

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

2000 027118

2000 APR 20 PM 2:29

MORTGAGE CLERK
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**MORTGAGE
SECURITY AGREEMENT
AND
ABSOLUTE ASSIGNMENT OF RENTS AND LEASES**

THIS INDENTURE WITNESSETH, that HOBART RETIREMENT L.L.C., an Indiana limited liability company ("Mortgagor") with its principal office at 2043 South Bend Avenue, PMB 288, South Bend, In 46637 hereby MORTGAGES and WARRANTS to NATIONAL CITY BANK OF INDIANA ("Mortgagee") with its principal offices at One National City Center, Indianapolis, Indiana 46255 and its successors and assigns the following described real estate located in Lake County, Indiana, and legally described as follows:

See Exhibit "A" attached hereto and made a part hereof.

together with all rights, privileges, interest, easements, hereditaments, appurtenances, improvements and fixtures, equipment, machinery, and furniture, and any accessions and additions thereto, and in the proceeds thereof, now or hereafter located upon or appertaining to such real estate, which may be now owned or hereafter acquired by Mortgagor (collectively referred to as the "Mortgaged Premises"), and all rents, issues, income and profits thereof, all as set forth more fully herein, to secure the payment, when due of all present and future obligations (the "Obligations") of Mortgagor to Mortgagee, including but not limited to, those under a Construction Loan Disbursing Agreement and Permanent Financing Agreement (the "Loan Agreement") and a Construction Loan Promissory Note in the principal amount of Four Million Five Thousand and No/100 Dollars (\$4,005,000.00) (the "Note"), all of even date herewith, and all renewals, extensions, amendments or replacements of the above.

For the purpose of inducing the Mortgagee to make the loans hereby secured, Mortgagor represents to Mortgagee, that Mortgagor is the owner in fee-simple of the Mortgaged Premises, that legal title thereto is free and clear from all other liens, encumbrances of whatsoever kind or nature, except current taxes and assessments not delinquent, and those restrictions of record disclosed in First American Title Insurance Company Commitment #F31058, and that Mortgagor has full capacity, authority and power to execute this Mortgage.

This is a construction mortgage as defined in I.C. 26-1-9-313 (1).

F31058

1 of 2

HOLD FOR FIRST AMERICAN TITLE

311.00
E.P.

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Out # 2000 027119

Security Agreement

As security for the Obligations, Mortgagor hereby grants to Mortgagee a first security interest in all accounts, accounts receivable, chattel paper, instruments, contract rights, general intangibles, equipment and inventory, which may be now owned or hereafter acquired by Mortgagor, wherever located, and in the proceeds thereof in whatever form they may take, to secure the payment of all present and future Obligations of Mortgagor to Mortgagee, including but not limited to, those under the Loan Agreement and Note, and all renewals, extensions, amendments or replacements thereof. Further, Mortgagor grants to Mortgagee a first security interest in all fixtures, furniture, machinery, appliances, apparatus, equipment or articles now or hereafter situated on or used in connection with the Mortgaged Premises and owned by Mortgagor, including, but not in limitation of the preceding, all gas, water and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, plumbing and heating fixtures, water heaters, air conditioning apparatus and units, refrigerating equipment, refrigerators, cooking apparatus, window screens, awnings, storm sash, doors and carpeting (which are or shall be attached to said building, structures or improvements), partitions, machinery, cranes, equipment, personal property of every kind and nature whatsoever now or hereafter owned by Mortgagor and located in, on or about, or used in connection with the Mortgaged Premises, whether physically attached to the Mortgaged Premises or not, and it is agreed that all similar fixtures, appliances, apparatus, equipment or articles hereafter placed on such Mortgaged Premises by Mortgagor, and owned by Mortgagor, its successors and assigns, including all replacements or substitutions therefor, shall be considered as constituting part of the Mortgaged Premises, all to the use and benefit of Mortgagee, its successors and assigns. The Mortgagor authorizes Mortgagee at the expense of Mortgagor to sign and file without Mortgagor's signature, a financing statement or statements on its behalf in those public offices deemed necessary by Mortgagee to perfect its security interest in the collateral of Mortgagor granted herein. In addition, Mortgagor agrees to do such other acts and things and deliver or cause to be delivered such other documents as Mortgagee may deem necessary to establish and maintain the valid security interest in the collateral. Mortgagee shall have all the rights granted to it under the Uniform Commercial Code as it has been adopted by the State of Indiana.

Absolute Assignment of Rents and Leases

As security for the Obligations, Mortgagor hereby assigns and transfers to Mortgagee all of the right, title and interest in the rents, issues and profits of the Mortgaged Premises, and hereby gives to and confers upon Mortgagee the right, power, and authority to collect such rents, issues and profits upon an Event of Default. Mortgagor irrevocably appoints Mortgagee its true and lawful attorney in fact, at the option of Mortgagee at any time and from time to time after an Event of Default, to demand, receive, and enforce payment, to give receipts, releases, and satisfactions, and to sue, in the name of Mortgagor to Mortgagee, for all such rents, issues, and profits, and apply the same to the indebtedness secured hereby; provided, however, that Mortgagor shall have the right to collect such rents, issues, and profits (but not more than one (1) month in advance) prior to or at any time there is not an Event of Default under the Loan

Agreement, the Note or this Mortgage. This assignment of rents, issues, and profits of the Mortgaged Premises is intended to be an absolute assignment from Mortgagor to Mortgagee and not merely the passing of a security interest. The rents, issues, and profits are hereby assigned absolutely by Mortgagor to Mortgagee, provided however, that Mortgagor shall have the license to collect such rents, issues and profits unless and until the occurrence of an Event of Default under any of the documents evidencing the Obligations.

As security for the Obligations, Mortgagor also hereby assigns and transfers to Mortgagee all right, title and interest in all present and future leases executed or to be executed by and between Mortgagor and any and all tenants, upon all or any part of the Mortgaged Premises and all security for the performance of those leases, and agrees to execute and deliver, at the request of Mortgagee, all such future assurances and assignments in the Mortgaged Premises as the Mortgagee shall from time to time require. Mortgagor expressly covenants and agrees that if Mortgagor, as lessor under said lease or said leases so assigned shall fail to perform and fulfill any terms, covenant, condition, or provision in said lease or leases on its part to be performed or fulfilled, at the time and in the manner in said lease or leases provided, or if the Mortgagor shall suffer or permit to occur any breach or default under the provisions of any such lease or leases such that more than twenty-five percent (25%) or more of the leases are in default and such defaults shall continue for ten (10) days, then and in any such event, such breach or default shall constitute an Event of Default hereunder without application of the cure periods as otherwise set forth herein.

This Mortgage shall not operate to release or relieve Mortgagor, as lessor, from the full performance of any of its obligations and covenants under the leases. Mortgagor shall notify Mortgagee in writing in the event of any default by Mortgagor and/or any lessees under the leases. Mortgagor shall enforce, at its cost and expense, the full performance of all of the conditions, obligations and covenants under the leases to be observed and performed by the lessee and shall appear and defend any action growing out of or in the manner connected with the leases. Except for the dealings in the ordinary course of business which are in the best interests of both Mortgagee and Mortgagor, Mortgagor shall not change, modify, release, waive, terminate, alter or amend the leases or any of the terms and provisions thereof, including the rentals thereunder, nor assign or encumber its rights, title and interest in and to the leases without first securing the written consent of Mortgagee.

Mortgagee may, at its option but without assumption of any of Mortgagor's obligations as lessor, perform any obligation of Mortgagor under the leases without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation herein or under the terms of the leases upon an Event of Default. In the exercise of such power, Mortgagee shall be entitled to reimbursement for all costs and expenses, including attorneys' fees, and the same shall be payable upon demand or added to the indebtedness under the Loan Agreement secured hereby. Mortgagor hereby indemnifies and saves harmless Mortgagee from any and all costs, expense or liability under the leases or by reason of this Mortgage, Security Agreement, and Absolute Assignment of Rents and Leases and against claims or demands whatsoever which may be asserted against it by reason of any alleged obligations of Mortgagee to perform or discharge any of the terms of the leases, it being understood and agreed that said Mortgagee does not, by

execution of this Mortgage, Security Agreement and Absolute Assignment of Rents and Leases or by its acceptance thereof, assume any liability or become liable in any manner whatsoever for the performance of any of the terms and conditions of said leases, unless and until Mortgagee shall definitely assume any such obligations in writing.

Upon an Event of Default, Mortgagee may, at its option and without notice or demand, enforce any of the conditions, covenants or agreements contained in such leases, collect any and all of the rents, royalties, issues and profits thereunder, and give good and valid receipts therefor, and Mortgagee shall have full power to do anything that Mortgagor could have done had these presents not been made, and the lessees or the successors, assigns, or legal representatives of said lessees, being by this instrument expressly authorized to pay to Mortgagee any and all of the rents, royalties, issues and profits now due or to become due under the terms of such leases. In addition, following an Event of Default by Mortgagor, Mortgagee shall have the right, in Mortgagee's sole discretion, to have a receiver appointed to collect the rentals and other amounts due under the leases and to do every other thing which Mortgagor or Mortgagee are empowered to do hereunder. Mortgagee shall not be responsible for diligence in collecting any monies as contemplated herein, but shall be accountable only for sums actually received. Mortgagor agrees to give such further assignments of rents and leases hereafter existing and all rents, issues and profits provided for under the terms of such leases as Mortgagee may require. All monies or any part thereof received by Mortgagee under this Mortgage may be applied upon or, at the option of Mortgagee, retained as security for repayment of the Obligations under the Note or applied from time to time, *pro tanto*, in payment of taxes, assessments and/or other liens affecting the Real Estate (whether or not delinquent, if payable), regardless of whether any payments on the indebtedness or any other indebtedness due and payable to Mortgagee under the Note or this Mortgage are due or not due, including but not limited to, costs of collection, expenses of operation, advancements and attorneys' fees, such application to be in such order, at such time or times, in such amount or amounts, and to such extent as such Mortgagee in its sole discretion may determine, or any part and/or all of said monies may be released by Mortgagee at its sole discretion to Mortgagor. The receipt, application, retention, or release by Mortgagee of any rents, royalties, issues or profits, or other monies under this Mortgage after default under the Note shall be applied upon any deficiency recoverable by Mortgagee in the same manner and for the same purposes as the proceeds of the sale of the Real Estate made under any trustee's or sheriff's foreclosure proceedings or pledged sale. Such rights may be exercised by Mortgagee without regard to other security and without releasing Mortgagor from any obligation.

MORTGAGOR hereby irrevocably appoints and constitutes Mortgagee as its true and lawful attorney-in-fact with full power of substitution for and on behalf of Mortgagor to, request, demand, enforce payment, collect and receive the rentals payable under the leases, to change, modify, release, waive, terminate, alter or amend the leases or any of the terms and provisions thereof, including the rentals thereunder, to endorse any checks, drafts or orders evidencing the payment of rentals under the leases, and to do and perform any acts which Mortgagor might do for and on its own behalf; provided, however, Mortgagee will not exercise such powers unless and until an Event of Default has occurred. Any security deposits received by Mortgagor shall be held in trust and paid to Mortgagee upon written demand following default hereunder.

MORTGAGOR covenants and agrees with Mortgagee that:

FIRST. That the Mortgagor will pay to the Mortgagee the sums of money above mentioned without relief from valuation or appraisal laws.

SECOND. That until the Obligations have been paid in full, the Mortgagor shall take proper care of the Mortgaged Premises and the buildings thereon and neither commit waste nor allow waste to be committed, nor suffer anything to be done that will impair the value thereof or of the security hereby given, and the Mortgagor shall keep all legal taxes and assessments against the Mortgaged Premises and the buildings thereon paid; and keep and pay for extended coverage insurance against loss or destruction on account of fire, windstorm or other such hazards, casualties and contingencies customarily insured against, and injury to the person or property. All insurance policies are to be held by and, to the extent of its interest, for the benefit of and first payable in case of loss to Mortgagee, and Mortgagor shall deliver to Mortgagee a new policy as replacement for any expiring policy at least fifteen (15) days before the date of such expiration. All such policies of insurance shall contain waiver of defenses clause within the standard lender's loss payee endorsement in favor of Mortgagee with cancellation only upon at least ten (10) days' prior written notice to Mortgagee. All amounts recoverable under any policy are hereby assigned to Mortgagee, each insurance company concerned shall make payment for such loss directly payable to the Mortgagee rather than jointly, and the amount collected shall at the option of Mortgagee, be used in any one or more of the following ways: (a) applied upon the Obligations secured hereby, whether or not such Obligations are then due and payable, (b) used to fulfill any of the covenants contained herein, or (c) used to replace or restore the Mortgaged Premises to a condition satisfactory to Mortgagee; provided, that so long as there is no Event of Default under this Mortgage or the indebtedness secured by this Mortgage, Mortgagee shall make available to Mortgagor any insurance proceeds collected as a result of damage to the Mortgaged Premises, for payment of costs for restoration or rebuilding of the Mortgaged Premises, as follows:

In the event that Mortgagee determines that it is economically feasible to rebuild or restore the damages incurred by the improvements on the Mortgaged Premises, with the available insurance proceeds plus any additional funds which may be necessary and which Mortgagor shall have deposited into an escrow account to be used for each purpose prior to disbursement of any insurance proceeds, and if the Mortgagee determines that the Project as defined in the Loan Agreement would be economically feasible if such rebuilding or restoration is done, such insurance proceeds shall, upon the request of the Mortgagor, be used to rebuild or restore the Mortgaged Premises. The insurance proceeds, as well as any funds to be provided by Mortgagor, shall be deposited into an interest-bearing escrow account to be established by Mortgagee. Funds from the escrow account will be disbursed, utilizing the Mortgagor's funds before disbursing the insurance proceeds, in accordance with the provisions for the disbursement of funds as are customarily utilized by Mortgagee in a construction loan transaction, as reflected by the Loan Agreement. Any surplus proceeds in the escrow account after completion of the rebuilding or restoration shall be paid to Mortgagor. If the escrow account funds are found at any time to be insufficient to rebuild or restore the damaged

premises, Mortgagor shall promptly, upon Mortgagee's demand, deposit into the escrow account such additional amount as may be necessary.

In the event of the foreclosure of this Mortgage or its transfer in lieu thereof, or in the event of a default hereunder or under the terms of the Obligations, all rights, title and interest of Mortgagor in and to such policies of insurance shall pass to the purchaser or grantee. Mortgagor hereby irrevocably appoints Mortgagee as attorney-in-fact to assign any policies in lieu of foreclosure. If the Mortgagor fails to perform as set forth above, then Mortgagee may effect such insurance and the amount paid therefor shall become part of the debt secured hereby, together with interest thereon at the rate specified in the Notes.

If required by Mortgagee by written notice to Mortgagor, or upon an Event of a Default by Mortgagor hereunder or under the Note and Loan Agreement, Mortgagor will pay to Mortgagee, on dates upon which interest is payable, such amounts as Mortgagee from time to time estimates as necessary to create and maintain a reserve fund from which to pay at least ninety (90) days before the same become due, all rental payments, taxes, assessments, liens and charges on or against the Mortgaged Premises and the Collateral and premiums for insurance as herein covenanted to be furnished by Mortgagor. Payments from such reserve fund for such purposes may be made by Mortgagee at its discretion. Such payments shall not be, nor deemed to be, trust funds but may be commingled with the general funds of Mortgagee, and no interest shall be payable in respect thereof. In the event of any default under the terms of this Mortgage or under the Note or Loan Agreement, any part or all of said reserve fund may be applied to the indebtedness secured hereby and, in refunding any part of said reserve fund, Mortgagee may deal with whoever is represented to be the owner of the Mortgaged Premises at that time.

THIRD. That upon failure of Mortgagor to perform or fulfill any of its Obligations or upon any default by Mortgagor under the Note or this Mortgage or upon failure to pay the taxes, assessments or insurance as hereinafter provided when due, or to do and perform any of the other provisions, conditions or agreements of this Mortgage on the part of the Mortgagor to be performed and fulfilled, and such failure or default is not cured within the applicable cure period, then an event of default ("Event of Default") shall have occurred and all Obligations shall, at the option of the Mortgagee, without notice, become immediately due and payable and this Mortgage may then be foreclosed. When this Mortgage does not specifically reference a cure period for a default under this Mortgage, an Event of Default shall occur upon the earlier of thirty (30) days from when the Mortgagor knew or should have known of the default or thirty (30) days after written notice of default is sent by Mortgagee by certified U.S. Mail. Mortgagee shall have all rights granted to it under the Uniform Commercial Code as it has been adopted by the State of Indiana in exercising its rights and remedies regarding any collateral granted or pledged under this Mortgage.

FOURTH. That upon failure of Mortgagor to perform or fulfill any of its Obligations or upon an Event of Default by the Mortgagor under this Mortgage, the Mortgagee shall, from the date of such default and as often as the same may occur, have the right at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Obligations hereby secured, enter upon and take possession of

the Mortgaged Premises and in its own name sue for or otherwise collect the rents, issues and profits therefrom and apply the same, less costs and expenses of operation and collection, including reasonable attorney fees, toward the payment of the Obligations with interest and expenses thereon, or this Mortgage may be foreclosed and Mortgagee shall have the right to have a receiver appointed to take possession of and collect the rents and profits from the Mortgaged Premises during foreclosure proceedings and during the period of redemption. In anticipation of foreclosure, Mortgagee may continue the abstract of title to the Mortgaged Premises, obtain other appropriate evidence of title or title insurance, and obtain all environmental assessments or testing deemed appropriate by Mortgagee, and obtain a new appraisal. All costs and expenses related thereto shall be reimbursed by Mortgagor to Mortgagee upon demand, or at Mortgagee's option, may be added to the unpaid principal balance of the Obligations secured by this Mortgage. The collection of such rents, issues, and profits, or the entering upon and taking possession of the Mortgaged Premises, or the application thereof as aforesaid, shall not cure or waive an Event of Default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

FIFTH. That upon an Event of Default, if Mortgagor shall abandon the Mortgaged Premises or shall be adjudged bankrupt, or if a trustee or receiver shall be appointed for Mortgagor or for any part of the Mortgaged Premises, all Obligations secured hereby shall, at the option of Mortgagee, and without notice or demand, become immediately due and payable and this Mortgage may be foreclosed accordingly.

SIXTH. Mortgagee shall be entitled to immediate reimbursement from the Mortgagor for all costs and expenses incurred by Mortgagee in connection with the collection of the Obligations, foreclosure of this Mortgage or protection or preservation of the Mortgaged Premises, including but not limited to, reasonable attorneys' fees, or Mortgagee may at its option elect to add said attorneys' fees and expenses to the principal balance of the Obligations.

SEVENTH. All rights and remedies of Mortgagee hereunder are cumulative and are in addition to and not in limitation of any rights or remedies which Mortgagee may otherwise have by law. No waiver of any default or failure or delay to exercise any right or remedy by Mortgagee shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence.

EIGHTH. If Mortgagor shall sell, assign or otherwise transfer ownership of the Mortgaged Premises or create or permit to exist any other liens or encumbrances on the Mortgaged Premises, or any part thereof, without the prior written consent of Mortgagee, all Obligations secured by this Mortgage shall, at the option of Mortgagee and without notice or demand, become immediately due and payable.

NINTH. All awards made by any public or quasi-public authority for damages to the Mortgaged Premises by virtue of an exercise of the right of eminent domain by such authority, including any award for a taking of title, possession or right of access to a public way, or for any change of grade of streets affecting the Mortgaged Premises, are hereby assigned to

Mortgagee and Mortgagee, at its option, is hereby authorized, directed and empowered to collect and receive the proceeds of any such award to the extent of the Obligations secured by or payable under this Mortgage from the appropriate governmental authority. Such award shall be used in any one or more of the following ways at the option of Mortgagee: (i) applied upon the Obligations secured hereby or payable hereunder, whether or not such indebtedness is then due and payable, or (ii) used to replace or restore the Mortgaged Premises to a condition satisfactory to Mortgagee. In the event of a default hereunder or under the terms of the Obligations, Mortgagee is authorized, at its option, to appear in and prosecute in its own name any action or proceeding or, with consent and joinder of Mortgagor, to make any compromise or settlement in connection with such taking or damage. Mortgagor will, upon request by Mortgagee, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning in the event of a default under the terms of this Mortgage or under the Obligations all proceeds from such awards to Mortgagee free and clear and discharged of any and all encumbrances or claims of any kind or nature whatsoever.

TENTH. Mortgagor will indemnify Mortgagee and save it harmless from any and all loss, damage or expense, including attorney's fees, resulting from or arising out of the execution and delivery of this Mortgage and the terms hereof and the same is made a part of the Obligations secured hereby. All sums paid by Mortgagee, including attorneys' fees, to cure a default by Mortgagor hereunder or for the expense of any litigation against Mortgagor hereunder or for the expense of any litigation to prosecute or defend the rights and lien created hereby in any action or proceeding to which Mortgagee is made a party by reason of this Mortgage or the Obligations, or in which it becomes necessary to defend or uphold the lien of this Mortgage, shall be paid by Mortgagor to Mortgagee, together with interest thereon from date of payment at the default rate specified under the Notes, and any such sums and the interest thereon shall be immediately due and payable and secured hereby, having the benefit of the lien hereby created as a part thereof and with its priority, all without relief from valuation or appraisal laws.

ELEVENTH. Mortgagor covenants that Mortgagor will not violate any Environmental Law in connection with the use, ownership, lease, maintenance or operation of the Mortgaged Premises. For purposes herein, the term "Environmental Law(s)" shall mean any federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance, as now or at any time hereafter in effect. For purposes herein, the term "Hazardous Substance(s)" shall have the meaning ascribed in and shall include those substances listed under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 *et seq.* and the regulations promulgated thereunder (as amended from time to time) and the Clean Air Act, 42 U.S.C. 7401, *et seq.* and the regulations promulgated thereunder (as amended from time to time) and includes oil, waste oil, and used oil as those terms are defined in the Clean Water Act, 33 U.S.C. 1251 *et seq.* and regulations promulgated thereunder (as amended from time to time) and the Resource, Conservation and Recovery Act, 42 U.S.C. 6901 *et seq.* and regulations promulgated thereunder (as amended from time to time) and the Oil Pollution Act of 1990, 33 U.S.C. 2701 *et seq.* and regulations promulgated thereunder (as amended from time to time) and shall include any other pollutant or contaminant designated as such by Congress or the United States Environmental Protection Agency (EPA) or defined by any other federal, state or

local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect.

TWELFTH. Mortgagor hereby represents and warrants that (i) no violation of any Environmental Law currently exists in connection with use, ownership, lease, maintenance or operation of the Mortgaged Premises; (ii) based upon reasonable investigation, that, except for such substances which have been used in the normal course of operation of business, neither Mortgagor nor any other person within Mortgagor's knowledge or control, including any lessee of the Mortgaged Premises, has ever caused or permitted any Hazardous Substance to be released, spilled or disposed of on, under or at the Mortgaged Premises or any part thereof and neither the Mortgaged Premises nor any part thereof has ever been used by Mortgagor or any other person as a dump site or storage site, whether permanent or temporary, for any Hazardous Substance; (iii) they are not a party to any litigation or administrative proceeding, nor so far as is known by Mortgagor is any litigation or administrative proceeding threatened against them, which in either case asserts or alleges that (a) Mortgagor violated any Environmental Law, (b) Mortgagor is required to clean up or take other response action due to the release or threatened release or transportation of any Hazardous Substance, or (c) Mortgagor is required to pay all or a portion of the cost of any past, present or future cleanup or other response action which arises out of or is related to the release or threatened release or transportation of any Hazardous Substance; and (iv) there are not now, nor to Mortgagor's knowledge after reasonable investigation have there ever been, tanks or other facilities on, under or at the Mortgaged Premises which contained materials which, if known to be present in soils or groundwater, would require cleanup or other corrective action. If there are such tanks or other facilities, Mortgagor represents and warrants that after reasonable investigation that nothing contained therein has ever been spilled, leaked or released into the environment, soil or groundwater and that such tanks or other facilities are in compliance with all Environmental Laws.

THIRTEENTH. If Mortgagor acquires any knowledge of or receives any notice or other information regarding (i) the happening of any event involving any Hazardous Substance with respect to the Mortgaged Premises or to any activity of the Mortgagor or (ii) any noncompliance with regard to any environmental, health or safety matter with respect to the Mortgaged Premises or to any activity of the Mortgagor, then Mortgagor shall immediately notify Mortgagee orally and in writing and provide Mortgagee with copies of any written notice or information.

FOURTEENTH. Mortgagee shall have the right but not the obligation, to enter the Mortgaged Premises and take such other actions as it deems necessary or advisable at any time (i) to clean up or otherwise deal with any Hazardous Substance (ii) following receipt of any notice or other information which, in the sole opinion of Mortgagee, could result in action against Mortgagor or Mortgagee or could adversely affect the value of the Mortgaged Premises. Mortgagee further shall have the right but not the obligation, to enter the Mortgaged Premises to investigate the environmental condition of the Mortgaged Premises and shall have the right to grant access to environmental professionals to perform investigations, including without limitation sampling and borings, to determine the environmental condition of the Mortgaged Premises in anticipation of

foreclosure or acceptance of a deed in lieu of foreclosure. Notwithstanding the indemnification set forth below, Mortgagor agrees that all reasonable costs and expenses incurred by Mortgagee in the exercise of any entry, investigation or mitigation rights (including without limitation those incurred in anticipation of foreclosure or acceptance of a deed in lieu of foreclosure) shall be payable by Mortgagor upon demand by Mortgagee or added to the outstanding principal balance of the Obligations.

FIFTEENTH. Mortgagor hereby agrees to indemnify Mortgagee and hold Mortgagee harmless from and against any and all losses, liabilities, including strict liability, damages, injuries, expenses, including reasonable attorneys' fees (which fees shall include the allocated cost of in-house counsel and staff), claims for damage to the environment, claims for fines or civil penalties, costs of any settlement or judgment and claims of any and every kind whatsoever paid, incurred or suffered by or asserted against Mortgagee by any person, entity or governmental agency for, with respect to or as a direct or indirect result of Mortgagor's noncompliance or alleged noncompliance with any Environmental Law or the presence on, under or at the Mortgaged Premises of, or the release or threatened release or transportation of, any Hazardous Substance, regardless of whether or not caused by or within the control of Mortgagor unless caused by Mortgagee. The covenants, representations, warranties, and indemnities under this Mortgage shall be deemed continuing covenants, representations, warranties and indemnities for the benefit of Mortgagee, its successors and assigns, and any purchaser of the Mortgaged Premises at a foreclosure sale, any transferee of title to the Mortgaged Premises from Mortgagee, and any subsequent owner of the Mortgaged Premises claiming through or under the title of Mortgagee, and shall survive any enforcement of Mortgagee's rights against collateral securing payment of the Obligations or the satisfaction of the Obligations. The liability of Mortgagor hereunder shall in no way be limited by (i) any renewals, extensions, amendments or replacement of the Loan Agreement or Note, (ii) any sale or assignment of any of the Obligations or any sale or transfer of all or part of the Mortgaged Premises after the enforcement of any of Mortgagee's rights and warranties, or Mortgagee's or its assignees' acquisition of all or part of the Mortgaged Premises by a deed-in-lieu of foreclosure, at foreclosure sale or upon exercise of any rights or remedies of the Mortgagee. Mortgagor hereby waives any right or claim of right to cause a marshalling of collateral for the Obligations, all rights and remedies (including any rights of subrogation) accorded by applicable law to indemnitors, sureties or guarantors, and agrees that any payments required to be made hereunder shall become due on demand.

SIXTEENTH. This Mortgage is executed in connection with the certain Loan Agreement and secures any and all Obligations arising or incurred thereunder to the same extent as though the Loan Agreement were fully incorporated into this Mortgage and if any default shall occur under the Loan Agreement the same shall constitute a default under this Mortgage and visa versa. All rights and remedies conferred upon the Mortgagee under the Loan Agreement and under this Mortgage shall be nonexclusive and cumulative, and exercised at the option of Mortgagee, together with all other rights and remedies available at law or in equity. The invalidity or unenforceability of any provision of this Mortgage shall not affect other provisions and they shall remain in full force and effect and enforceable as if the unenforceable provision had not been made a part hereof.

SEVENTEENTH. In the event that the Mortgagee may make future advances to the Mortgagor in which event this Mortgage shall secure the payment of any and all future advances in a total aggregate amount not to exceed a maximum of Six Million Five Hundred Thousand and No/100 Dollars (\$6,500,000.00), whether by renewals or extensions of the current Obligations or additional loans, and such future advances shall be secured and to the same extent as the amount originally advanced on the security of this Mortgage. Such future advances, with interest thereon, plus all costs of collection and rights of indemnification and reimbursement hereunder, including reasonable attorneys' fees shall be secured by this Mortgage. The Mortgagee at its option may accept a renewal note, or notes, at any time for any portion of the Obligations hereby secured and may extend the time for the payment of any part of said indebtedness without affecting the security of this Mortgage in any manner.

EIGHTEENTH. All rights and Obligations of Mortgagor hereunder shall be binding upon its respective successors, assigns and legal representatives and shall inure to the benefit of Mortgagee and its successors and assigns.

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage, Security Agreement and Absolute Assignment of Rents and Leases to be executed effective as of the 14th day of April, 2000.

"MORTGAGOR"
HOBART RETIREMENT L.L.C.,
an Indiana limited liability company

By: 
Steven L. Caratoni

Member



State of Indiana)
) SS:
County of St. Joseph)

Before me, the undersigned, a Notary Public, in and for said County and State, this 12th day of April, 2000 personally appeared Steven L. Garatoni, as a Member of Hobart Retirement L.L.C., an Indiana limited liability company, and acknowledged the execution of the foregoing Mortgage, Security Agreement and Absolute Assignment of Rents & Leases to be his voluntary act and deed on behalf of said limited liability company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal.

Rita A. Wrobel
Notary Public

RITA A. WROBEL
Printed Name

My commission expires:
7-8-07

Residing in said county:
St. Joseph

This instrument prepared by Brandt N. Hardy, Attorney at Law.

Return To: John J. Thullen, Vice President, National City Bank of Indiana, Suite 200E, One National City Center, Indianapolis, IN 46255.

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EXHIBIT 'A'

LEGAL DESCRIPTION:

Parcel One:

Lot 33 in Second Amended Final Development Plan of St. Mary Medical Center Campus, as per plat thereof, recorded in Plat Book 86, Page 21, in the Office of the Recorder of Lake County, Indiana.

Parcel Two:

A non-exclusive, perpetual storm water drainage easement created in the Drainage Easement Agreement for the benefit of Parcel One, over, under, through and across the Easement Parcel therein described (being the Drainage Pond, being Outlot A in the Second Amended Final Development Plan of St. Mary Medical Center Campus, as per plat thereof, recorded in Plat Book 86, Page 21, in the Office of the Recorder of Lake County, Indiana; the Detention Area and the Connector Pipe Area; said Detention Area being more particularly described as a parcel of land in the Southeast 1/4 of Section 6, Township 35 North, Range 7 West of the Second Principal Meridian, Lake County, Indiana, being a part of the Second Amended Final Development Plan, St. Mary Medical Center Campus, as per plat thereof recorded in Plat Book 86, Page 21, in the Office of the Recorder, Lake County, Indiana, being more particularly described as follows: Commencing at the Northwest corner of the Southeast 1/4 of said Section 6; thence South 85 degrees 48 minutes 49 seconds East (basis of bearings being the East line of the Southeast 1/4 of said Section 6 bearing North 0 degrees 00 minutes 00 seconds East, an assumed bearing) 100.27 feet along the North line of the Southeast 1/4 of said Section 6, said North line also being the North right of way line of 14th Street, as presently laid out, to a point on the East right of way line of Wisconsin Street, as presently laid out; thence South 0 degrees 03 minutes 29 seconds East 60.16 feet along the East right of way line of Wisconsin Street to the South right of way line of 14th Street and the point of beginning; thence South 85 degrees 48 minutes 49 seconds East 399.39 feet along the North right of way line of 14th Street to the beginning of a 25.0 foot radius curve, the center of which bears South 4 degrees 11 minutes 11 seconds West; thence Southeasterly and South 37.41 feet along the arc of said curve through a central angle of 85 degrees 44 minutes 08 seconds to a point on the West line of a 60.0 foot wide ingress/egress and utility easement labeled Washington Street, a private road, as shown on said Development Plan; thence South 0 degrees 04 minutes 41 seconds East 138.31 feet along the West line of said easement; thence South 89 degrees 56 minutes 31 seconds West 259.38 feet; thence North 46 degrees 56 minutes 30 seconds West 222.09 feet to a point on the East right of way line of Wisconsin Street; thence North 0 degrees 03 minutes 29 seconds West 41.0 feet along the East right of way line of Wisconsin Street to the point of beginning, the aforesaid Drainage Pond, Detention Area and Connector Pipe Area collectively referred to as the "Easement Area"), executed by and among St. Mary Medical Center, Inc., an Indiana nonprofit corporation, Grantor, and Hobart Retirement L.L.C., an Indiana limited liability company, Grantee, dated July 22, 1999, and recorded February 9, 2000, as Document Number 2000-009266, and the terms and conditions thereof.