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STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

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**MORTGAGE**

MORRIS W. CARTER  
RECORDER

The mortgagor, Kevin Zajac, makes this mortgage to the mortgagee, Lou Vukas, on the 27th day of September, 1999.

To secure the following:

1. payment of the principal of \$54,400 payable in installments, the last of which is due 360 months from the date of this agreement, in accordance with the terms of a promissory note issued by the mortgagor on this date;
2. the performance of the obligations under this mortgage and the payment of the mortgagee's expenses for the performance of the obligations;
3. the mortgage debt and the mortgagor's obligations under any other loan documents associated with this mortgage or the note;

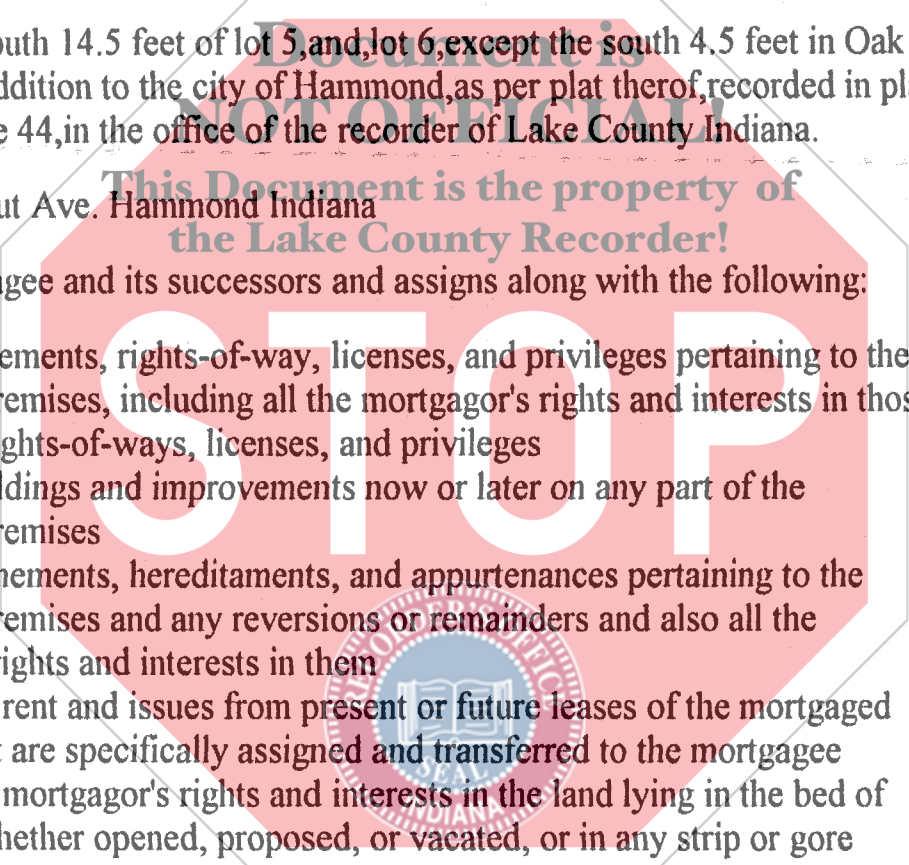
the mortgagor mortgages and warrants to the mortgage and its successors and assigns the property in Lake County, Indiana, described as:

The south 14.5 feet of lot 5, and lot 6, except the south 4.5 feet in Oak Grove 2nd addition to the city of Hammond, as per plat thereof, recorded in plat book 20, page 44, in the office of the recorder of Lake County Indiana.

7319 Chestnut Ave. Hammond Indiana

to the mortgagee and its successors and assigns along with the following:

1. all easements, rights-of-way, licenses, and privileges pertaining to the mortgaged premises, including all the mortgagor's rights and interests in those easements, rights-of-ways, licenses, and privileges
2. all buildings and improvements now or later on any part of the mortgaged premises
3. any tenements, hereditaments, and appurtenances pertaining to the mortgaged premises and any reversions or remainders and also all the mortgagor's rights and interests in them
4. all the rent and issues from present or future leases of the mortgaged premises that are specifically assigned and transferred to the mortgagee
5. all the mortgagor's rights and interests in the land lying in the bed of any street, whether opened, proposed, or vacated, or in any strip or gore adjoining the mortgaged premises
6. all equipment, fixtures, and personal property, other than consumable goods, now or later on any part of the mortgaged premises and usable in any present or future operation of the mortgaged premises or any buildings now or later on the mortgaged premises and now or later acquired by the mortgagor, including all fixtures and equipment for lighting, heating, cooling, ventilating, air-conditioning, incinerating, refrigerating, plumbing, sprinkling, communicating, and electrical systems, and all the mortgagor's rights and interests in any equipment that might be subject to any title retention or security agreement superior in lien to the lien of this mortgage ( the parties agree that all such equipment and property is part of the mortgaged premises subject to this mortgage unless the mortgagee deems otherwise)
7. any awards or payments, including interest, and the right to receive them, that might be made with respect to the mortgaged premises as a result of (a) the exercise of the right of eminent domain; (b) the alteration of the



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grade of any street; (c) any damage to any improvement on the mortgaged premises; (d) any other injury to or decrease in the value of the mortgaged premises; or (e) any refund of real estate taxes, assessments, or other charges levied on the mortgaged premises, to the extent of all amounts secured by this mortgage when the mortgagee receives the award or payment and of the reasonable counsel fees, costs, and disbursements incurred by the mortgagee to collect such an award or payment (the mortgagor agrees to sign and give any documents that the mortgagee requests to confirm this assignment)

The mortgagor also warrants as follows:

1. The payment of the mortgage indebtedness and the performance of agreements. The mortgagor shall pay the principal and interest of the mortgage debt according to the provisions of the mortgage and perform all its obligations under (a) the note or any other promissory notes later issued for the mortgage debt, (b) this mortgage, and (c) any other loan documents.
2. Promises regarding title. The mortgagor has good title to the entire mortgaged premises in fee simple with the right to sell, mortgage, and convey the mortgaged premises. The mortgaged premises will remain free of all easements, restrictions, liens, leases, and encumbrances except those that this mortgage specifies. The mortgagor will defend the mortgaged premises against all lawful claims and demands. The mortgagee may take any action it thinks is necessary to defend its lien, to enforce its rights, and to secure the performance of the borrower's obligation under this mortgage, including the lender's right to institute appropriate legal proceedings.
3. The payment of taxes, assessments, and charges. The mortgagor shall pay when due, and before any interest, collection fees, or penalties accrue, all real estate taxes, special assessments, water and sewer charges, and other governmental charges levied on any part of the mortgaged premises. If the mortgagor fails to pay any governmental charges, the mortgagee may pay them.
4. Reserves for taxes and insurance premiums. If the mortgagee requests, the mortgagor shall pay, with the installments of principal and interest, installments for taxes and assessments on the mortgaged premises and for insurance premiums. The tax and insurance installments shall be substantially equal and be sufficient to pay the taxes and premiums at least 30 days before they become due. These amounts need not be kept separate from other payments to the mortgagee, and no interest shall be payable on these amounts. The mortgagee shall hold these amounts as additional security for the mortgage debt and shall use them to pay taxes and premiums when the taxes and premiums become due. However, the mortgagee shall have no liability for any failure to apply the amounts. Nothing in this mortgage shall limit the obligation of the mortgagor to pay taxes. If the mortgagor defaults, the mortgagee may apply the tax and premium amounts to the taxes and premiums or toward any part of the mortgage debt, whether or not they are due.

If the mortgagee assigns this mortgage, the mortgagee may pay the balance of the tax and premium deposits to the assignee and be released from all liability for these deposits. This provision shall apply to every transfer of these deposits to a new assignee. If the mortgage debt is fully paid or the mortgagee chooses, the balance of the deposits shall be paid to the record owner of the mortgaged premises, and no other party shall have any



right or claim to them. The mortgagor agrees, at the mortgagee's request, to pay these deposits to the servicer or financial institution that the mortgagee chooses.

5. The payment of other debts. The mortgagor shall also pay any other debts that may become encumbrances on the mortgaged premises, including debts for current or future repairs or improvements and for merchandise, services, and utilities for the mortgaged premises. The mortgagor shall not permit any encumbrance securing the repayment of borrowed funds (including the deferred purchase price for the property) to accrue and remain outstanding against any part of the mortgaged premises or any improvements.

6. Maintenance, repair, and inspection. The mortgagor will keep the mortgaged premises and all the improvements in good repair. The mortgagor will not permit waste on the mortgaged premises or do anything that would decrease the value of the mortgaged premises or impair the lien on the mortgaged premises. If the mortgagor does not make necessary repairs, the mortgagee may make such repairs for the mortgagor. The mortgagee or anyone authorized by the mortgagee may enter and inspect the mortgaged premises at all reasonable times.

7. Insurance.

a. The mortgagor shall keep the buildings and other improvements now or later on the mortgaged premises constantly insured for the benefit of the mortgagee until the mortgage debt, all interest on the debt, and all amounts due under this mortgage are fully paid. The insurance coverage must include fire and other risk customarily covered by the standard form of extended endorsement available in Indiana, including risks of vandalism and malicious mischief; flood insurance if the mortgaged premises are in an area that the U.S. Department of Housing and Urban Development considers a flood risk area or that is subject to 42 USC 4001 et seq; rent insurance; war risk insurance (if available); and other appropriate insurance that the mortgagee requires, in amount, forms, and with companies that are satisfactory to the mortgagee. The mortgagor shall give the mortgagee, at its principal office or at another place that the holder of the mortgage designates, the insurance policies with premiums fully paid and with standard mortgagee clauses or other mortgagee clauses that are satisfactory to the mortgagee attached and the mortgagor shall continue to give the mortgagee renewals of the policies at least 15 days before they expire.

b. All such policies shall include standard loss payable clauses in favor of the mortgagee and shall provide that the policy may not be canceled without 30 days' written notice to the mortgagee.

c. If the mortgagor fails to insure the premises, fails to pay the premiums, or fails to give the policies or renewals to the mortgagee, the mortgagor may obtain or renew the insurance and pay the premiums for the mortgagor.

d. In the event of loss or damage, the proceeds of the insurance shall be paid only to the mortgagee. No such loss or damage shall reduce the mortgage debt. The mortgagee is authorized to adjust any loss without consent from the mortgagor, to receive payments for losses in the name of the mortgagee and the mortgagor, and to endorse the mortgagor's name on any check in payment for losses. The mortgagee may apply such proceeds first to its expenses for collecting the proceeds and then to the mortgage debt or to repair or rebuild the mortgaged premises. No application of proceeds to the mortgage debt shall reduce the amount of the installment payments under the note.

e. In the event of a foreclosure of this mortgage, the purchaser of the mortgaged premises shall have all of the rights of the mortgagor under the insurance policies, including the right to unearned premiums and the right to receive the proceeds of any insurance payable because of loss.

8. Eminent domain. Notwithstanding any taking under the power of eminent domain, alteration of the grade of any street, or other decrease in value of the mortgaged premises by public or quasi-public authority, the mortgagor shall continue to pay the mortgage debt under the note. The mortgagor assigns the entire proceeds of any such award or payment to the mortgagee. The mortgagee may apply such proceeds first to its expenses for collecting the proceeds and then to the mortgage debt or to the alteration, restoration, or rebuilding of the mortgaged premises. No application of proceeds to the mortgage debt shall reduce the amount of the installment payments under the note. Any reduction in the principal that results from such proceeds shall take effect only when the mortgagee receives the proceeds.

9. Waste. The failure of the mortgagor to pay taxes or assessments assessed against the mortgaged premises or insurance premiums for a policy covering the mortgaged premises shall be waste. The mortgagor consents to the appointment of a receiver if the mortgagee seeks relief under the statute.

10. Reimbursement for advances by the mortgagee. The mortgagor shall pay to the mortgagee, on demand, all sums the mortgagee spends

a. to pay taxes, assessments, water and sewer charges, other governmental charges, or insurance premiums for the mortgaged premises;

b. to maintain, repair, or improve the mortgaged premises, whether spent by the mortgagee or a receiver who is appointed at the request of the mortgagee, unless the sums are paid from the rent and profits from the mortgaged premises;

c. to defend the lien of this mortgage against the mortgaged premises subject only to the encumbrances stated in this mortgage;

d. to discharge any encumbrance against the mortgaged premises that is superior to the lien of this mortgage and to which this mortgage is not expressly subordinate;

e. to cure any default of the mortgagor under any lease or other agreement for the mortgaged premises;

f. to cure any default of the mortgagor under this mortgage or the loan documents; or

g. to preserve the security of this mortgage or any other security for the mortgage debt or to protect any of the mortgagee's rights under this mortgage.

All such expenditures, including reasonable attorney fees, shall be payable on demand, shall be secured by this mortgage, and shall bear interest at the default rate stated in the note for the mortgaged debt, including any penalty interest.

11. Change in taxes. The mortgagor shall promptly pay any taxes for the execution and delivery or recording of this mortgage or any note or other document for the mortgage debt or the mortgagee's interest in the mortgaged premises. The mortgagor shall indemnify the mortgagee against any liability for any such tax. If any law is passed in Indiana after the date of this mortgage that deducts from the value of real property to tax a lien on it, that changes the laws now in effect to tax mortgages or debts secured by them (including interest) for state or local purposes, or that directly or indirectly changes how this mortgage or the note is taxed, the holder of this mortgage



may declare the entire unpaid amount of the mortgage debt and accrued and unpaid interest to be due on a specified date not less than 30 days after the mortgagor receives written notice. However, the holder of the note may not do that if the mortgagor is permitted by law to pay the whole tax in addition to other payments required under the mortgage and the mortgagor, before the specified date, pays the tax then due and agrees to pay any such tax later assessed against the mortgaged premises, this mortgage, or the note.

12. Defaults. The following events are defaults under this mortgage that entitle the mortgagee to exercise its remedies under this mortgage and the other loan documents and remedies provided by law:

- a. The mortgagor defaults on payments for principal or interest of the mortgage debt.
- b. The mortgagor defaults on its obligations under this mortgage.
- c. The mortgagor makes any materially false warranty in this mortgage or any of the loan documents.
- d. The mortgagor defaults on its obligations under any other loan documents and does not cure the default within the grace period.
- e. Bankruptcy or similar proceedings are instituted by or against the mortgagor, or a receiver or a trustee is appointed for the mortgagor or for any part of the mortgaged premises.

13. Remedies on default. If a default occurs under this mortgage, the mortgagee may, in addition to its other rights and remedies under this mortgage or any other loan documents or provided by law, take any of the following actions:

a. The mortgagee may declare the unpaid balance of the mortgage debt, accrued and unpaid interest, and all charges that the mortgagor must pay to the mortgagee under the loan documents immediately due and, at the mortgagee's option,

- (1) file a suit for those amounts,
- (2) file a suit for any delinquent payment of the mortgage debt, or
- (3) take any steps and institute any other proceedings that the mortgagee thinks are necessary to enforce payment of the mortgage debt and performance of the other obligations under this mortgage and to protect the lien of this mortgage.

b. The mortgagee may commence foreclosure proceedings against the mortgaged premises through judicial proceedings or by advertisement, at the option of the mortgagee; sell the mortgaged premises or cause them to be sold at a public sale; and convey the mortgaged premises to the purchaser, in accordance with Indiana statutes, in a single parcel or in several parcels at the option of the mortgagee. The mortgagee may apply the proceeds, in this order, to

- (1) the expenses for collecting the mortgage debt and for foreclosing on the mortgage, including reasonable attorney fees as permitted by law;
- (2) the mortgagee's direct or indirect expenses for complying with the note for the mortgage debt, this mortgage, and the loan documents, with interest as stated in these documents;
- (3) accrued and unpaid interest on the mortgage debt;
- (4) the unpaid principal of the mortgage debt; and
- (5) the mortgagor unless a court of competent jurisdiction decrees otherwise.



c. The mortgagee may obtain updated abstracts and tax histories for the mortgaged premises, procure title insurance or title reports, or, if necessary, obtain new abstracts and tax histories.

d. The mortgagee may obtain a receiver to manage the mortgaged premises and to collect the rent and income from them.

14. Successors in ownership. If ownership of any part of the mortgaged premises becomes vested in any parties other than the mortgagor without written approval from the mortgagee, the mortgagee may deal with such successors as the mortgagor under this mortgage and the loan documents without affecting the mortgagor's liability under this mortgage or for the mortgage debt.

15. Warranties concerning personal property. Except for equipment owned by tenants of the mortgaged premises, the mortgagor warrants that it owns all equipment and other personal property described in this mortgage free of any liens and security interests except for the lien and security interest granted by this mortgage. The mortgagor also warrants it will own all equipment and other personal property that it acquires in the future and brings onto the mortgaged premises free of any liens and security interests except for the lien and security interest granted by this mortgage and by any other security agreement delivered to the mortgagee.

16. Security interest. This mortgage grants a security interest under the Uniform Commercial Code in any equipment and other personal property covered by the mortgage. If the mortgagee requests, the mortgagor will inventory its personal property that is subject to this mortgage and sign any supplements to this mortgage, any separate security agreements, and any financing statements necessary to include all the personal property. If a default under provision 12 occurs, the mortgagee's rights include the right to require the mortgagor to assemble this personal property and make it available to the mortgagee at a location that the mortgagee designates that is reasonably convenient for both parties; the right to take possession of the personal property, with or without demand and with or without process of law; and the right to sell it and to distribute the proceeds according to law. Any requirement of reasonable notice shall be met if the mortgagee sends the notice to the mortgagor at least five days before the date of the sale or other event giving rise to the required notice. The mortgagee may apply the proceeds of any disposition of such personal property first to the reasonable expenses in connection with the disposition of the personal property, including reasonable attorney fees and legal expenses, and then to the mortgage debt.

17. The assignment of leases and rent. On the date of this mortgage, as security in addition to the property described in this mortgage during the term of this mortgage, the mortgagor assigns to the mortgagee all the mortgagor's rights and interests in all written and oral leases, current or future, for any part of the mortgaged premises. However, the mortgagee does not assume any of the mortgagor's liabilities under any leases by this assignment. The mortgagor also assigns to the mortgagee the rent and profits from the mortgaged premises. If a default occurs under this mortgage or the note for the mortgage debt, the mortgagee may collect the rent and profits, personally or through a receiver, as long as the default exists, during the pendency of any foreclosure proceedings, and during any redemption period. The mortgagor consents to a receivership if the mortgagee thinks it is necessary or desirable to enforce its rights under this provision. The mortgagee shall be entitled to all the rights conferred to him under the laws of Indiana. The collection of



rent by the mortgagee shall not waive the mortgagee's right to foreclose this mortgage in the event of a default.

18. No other liens. The mortgagor shall not agree to any lien, mortgage, security interest, or sale and leaseback transaction for any part of the mortgaged premises, except as granted in this mortgage and any other lien or security interest granted to the mortgagee.

19. Separability. If any provision of this mortgage conflicts with any Indiana law or is otherwise unenforceable, that provision is void to the extent of the conflict or unenforceability and is severable from and does not invalidate any other provisions of this mortgage.

20. Waiver. No waiver by the mortgagee of any right or remedy granted under this mortgage or failure to insist on strict performance of the mortgagor's obligations under this mortgage shall effect any other right or remedy of the mortgagee or any subsequent exercise of the same right or remedy of the mortgagee under this mortgage. All such rights and remedies of the mortgagee are cumulative.

21. Marshaling. If the mortgagee forecloses on this mortgage or enforces any other rights and remedies under the mortgage, the mortgagor waives any right otherwise available to marshal assets that secure the mortgage debt or to require the mortgagee to pursue its remedies against any other such assets.

22. Notice and hearing on foreclosure. The mortgagor waives all rights to a hearing before a sale in connection with any foreclosure of this mortgage by advertisement and all rights to notice requirements except as stated in the Indiana statute for foreclosure by advertisement.

23. Other documents. The mortgagor shall immediately sign, acknowledge, and give any other documents and do anything else that the mortgagee reasonably requires to confirm and protect the lien of this mortgage or to accomplish the purpose of this mortgage when the mortgagee requests.

24. Notices. Any notice that the mortgagee mails under this mortgage shall be effective when they are sent registered mail, postage prepaid, to the mortgagor at the address given at the beginning of this mortgage or at another address that the mortgagor gives to the mortgagee in writing.

25. Governing law and binding effect. This mortgage shall be construed under Indiana laws and binds the mortgagor and its successors and assigns and any subsequent owners of the mortgaged premises. All of the promises in this mortgage run with the land. This mortgage benefits the mortgagee and its successors and assigns.

26. Headings. The headings in this mortgage are for convenience of reference only and shall not affect the meaning of this mortgage.

Jeresa Coleman  
Witness

Kevin Zajac

STATE OF INDIANA  
LAKE COUNTY

Subscribed and sworn to before me on October 1, 1999, Kevin A Zajac

Karen R Millan

KAREN R. MILLAN  
NOTARY PUBLIC, STATE OF INDIANA  
LAKE COUNTY  
MY COMMISSION EXP. 01/16/2007

Notary Public, Lake County

My commission expires Jan 16, 2007

