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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

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MORRIS W. CARTER
RECORDER



MORTGAGE

THIS MORTGAGE ("Mortgage") WITNESSETH that Thomas Gervals and Susan Gervals ("Mortgagor") with an address of 222 N. Colfax, Griffith, IN 46319 mortgages and warrants to NBD Bank N.A. ("Mortgagee") with an address of One Indiana Square, Mail Station 7152, Indianapolis, IN 46266, the real estate described on the attached Exhibit A (the "Property"), located in Lake County, Indiana, commonly known as 222 N. Colfax, Griffith, IN 46319 (the "Property"), together with all present and future improvements located on or used in connection with the Property, all rights, privileges, interests, easements, hereditaments and appurtenances, all apparatus, equipment, fixtures and appliances attached to or used in connection with the Property, and all rents, issues, income and profits of the Property (the "Premises").

This Mortgage secures the following:

a. the Business Credit Line Agreement dated September 22, 1998 and the Business Term Loan Agreement dated September 22, 1998 evidencing indebtedness in the principal amount(s) of \$15,000.00 and \$10,000.00 respectively, maturing September 22, 2001 executed and delivered by Partners in Parties, Inc. dba Partyland of Valparaiso to the Mortgagee; and

including any extensions, renewals, modifications and replacements, without limit as to frequency or number (the "Debt").

The Debt shall also include all other present and future, direct and indirect obligations and liabilities of the Mortgagor, or any one of them, with or without others, to the Mortgagee up to a maximum of \$25,000.00. This shall not apply to any obligation or debt incurred for personal, family or household purposes unless the note or guaranty expressly states that it is secured by this Mortgage.

The Bank, at its option, may extend the time of payment of any part or all of the Debt, reduce payments on or accept a replacement instrument for the Debt without the consent of Mortgagor. Any such extension, reduction or renewal shall not impair the lien or priority of this Mortgage, or release, discharge or affect the liability of Mortgagor to the Bank.

Mortgagor warrants that Mortgagor is the owner of and has good fee simple title to the Premises and covenants and agrees with the Mortgagee not to permit liens to attach to the Premises; to keep the Premises in good repair; to pay all taxes and assessments levied or assessed against the Premises as they become due; and to keep any improvements on the Premises insured against loss by fire and windstorm and such other hazards as the Bank may require from time to time in an amount equal to one hundred percent (100%) of the full insurable value of the Premises. All such policies shall be issued by companies acceptable to the Mortgagee with a lender's loss payable clause in favor of the Mortgagee as its interest may appear.

Upon failure of Mortgagor so to do, the Mortgagee may, but without obligation to do so, make repairs to, pay any tax assessment levied against, pay or discharge any lien or encumbrance on, or procure and/or maintain in effect insurance with respect to the Premises. All sums so paid shall, with interest at the highest rate provided for in the Debt secured, become immediately due and payable and be a part of the Debt.

Upon default in the payment of any obligation secured by this Mortgage, or Mortgagor's failure to perform any of the terms and conditions of this Mortgage, or Mortgagor's abandonment of the Premises or the entry of a bankruptcy order for relief for Mortgagor, then in any such event, the Debt shall, at the option of the Mortgagee, become immediately due and payable without notice, and the Mortgagee shall have the right immediately to foreclose this Mortgage. No delay or omission by Mortgagee in the exercise of any right shall be construed to be a waiver of such right or preclude its exercise if a subsequent default occurs.

It is mutually agreed and intended that all of the Premises shall so far as permitted by law, be deemed to form a part and parcel of the Property and for the purpose of this Mortgage to be real estate covered by this Mortgage. It is also agreed that if any part of the Premises is of a nature that a security interest can be perfected under the Uniform Commercial Code, this instrument shall constitute a security agreement and from the date of its recording, this Mortgage shall be effective as a financing statement to perfect such security interest.

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TICOR TITLE INSURANCE
Crown Point, Indiana

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For the purpose of constituting a financing statement, the following is set forth:

Name and address of Secured Party:

NBD Bank N.A.
One Indiana Square, MS #7152
Indianapolis, IN 46266
Attention: Consumer Loan Department

Name and Address of Debtor:

Partners in Parties, Inc. dba Partyland of Valparaiso
2808 Calumet Ave.
Valparaiso, IN 46383

All rights and obligations under this Mortgage shall extend to and be binding upon the several heirs, personal representatives, successors and assigns of the parties to this Mortgage.

Whenever required herein by the context, the singular form of "Mortgagor" shall include the plural and all covenants, obligations and warranties herein shall be deemed to have been made jointly and severally.

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed as of September 22, 1998.

Mortgagor:

Thomas R. Gervais
Thomas Gervais

Susan Gervais
Susan Gervais

STATE OF INDIANA

COUNTY OF Porter

Document is NOT OFFICIAL!

This Document is the property of the Lake County Recorder!

Before me, a Notary Public in and for said County and State, this 22 day of September, 1998, personally appeared Thomas & Susan Gervais, who acknowledged the execution of the foregoing Real Estate Mortgage as the free and voluntary act of said Mortgagor.

Witness my hand and Notarial Seal.

Christine M. Brennes
Christine M. Brennes
Printed Name Notary Public

My County of Residence:

Porter

My Commission Expires:

May 22, 2000



This Instrument prepared by:

Laura Tavitas, Commercial Loan Documentation Specialist
NBD Bank, N.A.

Exhibit A

Mortgagor: Thomas Gervais and Susan Gervais
Address: 222 N. Colfax, Griffith, IN 46319, as described below:

Lot 5 in W. P. Christenson's Sunnyside Addition to Griffith, as per plat thereof, recorded in Plat Book 23, page 73, in the Office of the Recorder of Lake County, Indiana.

