be, immediately due and payable, are in this Mortgage called "events of default".

12. The Mortgagee may from time to time cure each default under any covenant or agreement in any instrument creating a lien upon the mortgaged property, or any part thereof, which shall have priority over the lien of this Mortgage, to such extent as the Mortgagee may exclusively determine, and each amount paid (if any) by the Mortgagee to cure any such default shall be paid by the Mortgagor to the Mortgagee, and the Mortgagee shall also become subrogated to whatever rights the holder of the prior lien might have under such instrument.

13. (a) After the happening of any default hereunder, the Mortgagor shall upon demand of the Mortgagee surrender possession of the mortgaged property to the Mortgagee, and the Mortgagee may enter such property, and let the same and collect all the rents therefrom which are due or to become due, and apply the same, after payment of all charges and expenses, on account of the indebtedness hereby secured, and all such rents and all leases existing at the time of such default are hereby assigned to the Mortgagee as further security for the payment of the indebtedness secured hereby, and the Mortgagee may also dispossess, by the usual summary proceedings, any tenant defaulting in the payment of any rent to the Mortgagee.

(b) In the event that the Mortgagor occupies the mortgaged property or any part thereof, the Mortgagor agrees to surrender possession of such property to the Mortgagee immediately after any such default hereunder, and if the Mortgagor remains in possession after such default, such possession shall be as a tenant of the Mortgagee, and the Mortgagor shall pay in advance, upon demand by the Mortgagee, as a reasonable monthly rental for the premises occupied by the Mortgagor, an amount at least equivalent to one-twelfth of the aggregate of the twelve monthly installments payable in the current calendar year, plus the actual amount of the annual ground rent, if any, taxes, assessments, water rates, other governmental charges and insurance premiums payable in connection with the mortgaged property during such year, and upon the failure of the Mortgagor to pay such monthly rental, the Mortgagor may also be dispossessed by the usual summary proceedings applicable to tenants. This covenant shall become effective immediately upon the happening of any such default, as determined in the sole discretion of the Mortgagee, who shall give notice of such determination to the Mortgagor, and in the case of foreclosure and the appointment of a receiver of the rents, the within covenant shall inure to the benefit of such receiver.

14. The Mortgagee in any action to foreclose this Mortgage shall be entitled to the appointment of a receiver without notice, as a matter of right and without regard to the value of the mortgaged property, or the solvency or insolvency of the Mortgagor or either party liable for the payment of the Note and other indebtedness secured by this Mortgage.

15. The Mortgagor, within ten (10) days upon request in person or within twenty (20) days upon request by mail, will furnish promptly a written statement in form satisfactory to the Mortgagee, signed by the Mortgagor and duly acknowledged, of the amount then owing on the Note and other indebtedness secured by this Mortgage, and whether any offsets or defenses exist against such indebtedness or any part thereof.

16. The Mortgagor will give immediate notice by registered or certified mail to the Mortgagee of any fire, damage or other casualty affecting the mortgaged property, or of any conveyance, transfer or change in ownership of such property, or any part thereof.

17. Notice and demand or request may be made in writing and may be served in person or by mail.

18. In case of a foreclosure sale of the mortgaged property it may be sold in one parcel.

