

Chicago Title Insurance Company

This instrument prepared by and after recording should be returned to:

Fagel & Haber
140 S. Dearborn Street
Suite 1400
Chicago, Illinois 60603
Attention: Victor A. Des Laurier, Esq.

97037309

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD
97 DEC 18 PH 1:03
MORRIS W. CARTER
RECORDER

Key Number: 53-11-42
Tax Unit No. 43
Common Address: 1690 East 81st Avenue
Hobart, Indiana 46342

494671 - 4138
NBU 970616 MORTGAGE AND SECURITY AGREEMENT

This Mortgage and Security Agreement (this "Mortgage") is executed and delivered this 30th day of November, 1997, by Jimmy E. Pierce ("Jimmy") and June M. Pierce ("June") [Jimmy and June are collectively "Mortgagor"], to Allied Building Products Corp., a New Jersey corporation ("Allied").

WITNESSETH:

WHEREAS, prior hereto, Allied has provided J. E. Pierce Builders, Inc. ("Pierce"), with certain extensions of credit, sales on account and other financial accommodations, a portion of which are past due and owing;

WHEREAS, Mortgagor owns one hundred percent (100%) of the issued and outstanding stock of Pierce;

WHEREAS, Pierce desires Allied to continue to provide extensions of credit, sales on account and other financial accommodations to Pierce (collectively the "Financial Accommodations"); and

WHEREAS, Allied is willing to continue providing Financial Accommodations to Pierce, provided, among other things, Mortgagor executes and delivers this Mortgage to Allied.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and understandings of the parties hereto set forth herein, and other good and valuable consideration, the receipt and sufficiency of such consideration is hereby acknowledged, Mortgagor hereby covenants unto and agrees with Allied as set forth in this Mortgage.

1. DEFINITIONS AND TERMS

1.1 The following words, terms or phrases shall have the meanings set forth below:

(A) "**Charges**": shall mean all national, federal, state, county, city, municipal or other governmental (including, without limitation, any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, water charges, sewer service charges, liens, claims or encumbrances upon or

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relating to the "Mortgaged Property" (hereinafter defined), the "Liabilities" (hereinafter defined) or the "Obligations" (hereinafter defined).

(B) "Default": shall mean the occurrence or existence of any event or condition which with notice, lapse of time or both would constitute an "Event of Default" (hereinafter defined).

(C) "Documents": shall mean any mortgage, deed of trust or similar instrument, assignment of leases, assignment of rents, promissory note, security agreement, guaranty, financing statement, assignment of insurance, loss payable clause, mortgage title insurance policy, letter of opinion, waiver letter, estoppel letter, consent letter, non-offset letter, insurance certificate, appraisal, survey and any other similar such agreements, instruments or documents.

(D) "Encumbrances": shall mean all liens, security interests, liabilities, claims, debts, exceptions, easements, restrictions, Charges and any other types of encumbrances.

(E) "Equipment": shall mean all now existing or owned and hereafter arising or acquired apparatus, machinery, equipment, furniture, fixtures and other articles of personal property of any and every kind and nature whatsoever, required for use in, on, or in connection with the "Premises" (hereinafter defined) or the management, maintenance, operation or business thereof and all replacements thereof, substitutions therefor and accessions thereto, including, without limitation, any such item now or at any time or times hereafter situated on the Premises and used to supply or otherwise deliver heat, gas, air conditioning, water, light, electricity, power, plumbing, refrigeration, sprinkling, ventilation, mobility, communication, incineration, and all other related or other such services.

(F) "Event of Default": shall mean the definition ascribed to this term in Paragraph 6.1 below.

(G) "Leases": shall mean all present and future leases, agreements, tenancies, licenses and franchises of or relating to the Premises, the Mortgaged Property or the Equipment, or in any way, manner or respect required, existing, used or useable in connection with the Premises, the Mortgaged Property or the Equipment, or the management, maintenance, operation or business thereof, and all deposits of money as advance rent or for security under any or all of the Leases and all guaranties of any lessee's performances thereunder.

(H) "Liabilities": shall mean any and all debts, claims, obligations, sales on account, demands, monies, liabilities or indebtedness of any and every kind or nature heretofore, now or hereafter owing, arising, due or payable from Mortgagor and/or Pierce to Allied, however evidenced, created, incurred, acquired borrowing, whether primary, secondary, direct, indirect, absolute, contingent, fixed, determinable, undeterminable, insured and uninsured, whether pursuant to the terms and provisions of this Mortgage, the "Other Agreements" (hereinafter defined), or otherwise, including, without limitation, any sales on account by Allied to Pierce, the indebtedness evidenced by the "Note" (hereinafter defined) and all advances made to protect and preserve the value of the Mortgaged Property and the priority of Allied's lien thereon.

(I) "Mortgaged Property": shall mean (1) the "Premises" (hereinafter defined); (2) the "Rents" (hereinafter defined); (3) the Leases; (4) the Equipment; (5) all present and future judgments, awards of

damages and settlements made as a result or in lieu of any taking of the Premises, the Equipment or the Leases, or any part thereof, whether under the power of eminent domain or otherwise, or for any damage, whether caused by such taking or otherwise thereto; (6) all present and future insurance policies in force or effect insuring the Premises, the Rents, the Leases or the Equipment; and (7) all proceeds of each and every of the foregoing.

(J) "Obligations": shall mean all covenants, duties, obligations and agreements of Mortgagor and/or Pierce to and with Allied, whether pursuant to this Mortgage, the Other Agreements or otherwise.

(K) "Other Agreements": shall mean all agreements, instruments and documents heretofore, now or from time to time hereafter executed by, or on behalf of, Mortgagor and/or Pierce and delivered to Allied, including, without limitation, (1) that certain Promissory Note of even date herewith executed and delivered by Pierce to Allied in a maximum aggregate principal amount not to exceed Five Hundred Thousand and no/100 Dollars (\$500,000.00) [the "Note"]; (2) that certain Blanket Security Agreement dated January 10, 1994, executed and delivered by Pierce to Allied as reaffirmed by that certain Reaffirmation of Security Agreement of even date herewith, by and between Allied and Pierce (the "Security Agreement"); (3) those certain Personal Guaranties of even date herewith executed and delivered by Jimmy and June to Allied; (4) that certain Environmental Indemnity Agreement of even date herewith executed and delivered by Pierce to Allied; (5) that certain Collateral Assignment of Beneficial Interest of even date herewith executed and delivered by Mortgagor to Allied; (6) that certain Collateral Assignment of Beneficial Interest of even date herewith executed and delivered by Pierce to Allied; and (7) any other loan agreements, security agreements, guaranties, promissory notes, letters of credit and mortgages executed and delivered in connection with or pursuant to the Liabilities, and any renewals, modifications, amendments or substitutions to any of the foregoing.

(L) "Person": shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or government, whether national, federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof.

(M) "Premises": shall mean all of the real property, and all of Mortgagor's estate, right, title and interest therein, situated, lying and being in the City of Hobart, County of Lake, State of Indiana, legally described on Exhibit "A" and commonly known as 1690 East 81st Avenue, Hobart, Indiana, together with all buildings, improvements, tenements, easements, hereditaments and appurtenances now or at any time or times hereafter upon, belonging or otherwise appertaining to or situated on said real estate and all heretofore or hereafter acquired roads, alleys, streets and other public ways abutting said real estate.

(N) "Rents": shall mean all present and future rents, issues, deposits, income, profits and proceeds of, from or relating to the Premises, the Leases or the Equipment.

2. CONVEYANCE

2.1 To secure the full and timely payment of the Liabilities and the full and timely performance of the Obligations, Mortgagor hereby does warrant, grant, give, bargain, confirm, assign, pledge, set over, transfer, sell, convey, remise, release and otherwise mortgage to Allied, its successors and assigns, the Mortgaged

Property, whether real, personal or mixed. Notwithstanding anything contained herein to the contrary, the principal portion of the Liabilities hereunder shall in no event exceed Five Million and no/100 Dollars (\$5,000,000.00).

2.2 This Mortgage shall operate as and constitute a Security Agreement with respect to that portion of the Mortgaged Property constituting property or interests in property, whether real or personal, tangible or intangible, which are subject to the Uniform Commercial Code with respect to the priority and perfection of security interests or any similar law, statute, code or other governing body of law. Therefore, to secure the full and timely payment of the Liabilities and the full and timely performance of the Obligations, Mortgagor hereby grants to Allied a security interest and lien in and to the Mortgaged Property.

2.3 Upon request by Allied, at Mortgagor's sole cost and expense, Mortgagor will promptly make, execute and deliver or will cause to be made, executed and delivered to or for the benefit of Allied, in form and substance acceptable to Allied, all Documents necessary or appropriate to evidence, document or conclude the transactions described in or contemplated by this Mortgage and the Other Agreements, or required to perfect or continue perfected the priority mortgage lien and security interest granted herein or in the Other Agreements by Mortgagor to Allied upon the Mortgaged Property ("Allied's Lien"), subject only to the "Permitted Encumbrances" (as defined in Paragraph 3.2(A) below).

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Mortgagor represents, warrants and covenants unto Allied as follows:

(A) Mortgagor will fully and timely pay, or cause to be paid, when due or declared due, the Liabilities and will fully and timely perform, discharge, observe and comply with each and every of the Obligations.

(B) Mortgagor now has and hereafter shall maintain the standing, right, power and lawful authority to own the Mortgaged Property, to carry on the business of and operate the Mortgaged Property, to enter into, execute and deliver this Mortgage and to encumber the Mortgaged Property to Allied.

(C) Mortgagor now and at all times hereafter shall perform, or cause to be performed, all of the transactions described in or contemplated by this Mortgage and the Other Agreements.

(D) The execution, delivery and performance by Mortgagor of and under this Mortgage and the Other Agreements (i) does not and will not constitute a violation of any applicable law, and (ii) does not and will not conflict with or result in a default or breach of or under any obligation arising, existing or created by or under any agreement, instrument, document, mortgage, deed, trust deed, note, judgment, order, award, decree or other restriction to which Mortgagor now is or hereafter shall become a party or by which Mortgagor or any of the Mortgaged Property is or hereafter shall become bound.

(E) Mortgagor has duly filed and shall continue to timely file all federal, state and other governmental tax and similar returns which Mortgagor is required by law to file with respect to the Mortgaged Property and the operation and business thereof. All taxes and other sums which are shown to be payable under

such returns have been and shall be fully and timely paid and Mortgagor shall maintain adequate reserves in an amount to pay fully all such liabilities which hereafter may accrue.

(F) All of the Leases are and shall remain genuine, in all respects what they purport to be, and free of set-offs, counterclaims or disputes and are valid and enforceable in accordance with their terms. All parties to the Leases have and shall have the capacity to contract thereunder. Except for security deposits provided for under the Leases as indicated by Mortgagor to Allied in writing, no advance payments have been or shall be made thereunder.

(G) There is no litigation, action, claim or proceeding pending or threatened which might, in any way, manner or respect, affect the Mortgaged Property, the operation or the business thereof, Allied's Lien, the collectibility or the ability of Mortgagor to repay the Liabilities or the financial condition of Mortgagor or the operation or business thereof.

(H) Mortgagor possesses and holds and shall maintain adequate properties, interests in properties, leases, licenses, franchises, rights and other permits, certificates, consents and approvals to conduct and operate the business of the Mortgaged Property. None of the foregoing contain or shall contain any term or condition that is burdensome to said business or different than those customarily possessed or held by other Persons conducting or operating a similar business.

(I) The location, existence and use of the Premises and the Equipment are and shall remain in compliance with all applicable laws, rules, ordinances and regulations, including, without limitation, building and zoning laws, and all covenants and restrictions of record.

(J) Mortgagor is and shall remain in peaceful possession of and will forever warrant and defend the Mortgaged Property from and against any and all claims and Encumbrances thereon or thereto.

(K) Mortgagor is not using the Mortgaged Property for any purpose in violation of any applicable environmental, hazardous waste and substances, health or safety laws, rules or regulations, including, but not limited to, the Resource Conservation and Recovery Act, as amended ("RCRA"), the Toxic Substances Control Act, as amended ("TSCA"), the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), the Clean Air Act, as amended ("CAA"), and the Clean Water Act, as amended ("CWA"), regulations thereunder and corresponding state statutes and regulations. Mortgagor has all required permits, certificates, consents and approvals required under any applicable environmental, health or safety laws, rules or regulations. Mortgagor is in compliance with all applicable environmental, health and safety laws, rules or regulations in connection with the use of the Mortgaged Property.

(L) All hazardous waste accumulations at the Mortgaged Property shall be in tanks or containers, as defined in 40 C.F.R. 260.10, and shall be in compliance with applicable United States Environmental Protection Agency and State of Indiana small quantity generator limitations under RCRA, regulations thereunder and corresponding Indiana statutes and regulations.

(M) There are no underground storage tanks on the Premises.

(N) No burial, disposal or landfilling of hazardous waste or hazardous substances, regulated substances or other pollutants (as such are defined in RCRA, TSCA, CERCLA, CAA or CWA) will be carried on at the Mortgaged Property. Further, Mortgagor shall operate no surface impoundment, lagoon, or other earthen device for the purposes of treatment, storage or disposal of hazardous wastes and hazardous substances.

(O) Mortgagor shall not use, release or cause to be used or released asbestos as defined by 29 C.F.R. 1910.1001(a). Any repairs, maintenance or modifications to the Mortgaged Property which may result in release of asbestos shall be performed by or under the supervision of personnel appropriately accredited by the State of Indiana or the United States Environmental Protection Agency.

(P) Mortgagor shall immediately provide Allied a copy of any administrative, civil or criminal complaint received by Mortgagor alleging (i) violations of environmental, health and safety statutes, ordinances or regulations, or (ii) bodily injury or property damage arising from Mortgagor's operations or Mortgagor's ownership of the Mortgaged Property.

(Q) There are no unpaid assessments in connection with the Mortgaged Property nor any assessment liens arising from the non-payment of any such assessments.

3.2 Mortgagor further represents, warrants and covenants unto Allied as follows:

(A) Mortgagor is lawfully seized, possessed and the owner of and has good and indefeasible, marketable fee simple title to the Mortgaged Property, free and clear of all Encumbrances, except for Allied's Lien and those Encumbrances which are acceptable to Allied as described on Exhibit "B" to this Mortgage (collectively the "Permitted Encumbrances").

(B) Mortgagor will (i) not materially change the use or character of or abandon the Mortgaged Property, (ii) keep the Mortgaged Property in good condition and repair, and (iii) not commit or suffer waste and will make all necessary repairs, replacements and renewals, including, but not limited to, the replacement of any items of the Equipment to the Mortgaged Property so that the value and operating efficiency thereof shall at all times hereafter be maintained and preserved. Mortgagor shall not remove any trade fixture or demolish any building or improvement located in or on the Premises without Allied's prior written consent. Mortgagor shall (iv) pay for and promptly complete any building or improvement at any time in the process of erection upon the Premises, (v) refrain from impairing or diminishing the value of the Mortgaged Property, and (vi) make no material alterations to the Mortgaged Property which in the reasonable opinion of Allied diminishes its value. Subject to the provisions of subparagraphs 4.3 and 4.5(B) of this Mortgage, if Allied elects to make all or a portion of any insurance, eminent domain or condemnation proceeds available to Mortgagor, Mortgagor shall promptly repair, restore or rebuild any building or improvement now or hereafter on the Premises which may become damaged or destroyed. Mortgagor shall comply with all laws and municipal ordinances governing the Mortgaged Property and the use thereof. At all times during the term of this Mortgage and the Other Agreements, Mortgagor shall permit Allied, and its agents, access to inspect the Mortgaged Property.

(C) Mortgagor shall fully and timely pay and discharge, as and when due and payable, all Charges that may be at any time levied, assessed or imposed upon or against the Mortgaged Property, or any part thereof. Mortgagor shall, immediately upon Allied's request, deliver to Allied receipts evidencing payment

thereof or partial payment thereof, if payable in installments, at least thirty (30) days before delinquency. If at any time the United States of America shall require internal revenue stamps to be affixed to this Mortgage, Mortgagor will pay for the same, together with any interest or penalties imposed in connection therewith.

(D) Except for Allied's Lien and the Permitted Encumbrances, Mortgagor shall keep the Mortgaged Property free and clear of all Encumbrances of any and every kind and nature including, without limitation, mechanics' liens and other similar liens or claims for liens. Mortgagor shall promptly pay or cause to be paid, as and when due and payable or when declared due and payable, any indebtedness which may become, or be secured by, an Encumbrance and, immediately upon request by Allied, shall deliver to Allied evidence satisfactory to Allied of the payment and discharge thereof. If, in accordance with the terms of this Mortgage, Allied makes payment of any such Encumbrance, Allied shall be subrogated to the rights of such claimant, notwithstanding that the Encumbrance may be released of record.

(E) Mortgagor shall not, at any time or times hereafter, pledge, hypothecate, encumber, sell, permit or otherwise transfer all or any portion of the Mortgaged Property or Mortgagor's interest therein.

(F) All present and future items of fixtures, equipment, furnishings or other tangible personal property, whether or not constituting a part of the Mortgaged Property, related, necessary to or used or useable in connection with any present or future building or improvement on the Premises, or the operation or business thereof, are and will be owned free and clear of all Encumbrances, except the Permitted Encumbrances, and Mortgagor will not acquire any such property subject to any Encumbrance, except the Permitted Encumbrances.

3.3 If Mortgagor fails to (a) keep the Mortgaged Property in good operating condition and repair or to replace or maintain the same as herein agreed, (b) pay the premiums for the insurance which is required to be maintained hereunder, (c) pay and discharge all Encumbrances as herein agreed, or upon an Event of Default, Allied, in its sole discretion, may cause such repairs or replacements to be made, obtain such insurance or pay and discharge such Encumbrances. Any amounts paid by Allied in taking such action together with interest thereon at the "Interest Rate" (as defined in the Note) shall be due and payable by Mortgagor to Allied upon demand, and, until paid, shall constitute a part of the Liabilities secured by this Mortgage and the Other Agreements. Notwithstanding the foregoing, such advances by Allied shall not be deemed to relieve Mortgagor from any Event of Default hereunder or impair any of Allied's rights or remedies. The exercise of the right to take such action shall be optional with Allied and not obligatory upon Allied, and in no event whatsoever, shall Allied be liable to Mortgagor for failure or refusal to exercise any such right. In making any payments pursuant to the exercise of any such right, Allied may rely upon any bills delivered to it by Mortgagor or any such payee and shall not be liable for any failure to make payments in any amounts other than as set forth in any such bills.

4. TAXES, INSURANCE AND CONDEMNATION

4.1 Mortgagor represents, warrants and covenants unto Allied as follows:

(A) Mortgagor, at all times, shall keep and maintain the Mortgaged Property fully insured, without co-insurance, against loss or damage by, or abatement of rental income resulting from, fire and such other hazards, casualties and contingencies as Allied, from time to time, may require with insurance companies, and in form, amounts and for such periods as are satisfactory to Allied, but, in any event, for not less than the full replacement cost of the Mortgaged Property. All such policies and renewals thereof shall contain, in form

and substance acceptable to Allied, standard mortgagee loss payable clauses naming Allied as a loss payee and additional insured, together with a standard waiver of subrogation endorsement and shall be delivered to Allied, with premiums therefor paid in full by Mortgagor. All policies shall provide that the insurer may not cancel same without thirty (30) days prior written notice to Allied. Mortgagor will provide immediate written notice to Allied of any material loss or damage to the Mortgaged Property caused by any casualty. In case of policies about to expire, Mortgagor will, upon Allied's request, deliver to and deposit with Allied renewal policies not less than thirty (30) days prior to the respective dates of expiration and receipts for the payment of the premiums on all policies and renewals thereof. In the event of a deed in lieu of foreclosure or other foreclosure of title to the Mortgaged Property, all right, title and interest of Mortgagor in and to any policies then in force shall pass to the purchaser, grantee or assignee.

4.2 Mortgagor hereby authorizes Allied:

- (a) to settle and compromise all claims under all insurance policies;
- (b) to demand and receive all monies becoming due or payable under all insurance policies;
- (c) to execute, in the name of Mortgagor or the name of Allied, any proofs of loss, notices or other instruments in connection with all claims under all policies; and
- (d) to assign all policies to any holder of the Liabilities or to the grantee of the Mortgaged Property in the event of the foreclosure or other transfer of title to the Mortgaged Property.

4.3 In the event of payment under any of the policies, and subject to the rights of holders of Permitted Encumbrances, Mortgagor acknowledges and agrees that the proceeds of any of the insurance policies shall be paid by the insurer to Allied and Allied may, in its sole discretion, in whole or in part after deducting all of Allied's costs of collection, including attorneys' fees, costs, expenses and disbursements, incurred by Allied in connection with the collection of the proceeds of such policies, either:

- (a) make available to Mortgagor all or a portion of such proceeds necessary to replace, reconstruct, repair or restore the Mortgaged Property or any portion thereof;
- (b) apply all or a portion of such proceeds as payment on account of the Liabilities, whether or not then due and payable, without affecting the amount or time of subsequent payments required to be made by Mortgagor to Allied, whether pursuant to the Other Agreements or otherwise;
- (c) apply such proceeds, in whole or in part, to satisfy, perform or discharge any of the Obligations;
- (d) require that Mortgagor continue paying the Liabilities as and when due and payable notwithstanding any loss of use of all or any part of the Mortgaged Property; or

(e) if, prior to the receipt by Allied of proceeds of such policies, the Mortgaged Property shall have been transferred pursuant to a deed in lieu of foreclosure or otherwise sold or transferred by foreclosure of this Mortgage, receive proceeds of such policies to the extent of any deficiency with interest thereon at the Interest Rate, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied.

4.4 Subject to the rights of holders of Permitted Encumbrances, Mortgagor further represents, warrants and covenants unto Allied as follows:

(A) Upon demand by Allied, Allied may require Mortgagor to deposit with Allied on the first (1st) day of each month until the Liabilities are fully paid, a sum equal to one-twelfth (1/12th) of one hundred fifteen percent (115%) of that portion of the total annual Charges arising with respect to the Mortgaged Property for the most recent ascertainable tax year. Provided that a Default or an Event of Default has not occurred, Allied shall, if it has required deposits by Mortgagor, pay when and to whom due and payable under applicable law, all of the aforesaid Charges. Notwithstanding the foregoing, Allied does not assume any of Mortgagor's obligations under said laws to make such payments and nothing contained in this Mortgage or the Other Agreements shall require Allied to perform any such obligations of Mortgagor. Upon the occurrence of a Default or an Event of Default under this Mortgage, Allied shall not be obligated to make such payments, but, at its sole election and in its discretion, may make any or all such payments or apply such deposits to the Liabilities.

(B) If the deposits required by Paragraph 4.4(A) above are insufficient to pay the Charges for which they are provided, thirty (30) days before such Charges shall become due and payable, Mortgagor shall deposit with Allied such additional monies as are necessary to pay, in full, such Charges.

(C) Upon demand by Allied, Mortgagor shall establish with Allied an insurance escrow for deposit of funds for the payment of insurance premiums for all insurance policies required to be obtained and maintained by Mortgagor, whether pursuant to this Mortgage, the Other Agreements or otherwise. Such insurance escrow shall be in such amount as is satisfactory to satisfy the required premiums under such policies as reasonably estimated by Allied, and shall be subject to such other terms and conditions as Allied, in its sole and absolute discretion, may determine.

4.5 Subject to the rights of holders of Permitted Encumbrances, Mortgagor further represents, warrants and covenants unto Allied as follows:

(A) All awards now or hereafter made by any public or quasi-public authority to or for the benefit of Mortgagor in any way, manner or respect affecting, arising from or relating to the Mortgaged Property, or any portion thereof, by virtue of an exercise of the right of eminent domain by such authority, including, without limitation, any award for taking of title, possession, right of access to a public way or for any change of grade of streets affecting the Mortgaged Property, hereby are assigned to Allied as additional security for (1) the full and timely payment of the Liabilities, and (2) the full and timely performance of the Obligations, and for such purpose, Mortgagor hereby grants to Allied a security interest therein.

(B) Allied is hereby authorized, directed and empowered to collect and receive the proceeds of any such awards and to give proper receipts therefor whether in Mortgagor's name, in Allied's name or in

both names, and may, in Allied's sole and absolute discretion, after deducting all of Allied's costs of collection, including, but not limited to, attorneys' fees, costs, expenses and disbursements incurred by Allied in connection with the collection of the proceeds of such awards, either:

(1) apply such proceeds, in whole or in part, to the Liabilities whether or not then matured and without affecting the amount or time of subsequent payments required to be made by Mortgagor to Allied under this Mortgage or the Other Agreements;

(2) apply such proceeds, in whole or in part, to satisfy, perform or discharge any of the Obligations;

(3) make available to Mortgagor all or a portion of such proceeds to replace, repair or restore any or all of the Mortgaged Property to a condition satisfactory to Allied; or

(4) require that Mortgagor continue to pay the Liabilities as and when due and payable notwithstanding any loss of use of all or any part of the Mortgaged Property.

(C) Mortgagor, promptly after request by Allied, shall make, execute and deliver or cause to be made, executed and delivered to or for the benefit of Allied any and all assignments and other instruments sufficient to assign, and cause the payment directly to Allied of, all such awards, free and clear of all Encumbrances, except for the Permitted Encumbrances. Notwithstanding any taking by eminent domain, alteration of the grade of any street or other injury to or decrease in value of the Mortgaged Property by any public or quasi-public authority or corporation, Mortgagor shall continue to pay, or cause to be paid, all of the Liabilities as and when due and payable. If, prior to the receipt by Allied of such award or payment, the Mortgaged Property shall have been transferred by a deed in lieu of foreclosure or otherwise sold or transferred by foreclosure of this Mortgage, Allied shall have the right to receive such award or payment to the extent of any deficiency with interest thereon at the Interest Rate, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied, together with attorneys' fees, costs, expenses and disbursements incurred by Allied in connection with the collection of such award or payment.

5. LEASES AND RENTS

5.1 Provided a Default or an Event of Default has not occurred under this Mortgage or the Other Agreements, Mortgagor shall have the right to collect all of the Rents arising from the Leases, or renewals thereof, and shall hold the same, in trust, to be applied, except as otherwise provided by applicable law, first to the payment of all Charges upon the Mortgaged Property, second to the cost of the maintenance of insurance policies upon the Mortgaged Property required hereby, and third to the maintenance and repairs required hereby, before using any part of the Rents for any other purposes.

5.2 At all times, Allied, or any of Allied's agents, shall have the right to verify the validity, amount or any other matter relating to any or all of the Leases, by mail, telephone, telegraph or otherwise, in the name of Mortgagor, Allied, a nominee of Allied or in any or all of said names.

5.3 Unless Allied agrees otherwise in writing, Mortgagor shall: (a) promptly upon Mortgagor's receipt or learning thereof, inform Allied, in writing, of any assertion of any claims, offsets or counterclaims by

any of the obligors of the Leases; (b) not permit or agree to any extension, compromise or settlement or make any change or modification of any kind or nature of or with respect to the Leases or the terms thereof; and (c) promptly upon Mortgagor's receipt or learning thereof, furnish to and inform Allied of all adverse information relating to or affecting the financial condition of any obligor of the Leases.

5.4 Upon demand therefor by Allied, Mortgagor shall deliver to Allied, in form and substance acceptable to Allied, a detailed certified rent roll of all the Leases and such other matters and information relating thereto as Allied may request.

5.5 Subject to the rights of holders of Permitted Encumbrances, Mortgagor acknowledges and agrees that:

(A) Mortgagor shall, contemporaneously herewith, deliver to Allied true, accurate and complete copies of the Leases, if any, in form and substance acceptable to Allied, with appropriate endorsement or other specific evidence of assignment thereto to Allied, which endorsement or assignment shall be in form and substance acceptable to Allied.

(B) Allied may, at its election, without notice thereof to Mortgagor, notify any or all of the obligors of the Leases that the Leases have been assigned to Allied and, upon an Event of Default, Allied, whether in its name, in the name of Mortgagor or in both names, may direct said obligors thereafter to make all payments due from them under the Leases directly to Allied.

(C) After the occurrence of a Default or an Event of Default, Mortgagor shall irrevocably direct all obligors of the Leases to make all payments under the Leases directly to Allied.

(D) After the occurrence of a Default or an Event of Default, Allied shall have the right without notice thereof to Mortgagor, to enforce the terms of the Leases and obtain payment of and collect the Rents, by legal proceedings or otherwise, in the name of Mortgagor, Allied or in both names.

(E) After the occurrence of a Default or an Event of Default, Allied may (i) demand payment of the Rents and performance of the Leases; (ii) enforce payment of the Rents and performance of the Leases, by legal proceedings or otherwise; (iii) exercise any or all of Mortgagor's rights, interests and remedies in and under the Leases and to collect the Rents; (iv) settle, adjust, compromise, extend or renew the Leases or the Rents; (v) settle, adjust or compromise any legal proceeding brought to collect the Rents or obtain performance of the Leases; (vi) take possession, in any manner, of the Rents; (vii) prepare, file and sign Mortgagor's name on any Proof of Claim in bankruptcy, or similar document in a similar proceeding, against any obligor of the Leases; (viii) endorse the name of Mortgagor upon any payments or proceeds of the Rents and deposit the same to the account of Allied; and (ix) do all acts and things necessary, in Allied's discretion, to carry out any or all of the foregoing.

(F) All of the foregoing payments and proceeds received by Allied shall be utilized by Allied, at its election and in its discretion, for any one or more of the following purposes: (i) to be held by Allied as additional collateral for the payment of the Liabilities; (ii) to be applied against the Liabilities, in such manner as Allied may determine in its sole and absolute discretion; (iii) to be applied against the Obligations, or the operation or business thereof as Allied, at its election, shall determine; or (iv) to be remitted to Mortgagor.

6. DEFAULT

6.1 The occurrence of any one or more of the following shall constitute an "Event of Default" under this Mortgage:

- (A) the occurrence of a breach, default or event of default under this Mortgage or the Other Agreements;
- (B) Mortgagor fails to fully and timely pay any of the Liabilities when due and payable or declared due and payable;
- (C) Mortgagor fails or neglects to perform, keep or observe any of the Obligations;
- (D) any statement, report or certificate made or delivered by Mortgagor or any of their agents to Allied is not materially true and correct;
- (E) any of Mortgagor's assets are seized, attached, subjected to a writ or distress warrant, or are levied upon, or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors;
- (F) Mortgagor makes an assignment for the benefit of creditors, or an application is made by or against Mortgagor for the appointment of a receiver, trustee, custodian or conservator for any of Mortgagor's assets;
- (G) a petition under the United States Bankruptcy Code or any similar federal, state or local law, statute or regulation shall be filed by or against Mortgagor;
- (H) Mortgagor is enjoined, restrained or in any way prevented by court order from conducting any part of their business;
- (I) a lawsuit or other proceeding is filed by or against Mortgagor to liquidate any of Mortgagor's assets;
- (J) a notice of a lien, levy or assessment is filed of record with respect to any of Mortgagor's assets by the United States of America, any department, agency, or instrumentality thereof, or by any state, county, municipal or other governmental department, agency or instrumentality;
- (K) a breach, default or event of default occurs under any agreement, instrument or document executed and delivered by any Person to Allied pursuant to which such Person has guaranteed to Allied, among other things, the payment of the Liabilities or such Person terminates or purports to terminate his guaranty of, among other things, payment of the Liabilities to Allied; and
- (L) a breach, default or event of default occurs under any agreement, document or instrument executed prior hereto, contemporaneously herewith or hereafter by Pierce to Allied, including, without limitation, the Security Agreement and the Note.

6.2 Upon the occurrence of an Event of Default, without notice to or demand of Mortgagor, all of the Liabilities shall become immediately due and payable, and Allied, in its discretion and at its election, subject to the rights of holders of Permitted Encumbrances, may do any one or more of the following:

(A) Without notice to Mortgagor, foreclose upon Allied's Lien and exercise any rights or remedies granted to Allied under this Mortgage or the Other Agreements, or provided by law, in equity or otherwise. Upon an Event of Default, the Liabilities shall bear interest at the Interest Rate.

(B) Subject to applicable law, forcibly or otherwise, enter upon and take immediate possession of the Mortgaged Property, expel and remove any Persons, goods or chattels occupying or upon the Mortgaged Property, receive all Rents, and issue receipts therefore, manage, control and operate the Mortgaged Property as fully as Mortgagor might do if in possession thereof, including, but not limited to, the making of all repairs and replacements deemed necessary by Allied and the leasing of the Mortgaged Property, or any part thereof, from time to time, and after deducting all attorneys' fees, costs, fees and expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, apply the remaining net income, if any, to the Liabilities. At the option of Allied, such entry and taking of possession shall be accomplished either by actual entry and possession or by written notice in accordance with Paragraph 7.1 of this Mortgage. Mortgagor agrees to surrender possession of the Mortgaged Property to Allied immediately upon the occurrence of an Event of Default. If Mortgagor shall remain in physical possession of the Mortgaged Property, or any part thereof, after an Event of Default, such possession shall be as a tenant at sufferance of Allied, and Mortgagor agrees to pay to Allied, or to any receiver appointed as provided below, after an Event of Default, a monthly rental for the Mortgaged Property, or the part thereof so occupied by Mortgagor to be applied as provided above in the first sentence of this Subparagraph, and to be paid in advance on the first day of each calendar month, and, upon failure to do so, Mortgagor may be dispossessed by the usual summary proceedings. In the event Mortgagor shall so remain in possession of all, or any part of, the Mortgaged Property, said monthly rental shall be in amounts established by Allied in its discretion. This covenant shall be effective irrespective of (i) whether any foreclosure proceeding shall have been instituted, and (ii) any application for, or appointment of, a receiver.

(C) File one or more suits at law or in equity for the foreclosure of all or any portion of this Mortgage or to collect the Liabilities. In the event of the commencement of any such suit by Allied, Allied shall have the right, either before or after sale, without notice and without requiring bond, as notice and bond are hereby expressly waived by Mortgagor, and without regard to the solvency or insolvency of Mortgagor at the time of application and without regard to the then value of the Mortgaged Property or whether the same is then occupied, to make application for and obtain the appointment of a receiver for the Mortgaged Property. Such receiver shall have the power to collect the Rents during the pendency of such suit and, in case of a sale and a deficiency, during the full statutory period of redemption as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect the Rents, and shall have all other powers which may be necessary or usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property. The court before which such suit is pending may from time to time authorize the receiver to apply the net income in his hands in payment, in whole or in part, of the Liabilities. In case of a sale pursuant to foreclosure, the Premises may, but need not, be sold as one parcel.

(D) If Allied commences any suit to foreclose this Mortgage, Allied shall have the right to apply to the court in which such proceedings are pending for entry of an order placing Allied in possession of

the Mortgaged Property. If an order is entered placing Allied in possession of the Mortgaged Property, Allied may thereupon enter upon and take immediate possession of the Mortgaged Property, expel and remove any Persons, goods or chattels occupying or upon the Mortgaged Property, receive all Rents, and issue receipts therefor, manage, control and operate the Mortgaged Property, including, but not limited to, the making of all repairs and replacements deemed necessary by Allied and the leasing of the Mortgaged Property or any part thereof, from time to time, and, after deducting all attorneys' fees, costs, fees and expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, apply the remaining net income, if any, to the Liabilities. At the option of Allied, such entry and taking of possession shall be accomplished either by actual entry and possession or by written notice of entry of the order placing Allied in possession in accordance with Paragraph 7.1 of this Mortgage. If Mortgagor shall remain in physical possession of the Mortgaged Property after entry of an order placing Allied in possession, Mortgagor's possession shall be as a tenant at sufferance of Allied, and Mortgagor agrees to pay to Allied, or to any other Person authorized by Allied, after entry of such order, a monthly rental for the Mortgaged Property, or the part thereof so Occupied by Mortgagor to be applied as provided above in the first sentence of Paragraph 6.2(B) and to be paid in advance on the first day of each calendar month, and, upon failure to do so, Mortgagor may be dispossessed by the usual summary proceedings. If Mortgagor shall so remain in possession of all or of any part of the Mortgaged Property, said monthly rental shall be in amounts established by Allied in its discretion.

6.3 Upon the occurrence of an Event of Default under this Mortgage, there will be added to and included as part of the Liabilities, and allowed in any decree for sale of the Mortgaged Property or in any judgment rendered in connection with this Mortgage or the Other Agreements the following: (a) all of the costs, fees and expenses of taking possession of the Mortgaged Property and of the holding, using, leasing, maintaining, repairing and selling of the Mortgaged Property, including, but not limited to, the costs, fees, charges, expenses and attorneys' fees specified in Paragraph 6.4 below; (b) receivers' fees; (c) any and all expenditures which may be paid or incurred by or on behalf of Allied for appraisers' fees, documentary and expert evidence, stenographers' charges, publication costs, fees and expenses for examination of title, title searches, guaranty policies, Torrens certificates and other similar data and assurances with respect to the title to the Mortgaged Property; (d) all prepayment or similar premiums, if any; and (e) all other costs, fees and expenses which Allied deems necessary to prosecute or enforce any right or remedy it has under this Mortgage, the Other Agreements, at law, in equity or otherwise, or to inform bidders at any sale which may be had pursuant to its rights hereunder, of the true condition of title or of the value of the Mortgaged Property. All such costs, charges, expenses, prepayment or like premiums, fees and other expenditures shall be a part of the Liabilities, secured by this Mortgage and the Other Agreements, payable on demand and shall bear interest at the Interest Rate from the date of Allied's payment thereof until repaid to Allied.

6.4 If foreclosure proceedings are instituted upon this Mortgage after an Event of Default, or if Allied shall be a party to, shall intervene, or file any petition, answer, motion or other pleading in any suit or proceeding relating to or in connection with the Liabilities or the Obligations or if Allied shall incur or pay any expenses, costs, charges, fees or attorneys' fees by reason of the employment of counsel for advice with respect to the Liabilities or the Obligations, and whether in court proceedings or otherwise, such expenses, costs, charges and all of Allied's attorneys' fees shall be part of the Liabilities, secured by this Mortgage and the Other Agreements, payable on demand and shall bear interest at the Interest Rate from the date of Allied's payment thereof until paid.

6.5 Subject to the rights of holders of Permitted Encumbrances, the proceeds of any foreclosure sale of the Mortgaged Property shall be applied and distributed, first, on account of the fees, charges, costs and expenses described in Paragraph 6.3 and 6.4 above, second, to the balance of the Liabilities, and third, the surplus, if any, to Mortgagor.

6.6 If Allied commences judicial proceedings to foreclose this Mortgage, Mortgagor, on behalf of itself, its successors and permitted assigns, and each and every Person which Mortgagor may legally bind which acquires any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage: (a) does hereby expressly waive any and all rights of appraisal, valuation, stay, extension and, to the extent permitted by law, redemption from sale under any order or decree of foreclosure of this Mortgage; and (b) does hereby agree that when sale is had under any decree of foreclosure of this Mortgage, upon confirmation of such sale, the master in chancery or other officer making such sale, or his successor in office, shall be and is hereby authorized immediately to execute and deliver to any purchaser at any sale, subject to the rights of holders of Permitted Encumbrances, a deed conveying the Mortgaged Property, showing the amount paid therefore, or if purchased by the Person in whose favor the order or decree is entered, the amount of his bid therefore.

6.7 Allied shall have the right to sue for any sums, whether interest, principal or other sums required to be paid by or for the account of Mortgagor under the terms of this Mortgage or the Other Agreements as the same become due, or for any other of the Liabilities which shall become due, and without prejudice to the right of Allied thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

6.8 No right or remedy of Allied hereunder is exclusive of any other right or remedy hereunder or now or hereafter existing at law or in equity, but is cumulative and in addition thereto and Allied may recover judgment thereon, issue execution therefore, and resort to every other right or remedy available at law, in equity or otherwise, without first exhausting or affecting or impairing the security or any right or remedy afforded by this Mortgage. No delay in exercising, or omission to exercise, any right or remedy will impair any such right or remedy or will be construed to be a waiver of any default by Mortgagor hereunder, or acquiescence therein, nor will it affect any subsequent default hereunder by Mortgagor of the same or different nature. Every such right or remedy may be exercised independently or concurrently, and when and so often as may be deemed expedient by Allied. No terms or conditions contained in this Mortgage may be waived, altered or changed except as evidenced in writing signed by Mortgagor and Allied.

6.9 If any rate of interest described in this Mortgage or the Other Agreements is greater than the rate of interest permitted to be charged or collected by applicable law, as the case may be, such rate of interest shall automatically be reduced to the maximum rate of interest permitted to be charged or collected by applicable law.

6.10 Any failure of Allied to insist upon the strict performance by Mortgagor of any of the terms and provisions of this Mortgage or the Other Agreements, shall not be or be deemed a waiver of any of the terms and provisions thereof, and Allied, notwithstanding any such failure, shall have the right at any time or times thereafter to insist upon the strict performance by Mortgagor of any and all of the terms and provisions thereof to be performed by such party. Neither Mortgagor nor any other Person now or hereafter obligated for the payment of the whole or any part of the Liabilities shall be relieved of such obligation by reason of (a) the sale, conveyance or other transfer of the Mortgaged Property, (b) the failure of Allied to comply with any request of

Mortgagor or of any other Person to take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage or the Other Agreements, (c) the release, regardless of consideration, of the whole or any part of the collateral or security held for the Liabilities or the Obligations, or (d) any agreement or stipulation between any subsequent owner or owners of the Mortgaged Property and Allied extending or modifying the time of payment of the Liabilities or the Obligations, without first having obtained the consent of Mortgagor or such other Person, and, in such case, Mortgagor and all such other Persons, shall continue to be liable on account of the Liabilities and to make such payments according to the terms of any such agreement, extension or modification unless expressly released and discharged in writing by Allied. Allied, without notice, may release, regardless of consideration, any part of the security held for the Liabilities without, as to the remainder of the security therefore, in any way impairing or affecting Allied's Lien or the priority of such lien over any subordinate lien. Allied may resort for the payment of the Liabilities to any other security therefore held by Allied in such order and manner as Allied may elect.

7. MISCELLANEOUS

7.1 Any and all notices, services of process, demands, requests, consents, designations, waivers and other communications required or desired hereunder shall be in writing and shall be deemed effective upon personal delivery, upon receipted delivery by Federal Express or another overnight carrier, or three (3) days after mailing if mailed by registered or certified mail, return receipt requested, postage prepaid, to Mortgagor or Allied at the following addresses or such other addresses as Mortgagor or Allied specify in like manner; provided, however, that notices of a change of address shall be effective only upon receipt thereof.

If to Mortgagor, then to: Jimmy E. Pierce and June M. Pierce
5914 W. 109th Street
Crown Point, Indiana 46307

If to Allied, then to: Allied Building Products Corp.
7100 212th Street, SW
Edmonds, Washington 98026
Attention: Ms. Norma J. Kennedy

with a copy to: Fagel & Haber
140 S. Dearborn Street, Suite 1400
Chicago, Illinois 60603
Attention: Victor A. Des Laurier, Esq.

7.2 All the covenants contained in this Mortgage will run with the land. Time is of the essence of this Mortgage and all provisions herein relating thereto shall be strictly construed.

7.3 This Mortgage, and all the provisions hereof, will be binding upon and inure to the benefit of the successors of Mortgagor, and the successors, parents, divisions, affiliates and assigns of Allied. This Mortgage may not be assigned by Mortgagor, but may be assigned by Allied without notice to Mortgagor.

7.4 This Mortgage shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Indiana. Wherever possible, each provision of this Mortgage

shall be interpreted in such a manner as to be valid and enforceable under applicable law, but if any provision of this Mortgage is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be severed herefrom and such invalidity or unenforceability shall not affect any other provision of this Mortgage, the balance of which shall remain in and have its intended full force and effect. Provided, however, if such provision may be modified so as to be valid and enforceable as a matter of law, such provision shall be deemed to be modified so as to be valid and enforceable to the maximum extent permitted by law.

7.5 The terms and provisions of the Other Agreements are incorporated herein by this reference thereto.

7.6 The Exhibits referred to herein are attached hereto, made a part hereof and incorporated herein by this reference thereto.

7.7 If, upon reviewing a title commitment, Allied determines, in its sole and absolute discretion, that any Encumbrances against the Mortgaged Property are unsatisfactory, then Mortgagor shall execute and deliver or cause to be executed and delivered to Allied such other documents, agreements and instruments as Allied may request to remove such Encumbrances or provide additional collateral to secure the full and timely payment of the Liabilities and the full and timely performance of the Obligations.

7.8 If this Mortgage does not for any reason create a valid mortgage and lien in and to the Mortgaged Property, subject only to the Permitted Exceptions, then Mortgagor shall cause such other documents, agreements and instruments to be executed and delivered to Allied as Allied may request.

7.9 This Mortgage is given to secure, among other things, the Liabilities. This Mortgage shall secure not only presently existing indebtedness under the Note and the Other Agreements, but also future advances, whether such advances are obligatory, to be made at the option of Allied or otherwise, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The lien of this Mortgage shall be valid as to all indebtedness secured hereby, including future advances, from the time of its filing for record in the Lake County, Indiana Recorder's Office. The total amount of the indebtedness secured hereby, including, but not limited to, any disbursements which Allied may make under this Mortgage or the Other Agreements, at any one time outstanding shall not exceed the principal amount of Five Million and no/100 Dollars (\$5,000,000.00), plus interest thereon, and any disbursements made for payment of taxes, special assessments, or insurance on the Mortgaged Property, and any other costs, fees, expenses or other indebtedness owed by Mortgagor to Allied pursuant to this Mortgage or the Other Agreements. This Mortgage shall be valid and have priority to the extent of the maximum amount secured hereby over all subsequent liens and encumbrances, including statutory liens, excepting solely taxes and assessments levied on the Mortgaged Property given priority by law.

7.10 All references to Mortgagor shall mean Jimmy and June, both individually and collectively, and jointly and severally, and all representations, warranties, duties, covenants, agreements and obligations of Mortgagor shall be the individual and collective representations, warranties, duties, covenants, agreements and obligations of each of Jimmy and June, and the breach or default thereof shall give rise to joint and several liability to Jimmy and June.

7.11 Mortgagor and Allied irrevocably agree, and hereby consent and submit to the non-exclusive jurisdiction of the Circuit Court of Cook County, Illinois, and the United States District Court for the Northern District of Illinois, Eastern Division, with regard to any litigation, actions or proceedings arising from or relating to or in connection with the Liabilities, the Obligations, this Mortgage or the Other Agreements. Mortgagor hereby waives any right it may have to transfer or change the venue of any litigation, actions or proceedings filed in the Circuit Court of Cook County, Illinois, and the United States District Court for the Northern District of Illinois, Eastern Division.

7.12 MORTGAGOR AND ALLIED EACH HEREBY ABSOLUTELY AND UNCONDITIONALLY WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER OR RELATED TO THIS MORTGAGE, THE LIABILITIES, THE OBLIGATIONS, OR THE OTHER AGREEMENTS, OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED AND DELIVERED IN CONNECTION THEREWITH OR RELATED THERETO.

IN WITNESS WHEREOF, this Mortgage has been duly executed and delivered as of the day and year first above written.


JIMMY E. PIERCE



JUNE M. PIERCE

EXHIBIT "A" TO MORTGAGE AND SECURITY AGREEMENT

Legal Description:

PARCEL 1: PART OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 35 NORTH, RANGE 8 WEST OF THE SECOND PRICIPAL MERIDIAN, IN LAKE COUNTY, INDIANA, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE WEST LINE OF SAID NORTHWEST QUARTER, 2,287.90 FEET SOUTH OF THE NORTHWEST CORNER THEREOF; THENCE EAST AT AN ANGLE OF 90 DEGREES A DISTANCE OF 151 FEET TO THE POINT OF BEGINNING OF THIS DESCRIBED PARCEL; THENCE CONTINUING EAST ON THE ABOVE DESCRIBED LINE A DISTANCE OF 199.00 FEET; THENCE SOUTH AT RIGHT ANGLES A DISTANCE OF 191.86 FEET MORE OR LESS TO THE NORTH RIGHT-OF-WAY LINE OF U.S. HIGHWAY No. 30; THENCE WESTERLY ALONG THE NORTH RIGHT-OF-WAY LINE OF SAID HIGHWAY A DISTANCE OF 80 FEET; THENCE NORTH PARALLEL TO THE WEST LINE OF SAID SECTION 23 A DISTANCE OF 85 FEET; THENCE WEST AT RIGHT ANGLES A DISTANCE OF 59 FEET; THENCE NORTH PARALLEL TO THE WEST LINE OF SAID SECTION 23 A DISTANCE OF 56.25 FEET; THENCE WEST AT RIGHT ANGLES A DISTANCE OF 60 FEET; THENCE NORTH PARALLEL TO THE WEST LINE OF SAID SECTION 23, A DISTANCE OF 50 FEET TO THE POINT OF BEGINNING.

PARCEL 2: EASEMENT FOR THE BENEFIT OF PARCEL 1 AS CREATED BY WARRANTY DEED DATED MAY 1, 1981, AND RECORDED MAY 5, 1981, AS DOCUMENT No. 627219, FOR INGRESS AND EGRESS OVER, AND ACROSS THE LAND DESCRIBED AS FOLLOWS:

PART OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 35 NORTH, RANGE 8 WEST OF THE 2ND P. M., IN LAKE COUNTY, INDIANA, DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE WEST LINE OF SAID NORTHWEST QUARTER, 2, 287.90 FEET SOUTH OF THE NORTHWEST CORNER THEREOF; THENCE EAST AT AN ANGLE OF 90 DEGREES A DISTANCE OF 151 FEET; THENCE SOUTH AT RIGHT ANGLES A DISTANCE OF 50 FEET; THENCE WEST AT RIGHT ANGLES A DISTANCE OF 151 FEET TO THE WEST LINE OF SECTION 23; THENCE NORTH AT RIGHT ANGLES A DISTANCE OF 50 FEET TO THE PLACE OF BEGINNING.

Key Number: 53-11-42

Tax Unit No. 43

Common Address: 1690 East 81st Avenue
Hobart, Indiana 46342

EXHIBIT "B" TO MORTGAGE AND SECURITY AGREEMENT

The following encumbrances listed on Schedule B of Chicago Title Insurance Company commitment for ALTA form B policy dated October 7, 1997 (commitment number 0494671):

LETTERS: F1, F2, F3, F4, F5, F6, F8, F9, F10

Doc ID: 61770-1