

16
600-4047-000
*199805496

REAL ESTATE MORTGAGE, SECURITY AGREEMENT, COLLATERAL ASSIGNMENT OF RENTS AND LEASES, AND FIXTURE FILING

FOR PURPOSES OF THE SECURITY AGREEMENT CONTAINED IN THIS INSTRUMENT THE "SECURED PARTY" AND THE "DEBTOR" AND THEIR RESPECTIVE ADDRESSES ARE AS FOLLOWS:

SECURED PARTY: PEOPLES BANK SB
9204 COLUMBIA AVENUE
MUNSTER, INDIANA 46321

DEBTOR: DOUGLAS POINTE VILLA LLC
1610 POINTE DRIVE, SUITE B
VALPARAISO, INDIANA 46383

99081766

Document is NOT OFFICIAL!
This Document is the property of the Lake County Recorder!

THIS INSTRUMENT WHEN RECORDED SHALL CONSTITUTE A "FIXTURE FILING" FOR PURPOSES OF THE UNIFORM COMMERCIAL CODE. THE ADDRESS OF THE SECURED PARTY SHOWN ABOVE IS THE ADDRESS AT WHICH INFORMATION CONCERNING THE SECURED PARTY'S SECURITY INTEREST MAY BE OBTAINED.

DOUGLAS POINTE VILLA LLC, an Indiana limited liability company (the "Mortgagor"), MORTGAGES AND WARRANTS to PEOPLES BANK SB, a state chartered savings bank with its principal office in Munster, Indiana (the "Mortgagee"), and the Mortgagor GRANTS A SECURITY INTEREST to the Mortgagee in the real estate situated in Lake County, Indiana described in Exhibit "A" attached hereto and by this reference made a part hereof (herein the "Real Estate"), and any items of furniture, machinery, equipment or other tangible personal property which are now or hereafter become attached to the Real Estate or any improvement thereon so as to constitute a fixture, whether now owned or hereinafter acquired (the "Personal Property");

TOGETHER WITH all present and future improvements, easements, buildings, rights, privileges, interests, easements, hereditaments, and appurtenances thereunto belonging or in any manner pertaining thereto, and all mineral rights, water rights, air rights, timber rights and/or gas rights relating to such Real Estate, and the proceeds of all the foregoing (all of such Real Estate, Personal Property and other rights being hereafter referred to as the "Mortgaged Premises").

This Mortgage is given to secure all of the Mortgagor's Obligations to the Mortgagee. The term "Obligations" as used in this Mortgage means all obligations of the Mortgagor in favor of the Mortgagee of every type and description, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and the term "Obligations" shall also include, but shall not be limited to the following:

- A. Commercial Promissory Note (Term) executed by Mortgagor in favor of Mortgagee dated September 29, 1999, which note is in the original principal amount of \$150,000.00. This note matures no later than October 1, 2004. This note is given in substitution for and not in discharge of a portion of the

90
10/2
CF

Chicago Title Insurance Company

FILED FOR RECORDING
OCT 5 AM '04
LAKE COUNTY
STATE OF INDIANA

indebtedness evidenced by Mortgagor's certain Commercial Promissory Note (Non-Revolving Construction Line of Credit) dated February 29, 1996, in the original principal amount of \$275,000.00; and

- B. Commercial Promissory Note executed by Mortgagor in favor of Mortgagee dated September 29, 1999, which note is in the original principal amount of \$316,747.00. This note matures no later than April 1, 2000. This note is given in substitution for and not in discharge of a portion of the indebtedness evidenced by Mortgagor's certain Commercial Promissory Note (Non-Revolving Construction Line of Credit) dated February 29, 1996, in the original principal amount of \$750,000.00; and
- C. Any renewal, extension, modification, refinancing or replacement of the indebtedness referred to in paragraphs A and B, above;
- D. All interest, attorney fees, and costs of collection with respect to the obligations referred to in paragraphs A through C above, together with any extensions or renewals thereof;
- E. The performance by Mortgagor of all Mortgagor's covenants, agreements, promises, payments and conditions contained in this Mortgage agreement.

As additional security for the Obligations, the Mortgagor assigns to the Mortgagee the rents, issues and profits of the Mortgaged Premises, including any rents and all other amounts (collectively "Lease Payments") which are due or shall become due to the Mortgagor under the terms of any present or future lease (a "Lease"), oral or written, of all or any portion of the Mortgaged Premises (all such rents, issues, profits and Lease Payments are hereafter collectively referred to as the "Rents"), and all other rights of the Mortgagor with respect to any such Lease. This assignment of Rents and leasehold rights is an absolute assignment, contingent only upon the occurrence of a Default (as hereafter defined) or as otherwise provided herein, and includes the right of the Mortgagee to collect all Rents and exercise such rights subject to the conditional license to collect Rents and exercise such rights granted by the Mortgagee to the Mortgagor hereinbelow.

The Mortgagor further covenants and agrees as follows:

1. **PAYMENT OF OBLIGATIONS.** The Mortgagor shall pay and perform all of the Obligations promptly when payment or performance is due, with attorneys' fees and costs of collection, and without relief from valuation and appraisal laws.
2. **CONDITION OF PREMISES.** The Mortgagor shall keep the Mortgaged Premises in good repair and shall not commit or permit waste thereon or do or permit to be done anything that may impair the value of the Mortgaged Premises. The Mortgagor shall promptly restore any part of the Mortgaged Premises which may be damaged or destroyed.
3. **TAXES AND ASSESSMENTS.** The Mortgagor shall pay when due all taxes and assessments levied or assessed against the Mortgaged Premises or any part thereof.

4. **TITLE; NO MORTGAGES.** Mortgagor does hereby represent and warrant that Mortgagor is the owner of the Mortgaged Premises in fee simple; that there are no other mortgages, liens, encumbrances or claims against said Mortgaged Premises or which may affect said Mortgaged Premises except the lien of real estate taxes not yet due and owing.
5. **LEASES.** Mortgagor will observe and perform all covenants, conditions and agreements contained in any Lease or Leases now or hereafter affecting the Mortgaged Premises, or any portion thereof, on the part of the Mortgagor to be observed and performed. Mortgagor will not accept any prepayment of rents or installments of rents for more than one (1) month in advance without prior written consent of Mortgagee. Mortgagor, upon request, from time to time, will furnish to Mortgagee a statement in such reasonable detail as Mortgagee may request, certified by Mortgagor, of all Leases relating to the Mortgaged Premises; and on demand, Mortgagor will furnish to Mortgagee executed counterparts of any and all such Leases.
6. **NO LIENS.** The Mortgagor shall not permit any lien of mechanics or materialmen to attach to and remain on the Mortgaged Premises or any part thereof for more than thirty (30) days after receiving notice thereof. Nothing herein contained, however, shall be construed as preventing or interfering with the contesting by Mortgagor, at its cost and expense, of the validity of such lien or the underlying indebtedness, if the same may be contested without loss or forfeiture of title, and Mortgagor may so contest the same, and during such contest Mortgagor shall not be treated as being or taken to be in default with respect to the subject matter of such contest; provided, however, that if Mortgagee shall so require, Mortgagor shall furnish to Mortgagee reasonable security for the payment at the termination of such contest of the indebtedness secured by such lien. For the purpose of complying with the proviso in the foregoing sentence, Mortgagor may, at its election, furnish a bond in an amount equal to the amount of the item so contested and with surety satisfactory to Mortgagee.
7. **COMPLIANCE WITH LAWS.** The Mortgagor shall comply with all statutes, ordinances, rules, regulations, orders, and directions of any legislative, executive, administrative, or judicial body or official applicable to the Mortgaged Premises, or any part thereof, or to the Mortgagor, or to the operation of any business of Mortgagor which directly affects the Mortgaged Premises.
8. **INSURANCE.** The Mortgagor will procure and maintain in effect at all times insurance written by insurance companies acceptable to the Mortgagee which insures against loss or destruction of the Mortgaged Premises by fire, wind storm, lightning, vandalism and malicious mischief and such other perils as are generally covered by "extended coverage" insurance for the full replacement value of the Mortgaged Premises. The Mortgagor shall procure business interruption insurance in such amounts as the Mortgagee may reasonably require. All policies providing such insurance shall provide that any loss thereunder shall be payable to the Mortgagee under a standard form of secured lender's loss payable endorsement. The Mortgagor authorizes the Mortgagee to endorse on Mortgagor's behalf and to negotiate drafts representing proceeds of such insurance, provided that the Mortgagee shall remit to the Mortgagor such surplus, if any, as remains after the proceeds have been applied at the Mortgagee's option:

- a. to the satisfaction of the Obligations or to the establishment of a cash collateral account securing the Obligations, or
- b. to the restoration of the Mortgaged Premises; provided, however, that so long as no Default (as hereafter defined) has occurred and is continuing, and provided that
 - i. if the proceeds are equal to or less than Five Thousand Dollars (\$5,000.00), or
 - ii. the Mortgagor can demonstrate to the Mortgagee's satisfaction that restoration of the Mortgaged Premises is physically and economically feasible, such proceeds shall be applied, at the Mortgagor's option and to the extent necessary, as provided in the foregoing clause (b) and any balance shall be remitted to the Mortgagor. Any insurance policies required under the terms of this Mortgage shall be delivered to the Mortgagee and shall provide that such policies may not be modified, amended, or canceled without ten (10) days prior written notice to Mortgagee.

9. **PRESERVATION OF SECURITY INTEREST.** Upon demand and failure of the Mortgagor so to do, the Mortgagee may, in its discretion, advance and pay all sums necessary to protect and preserve the Mortgaged Premises, and all sums so advanced and paid by the Mortgagee shall become a part of the indebtedness secured hereby, shall bear interest from date of payment at a rate equal to the default interest rate specified in the note secured hereby, and shall be payable to the Mortgagee upon demand. Such sums shall include, but not by way of limitation:

- a. taxes, assessments and other charges which may be or become senior to this Mortgage as liens on the Mortgaged Premises, or any part thereof;
- b. the cost of any title insurance, surveys, or other evidence which in the discretion of the Mortgagee may be required in order to evidence, confirm, insure or preserve the lien of this Mortgage;
- c. all costs, expenses, and attorneys' fees incurred by the Mortgagee in respect of any and all legal and equitable actions which relate to this Mortgage or to the Mortgaged Premises;
- d. the cost of any repairs respecting the Mortgaged Premises which are reasonably deemed necessary by the Mortgagee;
- e. the cost of all reasonable and necessary expenses for the operation, protection, and preservation of the Mortgaged Premises, including the usual and customary fees for management services; and
- f. the cost of premiums due and payable with respect to insurance policies required by this Mortgage. The Mortgagee shall be subrogated to the rights of the holder of each lien or claim paid with moneys secured hereby.

10. **CONDEMNATION.** If all or any part of the Mortgaged Premises is damaged, taken, or acquired, either temporarily or permanently, in any condemnation proceeding, or by exercise of the right of eminent domain, or by the alteration of the grade of any street affecting the Mortgaged Premises, the amount of any award or other payment for such taking or damages made in consideration thereof, to the extent of the full amount of the then remaining unpaid Obligations, is hereby assigned to the Mortgagee, which is empowered to collect and receive the same and to give proper receipts therefor in the name of the Mortgagor, and all such sums shall be paid forthwith directly to the Mortgagee. Any award or payment so received by the Mortgagee may, at the option of the Mortgagee:

- a. be applied to the satisfaction of the Obligations or to the establishment of a cash collateral account for the Obligations, or
- b. be released, in whole or in part, to the Mortgagor for the purpose of altering, restoring, or rebuilding any part of the Mortgaged Premises which may have been altered, damaged or destroyed as a result of such taking, alteration, or proceeding; provided, however, that so long as no Default has occurred and is continuing, and provided that the Mortgagor can demonstrate to the Mortgagee's satisfaction that any proposed alteration, restoration or rebuilding is physically and economically feasible, such awards shall be applied at the Mortgagor's option and to the extent necessary as provided in the foregoing clause (b).

11. **COLLECTION OF RENTS.** At any time a Default (as hereafter defined) has occurred and is continuing, the Mortgagee may enter upon and take possession of the Real Estate or any part thereof, and at any such time, or at any other time if the Mortgagee in the reasonable exercise of its discretion determines that payment or performance of any of the Obligations is insecure, the Mortgagee may demand, sue for, receive and give receipts, releases and satisfactions for all Rents, and for such purposes Mortgagee hereby irrevocably appoints and constitutes the Mortgagee as its true and lawful attorney-in-fact with full power of substitution for and on behalf of Mortgagor and in a manner not adverse to the interests of Mortgagor, to request, demand, enforce payment, collect and receive the Rents payable under the Leases, to endorse any checks, drafts or orders evidencing the payment of Rents under the Leases, and to do and perform any act which Mortgagor might do for and on its own behalf. The collection of such Rents shall not operate as an affirmation of any tenant or lease in the event the Mortgagor's title to the Mortgaged Premises or any portion thereof shall be acquired by the Mortgagee. The Mortgagee shall be liable to account only for Rents actually received by the Mortgagee. In exercising any of the powers contained in this Mortgage, Mortgagee may also take possession of, and for these purposes use, any and all personal property contained in the Mortgaged Premises and used by the Mortgagor in the maintenance, rental or leasing thereof or any part thereof. Mortgagor does not assign to Mortgagee any of Mortgagor's obligations under any such Lease, and Mortgagor shall be and remain solely responsible for performing or fulfilling such obligations. At any time that the Mortgagee has not exercised its right to take possession of the Real Estate and there is not in effect any demand by the Mortgagee for the direct payment of Rents to the Mortgagee, the Mortgagor may collect and retain Rents or use them for any proper purpose in the ordinary course of the Mortgagor's business. Any demand by the Mortgagee upon any tenant of the Mortgaged Premises accompanied by a copy of this Mortgage shall be sufficient authority for such tenant thereafter to make all payments of Rents directly to the Mortgagee and any such tenant shall have no

obligation or authority to inquire into the propriety of any such demand. Upon making payments of Rents to the Mortgagee pursuant to the Mortgagee's demand, any tenant of the Mortgaged Premises shall be as fully discharged of its obligations under any Lease to the extent of such payments as if such payments had been made directly to the Mortgagor. If at any time payments of Rents are required to be made directly to the Mortgagee under the terms of this paragraph and notwithstanding such requirement such payments are made to the Mortgagor, the Mortgagor will receive such payments in trust for the Mortgagee and will forward them immediately to the Mortgagee in the form in which received, adding only such endorsements or assignments as may be necessary to perfect the Mortgagee's title thereto. Any amounts collected by the Mortgagee pursuant to the assignment of rents contained in this Mortgage shall be applied by the Mortgagee to the payment of such of the Obligations as are then due and payable as the Mortgagee in its sole discretion shall determine. If no Obligations are then due and payable, such amounts may be held by the Mortgagee as cash collateral for the Obligations, without liability for interest thereon, provided that the Mortgagee will, at the direction of the Mortgagor, invest such amounts for the account and at the risk of the Mortgagor in U.S. Treasury Bills with less than sixty (60) days remaining to maturity or in similar essentially risk-free, cash equivalent investments as the Mortgagor may reasonably direct and any earnings derived from such investments will become a part of the collateral cash account. Any portion or all of the cash collateral account which is not applied to Obligations pursuant to the terms of this paragraph may at the discretion of the Mortgagee be released to the Mortgagor. The authority given to collect Rents conferred upon the Mortgagee under the terms of this Mortgage is irrevocable.

12. **UNIFORM COMMERCIAL CODE FILINGS.** The Mortgagor grants to the Mortgagee as secured party a security interest in the Personal Property in accordance with the provisions of the Uniform Commercial Code as enacted in Indiana. The Mortgagor authorizes the Mortgagee at the expense of the Mortgagor to execute on its behalf and file any other financing statements deemed necessary by the Mortgagee to perfect its security interest in the Personal Property and to file such financing statements in those public offices deemed necessary by the Mortgagee. Such financing statements may be signed by the Mortgagee alone. In addition, the Mortgagor shall execute and deliver any financing statement or other document that the Mortgagee may request to perfect or to further evidence the security interest created by this Mortgage.
13. **MORTGAGE TAXES.** If, after the execution of this Mortgage, applicable law requires the taxation of this Mortgage or any Obligation secured by this Mortgage, the Mortgagor, upon demand by the Mortgagee, shall pay such taxes or reimburse the Mortgagee therefor unless it is unlawful to require the Mortgagor to do so. Notwithstanding the foregoing, the Mortgagor shall not be obligated to pay any portion of any of the Mortgagee's federal or state income taxes.
14. **ENVIRONMENTAL INDEMNIFICATION.** As used in this paragraph, the following terms have the meanings indicated:
 - a. **Clean-up.** "Clean-up" means the removal or remediation of Contamination or other response to Contamination in compliance with all Environmental Laws and to the satisfaction of all applicable governmental agencies, and in compliance with good commercial practice.

- b. Contamination.** "Contamination" means the Release of any Hazardous Substance on, in or under the Real Estate or the presence of any Hazardous Substance on, in or under the Real Estate as the result of a Release, or the emanation of any Hazardous Substance from the Real Estate.
- c. Environmental Laws.** "Environmental Laws" means all federal, state and local laws, statutes, codes, ordinances, regulations, rules or other requirements with the force of law, including but not limited to consent decrees and judicial or administrative orders, relating to the environment, including but not limited to those applicable to the use, storage, treatment, disposal or Release of any Hazardous Substances, all as amended or modified from time to time including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"); the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"); the Clean Water Act, as amended; the Clean Air Act, as amended; the Federal Insecticide, Fungicide and Rodenticide Act, as amended; the Hazardous Materials Transportation Act, as amended, and any and all Indiana environmental statutes including, without limitation, those codified under Title 13 of the Indiana Code and all regulations promulgated under or pursuant to such federal and Indiana Statutes.
- d. Hazardous Substance.** "Hazardous Substance" means any hazardous waste or hazardous substance, or any pollutant or contaminant or toxic substance or other chemicals or substances including, without limitation, asbestos, petroleum, polychlorinated biphenyls, and any other substance regulated by any Environmental Laws.
- e. Release.** "Release" means the spilling, leaking, disposing, discharged, dumping, pouring, emitting, depositing, injecting leaching, escaping or other release or threatened release, whether intentional or unintentional, of any Hazardous Substance.
- f. Regulatory Actions.** "Regulatory Actions" means any claim, demand, action or proceeding brought or instigated by any governmental authority in connection with any Environmental Law including, without limitation, any civil, criminal or administrative proceeding whether or not seeking costs, damages, penalties or expenses.
- g. Third-party Claims.** "Third-party Claims" means any claim, action, demand or proceeding, other than a Regulatory Action, based on negligence, trespass, strict liability, nuisance, toxic tort or detriment to human health or welfare due to Contamination, whether or not seeking costs, damages, penalties, or expenses, and including any action for contribution to Clean-up costs.

The Mortgagor shall indemnify, defend and hold harmless the Mortgagee, its affiliates, shareholders, directors, officers, employees and agents (all being included in the word "Mortgagee" for purposes of this paragraph) from any and all claims, cause of action, damages, demands, fines, liabilities, classes, penalties, judgments, settlements, expenses

and costs, however defined, and of whatever nature, known or unknown, absolute or contingent, including, but not limited to, attorneys' fees, consultant's fees, fees of environmental engineers, and related expenses including, without limitation, expenses related to site inspections and soil and water analyses, which may be asserted against, imposed on, suffered or incurred by the Mortgagee arising out of or in any way related to (a) any actual, alleged or threatened Release of any Hazardous Substance on, in or under the Real Estate, (b) any related injury to human health or safety (including wrongful death) or any actual or alleged injury to property or to the environment by reason of the condition of, or past or present activities on the Real Estate, (c) any actual or alleged violation of any Environmental Law related to the Real Estate, (d) any lawsuit or administrative proceeding brought or threatened by any person, including any governmental entity or agency, federal, state or local, including any governmental order relating to or occasioned by any actual or alleged Contamination or threat of Contamination, (e) any lien imposed upon the Real Estate in favor of any governmental entity as a result of any Contamination or threat of Contamination, and (f) all costs and expenses of any Clean-up. The Mortgagor represents and covenants that the Mortgagor's storage, generation, transportation, handling or use, if any, of Hazardous Substances on or from the property is currently, and will remain at all times, in compliance with all applicable Environmental Laws. If any Clean-up is required with respect to the Real Estate, the Mortgagor shall expeditiously complete such Clean-up at the Mortgagor's expense and without the necessity of demand by the Mortgagee. If the Mortgagor should fail to initiate and diligently pursue any Clean-up or should otherwise fail to perform any obligation under the terms of this paragraph, the Mortgagee may, at its sole discretion and without any obligation to complete any Clean-up which it may cause to be commenced, cause the Clean-up or partial Clean-up of the Real Estate and pay on behalf of the Mortgagor any costs, fines or penalties imposed on the Mortgagor pursuant to any Environmental Laws or make any other payment or perform any other action which will prevent a lien in favor of any federal, state or local government authority or any other person from attaching to the Real Property pursuant to the provisions of any Environmental Law, and all costs and expenses of the Mortgagee incurred in pursuing any of the remedies provided in this paragraph shall be added to the obligations secured by this Mortgage, which costs and expenses shall become due and payable without notice as incurred by the Mortgagee, together with interest thereon at the maximum interest rate stated in any note secured hereby until paid. Notwithstanding anything stated in this paragraph 14 to the contrary, Mortgagor shall have no obligation to indemnify Mortgagee pursuant to the terms of this paragraph 14 for any actual, alleged, or threatened release of any Hazardous Substance on, in, or under the Real Estate occurring or allegedly occurring at a time when Mortgagee was in sole possession of the Real Estate, whether by foreclosure, deed-in-lieu of foreclosure, or otherwise.

15. **DEFAULT.** The occurrence of any of the following events shall be deemed a "Default" under this Mortgage:
- a. Any event of default as defined in any promissory note secured by this Mortgage shall have occurred and be continuing or the Mortgagor shall otherwise fail to pay or perform any of the Obligations promptly when such payment or performance is due or within such grace period as may be applicable;
 - b. The Mortgagor shall otherwise fail to observe and perform the terms and conditions of this Mortgage;

- c. The Mortgagor shall abandon the Mortgaged Premises;
- d. The institution of any foreclosure proceeding by the holder of any mortgage or lien upon the Mortgaged Premises or security interest in the Personal Property; or
- e. The breach of any representation, warranty, agreement or covenant contained in this Mortgage.

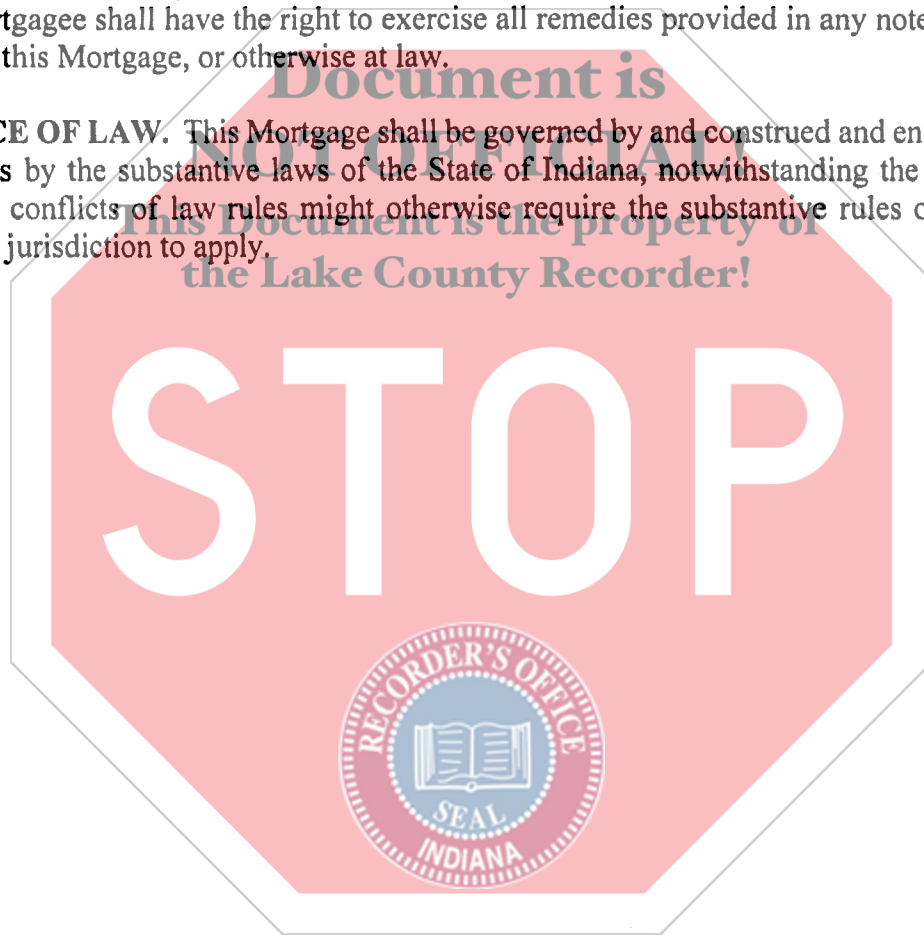
16. **REMEDIES UPON DEFAULT.** Upon the occurrence and continuance of a Default, all indebtedness secured hereby shall, at the option of the Mortgagee, become immediately due and payable and this Mortgage may be foreclosed accordingly. Should proceedings to foreclose this Mortgage be instituted, the Mortgagee may apply for the appointment of a receiver (and the Mortgagor hereby consents to the appointment of a receiver if there has been any Default), and such receiver is hereby authorized to take possession of the Mortgaged Premises, collect any rental, accrued or to accrue, whether in money or kind, for the use or occupancy of said Mortgaged Premises by any person, firm or corporation, or may let or lease said Mortgaged Premises or any part thereof, receive the rents, income and profits therefrom, and hold the proceeds subject to the orders of the court, or the judge thereof, for the benefit of the Mortgagee, pending the final decree in said proceedings, and said receiver may be appointed irrespective of the value of the Mortgaged Premises or its adequacy to secure or discharge indebtedness due or to become due or the solvency of the Mortgagor. The Mortgagee shall have the option of proceeding as to both the Real Estate and the Personal Property in accordance with its rights and remedies in respect of the Real Estate, in which event the default provisions of the Indiana Uniform Commercial Code shall not apply. If the Mortgagee elects to proceed with respect to the Personal Property separately from the Real Estate, the requirement of the Indiana Uniform Commercial Code as to reasonable notice of any proposed sale or disposition of the Personal Property shall be met if such notice is delivered or mailed to the Mortgagor at its address stated above at least ten (10) days prior to such sale or disposition. In any action to foreclose this Mortgage, the Mortgagee shall be entitled to recover, in addition to all attorney and related paraprofessional expenses incurred in connection therewith, all other costs and expenses associated with foreclosure including, without limitation, all expenses incurred for title searches, abstracts of title, title insurance, appraisals, surveys and environmental assessments reasonably deemed necessary by the Mortgagee, all of which costs and expenses shall be additional amounts secured by this Mortgage. As used in the preceding sentence, the term "environmental assessments" means inspections and reports of environmental engineers or firms of environmental engineers or other appropriate experts or consultants, and associated samplings and testings of soil or groundwater, the purpose of which is to determine whether there is any Contamination associated with the Real Estate and if so, the extent thereof, and to estimate of the cost of Clean-up of any Contamination, and to determine whether there are any underground storage tanks or any asbestos in, on, or under the Real Estate and if so, whether there are any violations of Environmental Laws in connection therewith. As used in this paragraph, the terms "Contamination," "Clean-up" and "Environmental Laws" are used as defined herein above.

17. **EXTENSIONS; REDUCTIONS; RENEWALS; CONTINUED LIABILITY OF MORTGAGOR.** The Mortgagee, at its option and on such terms as it may desire, may extend the time of payment or performance of any part or all of the Obligations or reduce

the payments thereon, or accept a renewal note or notes therefor, without the consent of any junior lien holder, and without the consent of the Mortgagor if the Mortgagor has then parted with title to the Mortgaged Premises. No such extension, reduction or renewal shall affect the priority of this Mortgage or impair the security hereof in any manner whatsoever, or release, discharge or affect in any manner the personal liability of the Mortgagor or any guarantors or sureties of or for any of the Obligations. The Mortgagee, at its option and on such terms as it may desire, may release any part of the Mortgaged Premises from the lien of this Mortgage without impairing the lien of this Mortgage except as to the portion of the Mortgaged Premises expressly released and without releasing the Mortgagor or any guarantors or sureties of or for any of the Obligations. No delay by the Mortgagee in the exercise of any of its rights under this Mortgage shall preclude the subsequent exercise thereof so long as any Default continues uncured, and no waiver by the Mortgagee of any Default of the Mortgagor shall operate as a waiver of subsequent or other Defaults. The making of any payment by the Mortgagee for any of the purposes herein permitted shall not constitute a waiver of any breach of the Mortgagor's covenant to perform such act. Notice by the Mortgagee of its intention to exercise any right or option under this Mortgage is expressly waived by the Mortgagor, and any one or more of the Mortgagee's rights or remedies under this Mortgage may be enforced successively or concurrently. Time is of the essence of this Mortgage.

18. **JUNIOR LIENS.** Any person, firm or corporation taking a junior mortgage, or other lien, upon the Mortgaged Premises, shall take the said lien or mortgage subject to the rights of the Mortgagee herein to extend the maturity of the indebtedness hereby secured without obtaining the consent of the holder of said junior lien or mortgage and without the lien of this Mortgage losing its priority over any such junior lien or mortgage. This Mortgage shall have priority over any such junior lien or mortgage, not only with respect to advances made by the Mortgagor and/or its Participants prior to the existence and/or recording of such junior lien or mortgage, but also with respect to any advances and other Obligations made or otherwise incurred after the existence and/or recording of such junior lien or mortgage.
19. **INSUFFICIENCY OF PROCEEDS.** In the event the property pledged by this instrument is sold under foreclosure and the proceeds are insufficient to pay the total costs of said foreclosure and the indebtedness evidenced and secured by this instrument, the Mortgagee will be entitled to a deficiency judgment.
20. **DEPOSITS FOR ASSESSMENTS AND TAXES.** In addition to the payments to be made by the Mortgagor as herein provided and also as provided in the Note hereby secured, the Mortgagor agrees, if requested by the Mortgagee at any time or from time to time while this Mortgage remains unsatisfied, to deposit monthly with the Mortgagee approximately one-twelfth (1/12) of the annual property taxes and any and all assessments for public improvements levied upon the mortgaged property, and also one-twelfth (1/12) of the annual insurance premiums required by this Mortgage.
21. **SUCCESSOR AND ASSIGNS.** All obligations of the Mortgagor under this Mortgage shall extend to and be binding upon the successors and assigns of the Mortgagor, and shall inure to the benefit of the Mortgagee, the Participants, and their successors and assigns.

22. **COMMERCIAL MORTGAGE.** This Mortgage secures indebtedness incurred for a business purpose.
23. **TRANSFER OF MORTGAGED PREMISES BY MORTGAGOR.** Any transfer by sale, gift, grant, devise, operation of law, or otherwise of the fee title or any other interest, (including, but not limited to mortgage, easement, land contract or leasehold interest) in all or any portion of the Mortgaged Premises shall have the same consequences as an event of default respecting the indebtedness secured hereby, and upon such transfer, the Mortgagee, without prior notice shall have the right to declare all sums secured hereby immediately due and payable and, upon failure by the Mortgagor to make such payment the Mortgagee shall have the right to exercise all remedies provided in any note secured hereby, this Mortgage, or otherwise at law.
24. **CHOICE OF LAW.** This Mortgage shall be governed by and construed and enforced in all cases by the substantive laws of the State of Indiana, notwithstanding the fact that Indiana conflicts of law rules might otherwise require the substantive rules of law of another jurisdiction to apply.

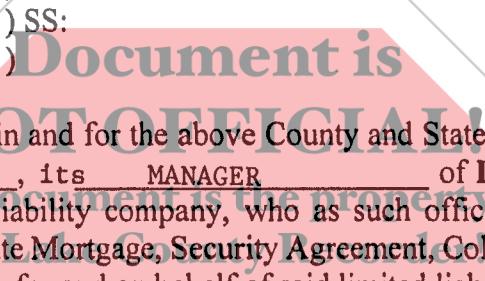


EXECUTED effective as of the 29th day of September, 1999.

DOUGLAS POINTE VILLA LLC, an Indiana limited liability company

By: [Signature]
Its: MGR.

THE STATE OF INDIANA)
THE COUNTY OF LAKE)

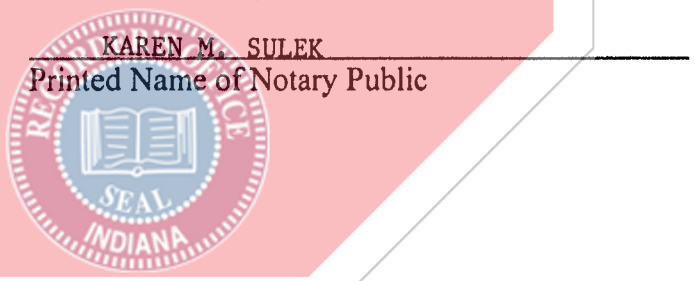


Before me, a Notary Public in and for the above County and State, personally appeared LARRY GOUGH, its MANAGER of DOUGLAS POINTE VILLA LLC, an Indiana limited liability company, who as such officer acknowledged the execution of the foregoing Real Estate Mortgage, Security Agreement, Collateral Assignment of Rents and Leases, and Fixture Filing for and on behalf of said limited liability company.

WITNESS my hand and Notarial seal this 29th day of SEPTEMBER, 1999.

[Signature]
Notary Public
A resident of LAKE County, Indiana

My Commission Expires:
3/5/2001



This instrument was prepared by:
Lewis C. Laderer, Jr.
Laderer & Fischer, P.C.
112 West Jefferson Blvd., Suite 310
South Bend, Indiana 46601

LEGAL DESCRIPTION

Parcel 1:

A parcel of land being part of The Villas at Douglas Pointe (a planned unit development), as per plat thereof, recorded in Plat Book 81, page 36, in the Office of the Recorder of Lake County, Indiana, said parcel described as follows:

Commencing at the Northwest corner of said Villas, said point being on a curve concave Northwest having a radius of 653.78 feet; thence Southwest along said curve on the Westerly line of said Villas an arc length of 35.65 feet (chord bearing South 42 degrees 05 minutes 19 seconds West, chord length 35.64 feet, delta angle 03 degrees 07 minutes 26 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 43 degrees 39 minutes 02 seconds West 88.65 feet to the point of curve of a curve concave Easterly having a radius of 172.00 feet; thence Southerly along said curve on said Westerly line an arc length of 186.13 feet (chord bearing South 12 degrees 39 minutes 00 seconds West, chord length 177.18 feet, delta angle 62 degrees 00 minutes 05 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 18 degrees 21 minutes 03 seconds East 2.59 feet to the point of beginning; thence North 72 degrees 01 minute 08 seconds East 59.70 feet; thence South 85 degrees 30 minutes 44 seconds East 29.26 feet to a point on the Westerly line of an ingress/egress easement as shown on said Villas plat, said point on a non-tangent curve concave Easterly having a radius of 132.00 feet; thence Southerly along said curve on the Westerly line of said easement an arc length of 13.04 feet (chord bearing South 15 degrees 31 minutes 16 seconds East, chord length 13.03 feet, delta angle 5 degrees 39 minutes 35 seconds) to the point of tangent of said curve; thence continuing along the Westerly line of said easement South 18 degrees 21 minutes 03 seconds East 7.58 feet; thence South 72 degrees 01 minute 08 seconds West 22.59 feet; thence South 17 degrees 58 minutes 52 seconds East 0.26 feet; thence South 72 degrees 01 minute 08 seconds West 63.41 feet to a point on the Westerly line of said Villas; thence North 18 degrees 21 minutes 03 seconds West along said Westerly line 32.06 feet to the point of beginning.

Parcel 2:

A parcel of land being part of The Villas at Douglas Pointe (a planned unit development), as per plat thereof, recorded in Plat Book 81, page 36, in the Office of the Recorder of Lake County, Indiana, said parcel described as follows:

Commencing at the Northwest corner of said Villas, said point being on a curve concave Northwest having a radius of 653.78 feet; thence Southwest along said curve on the Westerly line of said Villas an arc length 35.65 feet (chord bearing South 42 degrees 05 minutes 19 seconds West, chord length 35.64 feet, delta angle 03 degrees 07 minutes 26 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 43 degrees 39 minutes 02 seconds West 88.65 feet to the point of curve of a curve concave Easterly having a radius of 172.00 feet; thence Southerly along said curve on said Westerly line an arc length of 186.13 feet (chord bearing South 12 degrees 39 minutes 00 seconds West, chord length 177.18 feet, delta angle 62 degrees 00 minutes 05 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 18 degrees 21 minutes 03 seconds East 34.65 feet to the point of beginning; thence North 72 degrees 01 minute 08 seconds East 63.41 feet; thence North 17 degrees 58 minutes 52 seconds West 0.26 feet; thence North 72 degrees 01 minute 08 seconds East 22.59 feet to a point on the Westerly line of an ingress/egress easement as shown on said Villas plat; thence South 18 degrees 21 minutes 03 seconds East along said Westerly line 19.36 feet; thence South 72 degrees 01 minute 08 seconds West 86.00 feet to a point on the Westerly line of said Villas; thence North 18 degrees 21 minutes 03 seconds West along said Westerly line 19.10 feet to the point of beginning.

Parcel 3:

A parcel of land being part of The Villas at Douglas Pointe (a planned unit development), as per plat thereof, recorded in Plat Book 81, page 36, in the Office of the Recorder of Lake County, Indiana, said parcel described as follows:

Commencing at the Northwest corner of said Villas, said point being on a curve concave Northwest having a radius of 653.78 feet; thence Southwest along said curve on the Westerly line of said Villas an arc length of 35.65 feet (chord bearing South 42 degrees 05 minutes 19 seconds West, chord length 35.64 feet, delta angle 03 degrees 07 minutes 26 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 43 degrees 39 minutes 02 seconds West 88.65 feet to the point of curve of a curve concave Easterly having a radius of 172.00 feet; thence Southerly along said curve on said Westerly line an arc length of 186.13 feet (chord bearing South 12 degrees 39 minutes 00 seconds West, chord length 177.18 feet, delta angle 62 degrees 00 minutes 05 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 18 degrees 21 minutes 03 seconds East 53.75 feet to the point of beginning; thence North 72 degrees 01 minute 08 seconds East 86.00 feet to a point on the Westerly line of an Ingress/egress easement as shown on said Villas plat; thence South 18 degrees 21 minutes 03 seconds East along said Westerly line 28.63 feet to the point of curve of a curve concave Easterly having a radius of 466.65 feet; thence Southerly along said curve on said Westerly line an arc length of 3.43 feet (chord bearing South 18 degrees 08 minutes 25 seconds East, chord length 3.43 feet, delta angle 00 degrees 25 minutes 15 seconds) to a point on said curve; thence South 72 degrees 01 minute 08 seconds West along a non-tangent line 86.00 feet to a point on the Westerly line of said Villas, said point being on a curve concave Easterly having a radius of 380.55 feet, thence Northerly along said curve on said Westerly line an arc length of 2.87 feet (chord bearing North 18 degrees 08 minutes 04 seconds West, chord length 2.87 feet, delta angle 00 degrees 25 minutes 57 seconds) to the point of tangent of said curve; thence continuing along said Westerly line North 18 degrees 21 minutes 03 seconds West 29.19 feet to the point of beginning.

Parcel 4:

A parcel of land being part of The Villas at Douglas Pointe (a planned unit development) as per plat thereof, recorded in Plat Book 81, page 36, in the Office of the Recorder of Lake County, Indiana, said parcel described as follows:

Commencing at the Northwest corner of said Villas, said point being on a curve concave Northwest having a radius of 653.78 feet; thence Southwest along said curve on the Westerly line of said Villas an arc length of 35.65 feet (chord bearing South 42 degrees 05 minutes 19 seconds West, chord length 35.64 feet, delta angle 03 degrees 07 minutes 26 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 43 degrees 39 minutes 02 seconds West 88.65 feet to the point of curve of a curve concave Easterly having a radius of 172.00 feet; thence Southerly along said curve on said Westerly line an arc length of 76.39 feet (chord bearing South 30 degrees 55 minutes 38 seconds West, chord length 75.76 feet, delta angle 25 degrees 26 minutes 49 seconds) to a point on said curve, said point being the point of beginning; thence South 82 degrees 11 minutes 17 seconds East along a non-tangent line 64.19 feet; thence South 57 degrees 00 minutes 17 seconds East 31.15 feet to a point on the Westerly line of an Ingress/egress easement as shown on said Villas plat, said point being on a non-tangent curve concave Easterly having a radius of 132.00 feet; thence Southerly along said curve on the Westerly line of said easement an arc length of 18.95 feet (chord bearing South 13 degrees 18 minutes 52 seconds West, chord length 18.93 feet, delta angle 08 degrees 13 minutes 29 seconds) to a point on said curve; thence North 82 degrees 11 minutes 17 seconds West along a non-tangent line 93.39 feet to a point on the Westerly line of said Villas, said point being on a curve concave Easterly having a radius of 172.00 feet; thence Northerly along said curve on said Westerly line an arc length of 32.25 feet (chord bearing North 12 degrees 49 minutes 56 seconds East, chord length 32.20 feet, delta angle 10 degrees 44 minutes 36 seconds) to the point of beginning.

Parcel 5:

The Villas At Douglas Pointe (a planned unit development) as per plat thereof, recorded in Plat Book 81, page 36, in the Office of the Recorder of Lake County, Indiana, except the following described parcels:

(Exception A)

Commencing at the Northwest corner of said Villas, said point being on a curve concave Northwest having a radius of 653.78 feet; thence Southwest along said curve on the Westerly line of said Villas an arc length of 35.65 feet (chord bearing South 42 degrees 05 minutes 19 seconds West, chord length 35.64 feet, delta angle 03 degrees 07 minutes 26 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 43 degrees 39 minutes 02 seconds West 88.65 feet to the point of curve of a curve concave Easterly having a radius of 172.00 feet; thence Southerly along said curve on said Westerly line an arc length of 186.13 feet (chord bearing South 12 degrees 39 minutes 00 seconds West, chord length 177.18 feet, delta angle 62 degrees 00 minutes 05

seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 18 degrees 21 minutes 03 seconds East 2.59 feet to the point of beginning; thence North 72 degrees 01 minute 08 seconds East 59.70 feet; thence South 85 degrees 30 minutes 44 seconds East 29.26 feet to a point on the Westerly line of an ingress/egress easement as shown on said Villas plat, said point on a non-tangent curve concave Easterly having a radius of 132.00 feet; thence Southerly along said curve on the Westerly line of said easement an arc length of 13.04 feet (chord bearing South 15 degrees 31 minutes 16 seconds East, chord length 13.03 feet, delta angle 05 degrees 39 minutes 35 seconds) to the point of tangent of said curve; thence continuing along the Westerly line of said easement South 18 degrees 21 minutes 03 seconds East 7.58 feet; thence South 72 degrees 01 minute 08 seconds West 22.59 feet; thence South 17 degrees 58 minutes 52 seconds East 0.26 feet; thence South 72 degrees 01 minute 08 seconds West 63.41 feet to a point on the Westerly line of said Villas; thence North 18 degrees 21 minutes 03 seconds West along said Westerly line 32.06 feet to the point of beginning.

(Exception B)

Commencing at the Northwest corner of said Villas, said point being on a curve concave Northwest having a radius of 653.78 feet; thence Southwest along said curve on the Westerly line of said Villas an arc length 35.65 feet (chord bearing South 42 degrees 05 minutes 19 seconds West, chord length 35.64 feet, delta angle 03 degrees 07 minutes 26 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 43 degrees 39 minutes 02 seconds West 88.65 feet to the point of curve of a curve concave Easterly having a radius of 172.00 feet; thence Southerly along said curve on said Westerly line an arc length of 186.13 feet (chord bearing South 12 degrees 39 minutes 00 seconds West, chord length 177.18 feet, delta angle 62 degrees 00 minutes 05 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 18 degrees 21 minutes 03 seconds East 34.65 feet to the point of beginning; thence North 72 degrees 01 minute 08 seconds East 63.41 feet; thence North 17 degrees 58 minutes 52 seconds West 0.26 feet; thence North 72 degrees 01 minute 08 seconds East 22.59 feet to a point on the Westerly line of an ingress/egress easement as shown on said Villas plat; thence South 18 degrees 21 minutes 03 seconds East along said Westerly line 19.36 feet; thence South 72 degrees 01 minute 08 seconds West 86.00 feet to a point on the Westerly line of said Villas; thence North 18 degrees 21 minutes 03 seconds West along said Westerly line 19.10 feet to the point of beginning.

(Exception C)

Commencing at the Northwest corner of said Villas, said point being on a curve concave Northwest having a radius of 653.78 feet; thence Southwest along said curve on the Westerly line of said Villas an arc length of 35.65 feet (chord bearing South 42 degrees 05 minutes 19 seconds West, chord length 35.64 feet, delta angle 03 degrees 07 minutes 26 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 43 degrees 39 minutes 02 seconds West 88.65 feet to the point of curve of a curve concave Easterly having a radius of 172.00 feet; thence Southerly along said curve on said Westerly line an arc length of 186.13 feet (chord bearing South 12 degrees 39 minutes 00 seconds West, chord length 177.18 feet, delta angle 62 degrees 00 minutes 05 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 18 degrees 21 minutes 03 seconds East 53.75 feet to the point of beginning; thence North 72 degrees 01 minute 08 seconds East 86.00 feet to a point on the Westerly line of an ingress/egress easement as shown on said Villas plat; thence South 18 degrees 21 minutes 03 seconds East along said Westerly line 28.63 feet to the point of curve of a curve concave Easterly having a radius of 466.65 feet; thence Southerly along said curve on said Westerly line an arc length of 3.43 feet (chord bearing South 18 degrees 08 minutes 25 seconds East, chord length 3.43 feet, delta angle 00 degrees 25 minutes 15 seconds) to a point on said curve; thence South 72 degrees 01 minute 08 seconds West along a non-tangent line 86.00 feet to a point on the Westerly line of said Villas, said point being on a curve concave Easterly having a radius of 380.55 feet, thence Northerly along said curve on said Westerly line an arc length of 2.87 feet (chord bearing North 18 degrees 08 minutes 04 seconds West, chord length 2.87 feet, delta angle 00 degrees 25 minutes 57 seconds) to the point of tangent of said curve; thence continuing along said Westerly line North 18 degrees 21 minutes 03 seconds West 29.19 feet to the point of beginning.

(Exception D)

Commencing at the Northwest corner of said Villas, said point being on a curve concave Northwest having a radius of 653.78 feet; thence Southwest along said curve on the Westerly line of said Villas an arc length of 35.65 feet (chord bearing South 42 degrees 05 minutes 19 seconds West, chord length 35.64 feet, delta angle 03 degrees 07 minutes 26 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 43 degrees 39 minutes 02 seconds West 88.65 feet to the point of curve of a curve concave Easterly having a radius of

172.00 feet; thence Southerly along said curve on said Westerly line an arc length of 76.39 feet (chord bearing South 30 degrees 55 minutes 38 seconds West, chord length 75.76 feet, delta angle 25 degrees 26 minutes 49 seconds) to a point on said curve, said point being the point of beginning; thence South 82 degrees 11 minutes 17 seconds East along a non-tangent line 64.19 feet; thence South 57 degrees 00 minutes 17 seconds East 31.15 feet to a point on the Westerly line of an ingress/egress easement as shown on said Villas plat, said point being on a non-tangent curve concave Easterly having a radius of 132.00 feet; thence Southerly along said curve on the Westerly line of said easement an arc length of 18.95 feet (chord bearing South 13 degrees 18 minutes 52 seconds West, chord length 18.93 feet, delta angle 08 degrees 13 minutes 29 seconds) to a point on said curve; thence North 82 degrees 11 minutes 17 seconds West along a non-tangent line 93.39 feet to a point on the Westerly line of said Villas, said point being on a curve concave Easterly having a radius of 172.00 feet; thence Northerly along said curve on said Westerly line an arc length of 32.25 feet (chord bearing North 12 degrees 49 minutes 56 seconds East, chord length 32.20 feet, delta angle 10 degrees 44 minutes 36 seconds) to the point of beginning.

(Exception E)

Commencing at the Northwest corner of said Villas, said point being on a curve concave Northwest having a radius of 653.78 feet; thence Southwest along said curve on the Westerly line of said Villas an arc length of 35.65 feet (chord bearing South 42 degrees 05 minutes 19 seconds West, chord length 35.64 feet, delta angle 03 degrees 07 minutes 26 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 43 degrees 39 minutes 02 seconds West 88.65 feet to the point of curve of a curve concave Easterly having a radius of 172.00 feet; thence Southerly along said curve on said Westerly line an arc length of 108.64 feet (chord bearing South 25 degrees 33 minutes 20 seconds West, chord length 106.84 feet, delta angle 36 degrees 11 minutes 24 seconds) to a point on said curve, said point being the point of beginning; thence South 82 degrees 11 minutes 17 seconds East along a non-tangent line 93.39 feet to a point on the Westerly line of an ingress/egress easement as shown on said Villas plat, said point being on a non-tangent curve concave Easterly having a radius of 132.00 feet; thence Southerly along said curve on the Westerly line of said easement an arc length of 19.10 feet (chord bearing South 05 degrees 03 minutes 26 seconds West, chord length 19.08 feet, delta angle 08 degrees 17 minutes 22 seconds) to a point on said curve; thence North 82 degrees 11 minutes 17 seconds West along a non-tangent line 93.13 feet to a point on the Westerly line of said Villas, said point being on a non-tangent curve concave Easterly having a radius of 172.00 feet; thence Northerly along said curve on said Westerly line an arc length of 19.13 feet (chord bearing North 04 degrees 16 minutes 30 seconds East, chord length 19.12 feet, delta angle 06 degrees 22 minutes 16 seconds) to the point of beginning.

(Exception F)

Commencing at the Northwest corner of said Villas, said point being on a curve concave Northwest having a radius of 653.78 feet; thence Southwest along said curve on the Westerly line of said Villas an arc length of 35.65 feet (chord bearing South 42 degrees 05 minutes 19 seconds West, chord length 35.64 feet, delta angle 03 degrees 07 minutes 26 seconds) to the point of tangent of said curve; thence continuing along said Westerly line South 43 degrees 39 minutes 02 seconds West 88.65 feet to the point of curve of a curve concave Easterly having a radius of 172.00 feet; thence Southerly along said curve on said Westerly line an arc length of 127.77 feet (chord bearing South 22 degrees 22 minutes 12 seconds West, chord length 124.85 feet, delta angle 42 degrees 33 minutes 41 seconds) to a point on said curve, said point being the point of beginning; thence South 82 degrees 11 minutes 17 seconds East along a non-tangent line 93.13 feet to a point on the Westerly line of an ingress/egress easement as shown on said Villas plat, said point being on a non-tangent curve concave Easterly having a radius of 132.00 feet; thence Southerly along said curve on the Westerly line of said easement an arc length of 31.34 feet (chord bearing South 05 degrees 53 minutes 21 seconds East, chord length 31.27 feet, delta angle 13 degrees 36 minutes 14 seconds) to a point on said curve; thence North 85 degrees 30 minutes 44 seconds West along a non-tangent line 29.26 feet; thence North 82 degrees 11 minutes 17 seconds West 64.36 feet to a point on the Westerly line of said Villas, said point being on a non-tangent curve concave Easterly having a radius of 172.00 feet; thence Northerly along said curve on said Westerly line an arc length of 32.87 feet (chord bearing North 04 degrees 23 minutes 08 seconds West, chord length 32.82 feet, delta angle 10 degrees 56 minutes 59 seconds) to the point of beginning.