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STATE OF INDIANA
LAKE COUNTY
FILED

98042874 ASSIGNMENT OF LEASES AS COLLATERAL

THIS ASSIGNMENT, made this 29th day of May, 1998, by Samuel Smith, Jr. (hereinafter referred to as "Assignor") to APEX MORTGAGE CORP., a Pennsylvania corporation (hereinafter referred to as "Assignee").

WITNESSETH:

FOR VALUE RECEIVED, the Assignor hereby grants, transfers and assigns to Assignee the Assignor's entire interest in all leases and rentals, whether presently existing or hereafter arising, covering all or a portion of the premises of Assignor more fully described in Exhibit "A" attached hereto, including any extensions or renewals thereof, hereby warranting that the Assignor is or will be the owner of the entire Lessor's interest therein of the leases; and

Together with all the right, power and authority of the Assignor to alter, modify, or change the terms of said lease(s); and

Together with all rents, income and profits arising from said lease(s) and any extensions and renewals thereof, and together with all rents, income and profits due or to become due from the demised premises, which premises are more particularly described in Exhibit "A", and from any and all leases for the use and occupation of said premises or any part thereof which may be made in the future during the term of this Assignment, whether or not recorded; together with and including the Lessor's entire interest in any lease, rental or occupancy agreement now existing or which may be made hereafter affecting said premises.

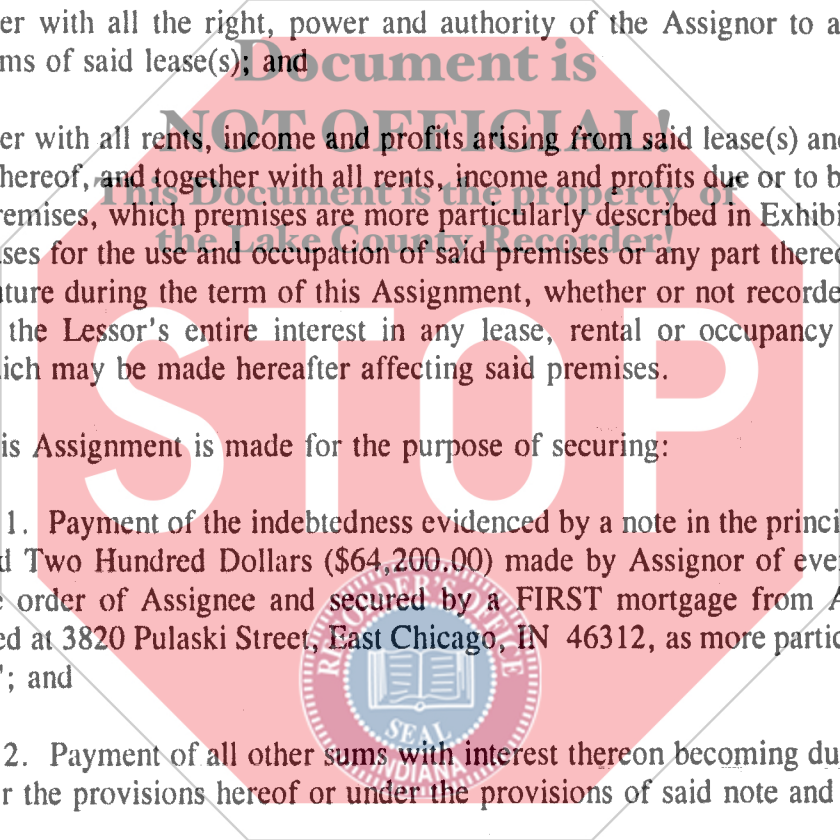
A. This Assignment is made for the purpose of securing:

1. Payment of the indebtedness evidenced by a note in the principal sum of Sixty Four Thousand Two Hundred Dollars (\$64,200.00) made by Assignor of even date herewith, payable to the order of Assignee and secured by a FIRST mortgage from Assignor on real property located at 3820 Pulaski Street, East Chicago, IN 46312, as more particularly described in Exhibit "A"; and
2. Payment of all other sums with interest thereon becoming due and payable to Assignee under the provisions hereof or under the provisions of said note and mortgage; and
3. The performance and discharge of each and every obligation, covenant and agreement of Assignor herein and in said note and mortgage of even date herewith and in any and all leases upon said premises.

B. The Assignor hereby represents, covenants and agrees:

1. To observe and perform all of the obligations imposed upon Assignor as landlord in any lease(s) and not to do or permit to be done anything to impair the security thereof; that any lease will be valid and enforceable; that no rent reserved in any lease will be anticipated or assigned; that this Assignment is irrevocable; that Assignor has good right to

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assign any lease(s); that Assignor will fully perform all of Assignor's obligations and will require and enforce full performance of each and every obligation of every tenant under any present or future lease; that Assignor will promptly notify Assignee of any default by Assignor or by any tenant in any lease.

2. That the Assignor will not collect any of the rent, income and profits arising or accruing from the leased premises in advance of the time when the same become due and under the terms of said lease(s); that Assignor will not execute any other Assignment of Leases or Assignment of Rents of said premises; that Assignor will not alter, modify or change the terms of any lease(s), or assign, pledge, mortgage, breach, violate, surrender, cancel or terminate the same; and that Assignor will not consent to or permit any breach, violation, cancellation, surrender, termination, abandonment, subletting or assignment of Assignor's lease by any tenant, without the prior written consent of Assignee.

3. That all subsequent leases, rentals and occupancy agreements on any part of said premises shall be and are hereby made subject to all of the terms of this Assignment, and to assign and transfer to Assignee any and all further leases upon all or any part of the mortgage premises and to execute and deliver, at the request of Assignee, all such further assurances and Assignments in the premises as Assignee shall from time to time require.

C. It is understood by Assignor that:

1. So long as there shall exist no default by Assignor in the payment of any indebtedness secured hereby or in the performance of any obligation, covenant, or agreement herein or in said mortgage or note or leases, Assignor shall have the right to collect, upon, but not prior to accrual, all rents, issues and profits from said mortgaged premises and to retain, use and enjoy the same as a trust fund to be used for the application thereof to the installments of principal and interest charges under said mortgage, and taxes, assessments, insurance premiums, and maintenance and utility charges affecting said premises before using the same for any other purpose.

2. Upon or at any time after default in the payment of any indebtedness secured hereby or in the performance of any obligation, covenant or agreement herein or in said mortgage or note or leases, Assignee, without in any way waiving such default, may at its option take possession of the mortgaged premises, and have, hold, manage, lease and operate the same on such terms and for such period of time as Assignee may deem proper; and may collect and receive all rents, issues and profits of the mortgaged premises, with full power to make from time to time all alterations, renovations, repairs or replacements thereto as may seem proper to Assignee, and to do all things required of or permitted to the landlord under said leases, and to apply such rents, issues and profits to the payment of (a) the cost of such alterations, renovations, repairs and replacements and expenses incident to taking and retaining possession of the mortgaged property and the management and operation thereof, and keeping the same properly insured, and (b) all taxes, charges, claims, assessments, water rents and any other liens which may be prior in lien or payment to the mortgage debt, and premiums for said insurance, with interest on all such items, and (c) the indebtedness secured hereby together with all costs

and attorneys' fees, in such order of priority as to any of such items, as Assignee in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding.

3. Assignee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any lease(s), or under or by reason of this Assignment, and Assignor shall and does hereby agree to indemnify Assignee for and to hold Assignee harmless of and from any and all liability, loss or damage which it may or might incur under any lease(s) or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertaking on its part to perform or discharge any of the terms, covenants or agreements contained in any lease(s). Should Assignee incur any such liability, loss or damage under any lease(s) or under or by reason of this Assignment, or in the defense of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees shall be secured hereby, and Assignor shall reimburse Assignee therefor immediately upon demand, and upon the failure of Assignor so to do Assignee may declare all sums secured hereby immediately due and payable.

4. Upon the payment in full of all indebtedness secured hereby, this Assignment shall become and be void and of no effect, but the affidavit, certificate, letter or statement of any officer or attorney for Assignee showing any part of said indebtedness to remain unpaid shall be and constitute conclusive evidence of the validity, effectiveness, and continuing force of this Assignment, and any person may and is hereby authorized to rely thereon. A demand on any tenant by Assignee for the payment of rent on any default claimed by Assignee hereunder shall be sufficient warrant to said tenant to make all future payments of rent to Assignee without the necessity for consent by said Assignor, and the Assignor hereby directs and requires all said tenants to comply with any such demand by Assignee. Assignor agrees that tenants shall have the right to rely upon any statement and request by Assignee, that tenants shall pay such rents to Assignee without any obligation or right to inquire as to whether such default actually exists and notwithstanding any notice from or claim of Assignor to the contrary, and that Assignor shall have no right or claim against tenants for any such rents to be paid by tenants to Assignee.

5. Assignee may take or release other security, may release any party primarily or secondarily liable for any indebtedness secured hereby, may grant extensions, renewals or indulgences with respect to such indebtedness, and may apply any other security thereof held by it to the satisfaction of such indebtedness without prejudice to any of its rights hereunder.

6. In the event of foreclosure of said mortgage by sale or otherwise, Assignee is hereby authorized to sell the Lessors' interest in any lease(s) with the mortgaged premises or to assign the same without consideration to the purchaser at said sale or to any other claimant to the title to said demised premises by virtue of a foreclosure of said mortgage; and there shall be no liability to account to Assignor for any rents or profits accruing after the foreclosure of said mortgage.

7. Nothing herein contained and no act done or omitted by Assignee pursuant to the powers and rights granted it herein shall be deemed to be a waiver by Assignee of its rights and remedies under said note and mortgage, but this Assignment is made and accepted without

prejudice to any of the rights and remedies possessed by Assignee under the terms thereof. The right of Assignee to collect said indebtedness, and to enforce any other security therefor owned by it may be exercised by Assignee either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

8. This Assignment shall be binding upon and inure to the benefit of the Assignor and Assignee hereto and their respective heirs, executors, administrators and assigns.

9. This Assignment shall be construed and enforced according to the law of the State of Indiana.

IN WITNESS WHEREOF, the Assignor has caused these presents to be executed the day and year first above written.

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Samuel Smith, Jr.

Samuel Smith, Jr.

Witness:

Marian D. Taylor Smith

Marian D. Taylor Smith

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the Lake County Recorder!

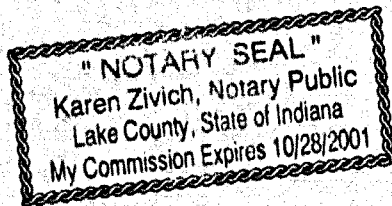
STATE OF INDIANA
COUNTY OF LAKE

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On this, the 29th day of May, 1998, before me, the undersigned officer, personally appeared Samuel Smith, Jr. known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and seal.



Karen Zivich

NOTARY PUBLIC

Document prepared on behalf of APEX MORTGAGE CORP. by Douglas R. Brown, attorney at law, 251 East Ohio Street, Suite 1100, Indianapolis, Indiana 46204.

Lot 25, except the South 6 inches of the West 27 feet thereof, Block 14, Second Addition to Indiana Harbor, in the City of East Chicago, as shown in Plat Book 5, Page 18, in Lake County, Indiana.

EXHIBIT "A"

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BROKERS TITLE INS CO.
625 RIDGE RD SUITE E
MUNSTER IN 46321

