

STATE OF INDIANA  
LAKE COUNTY  
FILED

## REAL ESTATE MORTGAGE

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THIS AGREEMENT (the "Mortgage") is made with an effective date of August 19, 1998 by JAMES JAY JEFFRESS, whose mailing address is 3087 LaPorte, Lake Station, Indiana 46408, to ALINE JEFFRESS, whose mailing address is 2411 West 79<sup>th</sup> Avenue, Merrillville, Indiana 46410.

### BACKGROUND INFORMATION:

a. Mortgagor is indebted to Lender in the principal sum of Twelve Thousand Dollars and 00/100 (\$12,000.00) (the "Indebtedness"), which Indebtedness is expressed in Mortgagor's Promissory Note dated as of the date of this Mortgage, or any notes in renewal (such Promissory Note, and/or any promissory note which is a direct or remote renewal, extension, modification, amendment, restatement, or replacement of such Promissory Note, as may be from time to time modified or amended, called the "Note"), with interest on the Note at the rate and payable in the manner described in the Note.

b. Mortgagor intends this Mortgage to secure to Lender the repayment of the Indebtedness, with interest, and all renewals, extensions, and modifications of the Note; the payment of all other sums, with interest, advanced in accordance with and to protect the security of this Mortgage; and the performance of the covenants and agreements of Mortgagor contained in this Mortgage.

c. Mortgagor is the owner of the real estate in Lake County, Indiana, which is described as follows:

LOT 5 IN KELLER'S 2<sup>ND</sup> ADDITION TO GARY, AS PER PLAT THEREOF, RECORDED JANUARY 16, 1919 IN PLAT BOOK 13 PAGE 31, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.

### MORTGAGOR'S COVENANTS:

Mortgagor covenants to Lender that:

A. By this Mortgage, Mortgagor intends to and does mortgage, warrant, grant, convey, and assign to Lender, and transfers and grants to Lender a security interest in the following properties, rights, and interests, including all replacements or substitutions for and additions to: (1) the Real Estate; together with (I) all buildings, structures, and fixtures (including but not limited to all lighting fixtures, mechanical equipment, machinery, carpets, air conditioning and heating equipment, appliances, maintenance equipment, and other apparatus and devices attached to and which are necessary or useful for the operation of the Real Estate) now or subsequently erected

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or placed in or upon the Real Estate, or now or subsequently attached to or used in connection with the Real Estate to the extent such items may be considered part of the Real Estate under applicable law, (ii) all tenements, hereditaments, easements, rights, royalties, appurtenances, and other rights and privileges now or subsequently attaching and belonging, or in any way appertaining to the Real Estate, and (iii) all rents, issues, profits, accounts, accounts receivable, instruments, contract rights, and general intangibles arising, including but not limited to the rents, income, and profits, from the operation of any business on the Real Estate (all of which are included in the term "Real Estate").

B. Mortgagor is the lawful owner of the Real Estate and has the right to mortgage, warrant, grant, convey, assign, and create a security interest in the Real Estate.

C. Other than those exceptions shown on the title insurance policy issued or to be issued in favor of Lender (the "Permitted Exceptions"), the Real Estate is unencumbered and Mortgagor will warrant and defend the title to the Real Estate.

D. The Real Estate will be used as a residence.

E. Specific time periods have been established for performance by Mortgagor, and time is of the essence of this Mortgage.

**THE AGREEMENT:**

**1. Purpose of Mortgage.** This Mortgage is given as security for the performance and observance of the covenants and agreements contained in it and any other agreement executed by Mortgagor to Lender in connection with the indebtedness secured and to secure the payment when due of the principal of and interest on all present and future indebtedness and obligations of Mortgagor to Lender, individually or with others, in accordance with the terms and conditions of such indebtedness and obligations, whether direct or indirect, absolute or contingent, and whether evidenced by promissory notes, agreements, checks, drafts, letters of credit, bills, overdrafts, open accounts, or otherwise, including but not limited to the indebtedness evidenced by the Note, or as from time to time renewed or extended, at the address of Lender, or at such place as the holder of the Note may from time to time designate by notice in writing to Mortgagor, and including any and all extensions, renewals, increases, modifications, amendments, restatements, and replacements of any of the instruments of this transaction. In addition to any other indebtedness and obligations secured by this Mortgage, this Mortgage secures any and all future advances, together with any interest on such advances, which are made by Lender, to or for the benefit of Mortgagor.

**2. Mortgagor's Title.** Mortgagor covenants, warrants, and represents that (a) Mortgagor is the owner in fee simple of the Real Estate and has full power to mortgage and assign it; and (b) the Real Estate is free and clear of any and all liens and encumbrances, except the Permitted Encumbrances.

**3. Payment of the Note.** Mortgagor will pay the Note in accordance with its terms and will perform and comply with all the terms and provisions of the Note.

**4. Hazard Insurance and Public Liability Insurance.** Mortgagor will procure and maintain in effect at all times hazard insurance (fire and extended coverage) with respect to the Real Estate and public liability insurance with such insurance companies and in form and amounts as are acceptable to and approved by Lender against loss or destruction on account of fire, windstorm, or other such hazards, casualties, and contingencies customarily insured against, and injury to person or property. All insurance policies are to be held by and, to the extent of Lender's interests, for the benefit of and first payable in case of loss to Lender, and Mortgagor will deliver to Lender a new policy as replacement for any expiring policy at least 15 days before the date of such expiration. All such policies of insurance will contain waiver of subrogation clauses and will have attached a clause in favor of Lender providing for cancellation only upon at least 10 days' prior written notice to Lender. Lender will have the right to settle and compromise any and all claims under any of the insurance policies required to be maintained by Mortgagor under this Mortgage; to demand, receive, and receipt for all monies payable by the policies; and to execute in the name of Mortgagor or Lender or both any proof of loss, notice, or other instruments in connection with the policies or any loss. All amounts recoverable under any policy are assigned to Lender and, in the event of a loss, each insurance company is authorized and directed to make payment for such loss directly to Lender rather than jointly to Lender and Mortgagor, and the amount collected will at the option of Lender be used in any one or more of the following ways: (a) applied upon the Indebtedness secured, whether or not the Indebtedness is then due and payable; (b) used to fulfill any of the covenants contained in this Mortgage; or (c) used to replace or restore the Real Estate to a condition satisfactory to Lender. In the event of the foreclosure of this Mortgage or a transfer of the Real Estate in lieu of foreclosure, all rights, title, and interest of Mortgagor in and to such policies of insurance will pass to the purchaser or grantee and Mortgagor.

**5. Taxes and Assessments.** Mortgagor will pay, before becoming delinquent or any penalty for non-payment attaches, all taxes, assessments, and charges of every nature now or subsequently levied or assessed against or upon all or any portion of the Real Estate.

**6. Advances by Lender.** If Mortgagor fails to keep the Real Estate in good repair, to maintain and pay the premiums for insurance which may be required, or to



pay and discharge all taxes, assessments, and charges assessed against Mortgagor, the Real Estate, all as provided for under the terms of this Mortgage, Lender may, at Lender's election, cause such repairs or replacements to be made, obtain such insurance or pay the taxes, assessments, and charges, and any amounts paid as a result, together with interest at a rate which is nine percent (9%) per annum above the rate of interest payable on the Note from the date of payment, will be immediately due and payable by Mortgagor to Lender, and until paid will be added to and become a part of the Indebtedness secured by this Mortgage, and the sums advanced may be collected in any lawsuit on the Mortgage or the Note, or Lender, by payment of any tax, assessment, or charge may, at Lender's discretion, be subrogated to the rights of the governmental subdivisions levying such tax, assessment, or charge. No such advances will be deemed to relieve Mortgagor from any default or impair any right or remedy of Lender, and the exercise by Lender of the right to make advances will be optional with Lender, and not obligatory, and Lender will not in any case be liable to Mortgagor for a failure to exercise any such right.

**7. Maintenance and Repairs.** Mortgagor will keep the Real Estate in good order, repair, and condition at all times and will not commit waste or allow waste to be committed against the Real Estate. Mortgagor will not commit or allow the commission of any violation of any law, regulation, ordinance, or contract affecting the Real Estate and will not allow any demolition, of any of the buildings without the prior written consent of Lender. Lender will at reasonable times during normal business hours have free access to the Real Estate for the purposes of inspection and the exercise of its rights.

**8. Eminent Domain.** All awards made by any public or quasi-public authority for damages to the Real Estate based upon 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 Real Estate, are assigned to Lender. Lender, at Lender's election, is authorized, directed, and empowered to collect and receive the proceeds of any such award to the extent of the Indebtedness secured by or payable under this Mortgage from the appropriate governmental authority. Such award will be used in any one or more of the following ways at the option of Lender: (i) applied upon the Indebtedness secured, whether or not such Indebtedness is then due and payable, or (ii) used to replace or restore the Real Estate to a condition satisfactory to Lender. In the event of a default under this Mortgage or the terms of the Note, Lender is authorized, at Lender's election, to appear in and prosecute in Lender's 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 Lender, 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 Note all proceeds from such awards to Lender free and clear and discharged of any and all

encumbrances or claims of any kind or nature.

**9. Mortgagor to Hold Lender Harmless.** Mortgagor will indemnify Lender and hold Lender harmless from any and all loss, damage, or expense, including attorneys' fees, resulting from or arising out of the execution and delivery of this Mortgage and its terms, and any such sums are made a part of the Indebtedness secured. All sums paid by Lender, including attorneys' fees, to cure a default by Mortgagor, or for the expense of any litigation to prosecute or defend the rights and lien created by this Mortgage, in any action or proceeding to which Lender is made a party by reason of this Mortgage or the Note, or in which it becomes necessary to defend or uphold the lien of this Mortgage, will be paid by Mortgagor to Lender, together with interest from date of payment at the rate specified under paragraph 6 above, and any such sums and the interest will be immediately due and payable and secured by this Mortgage, having the benefit of the lien created, as a part of such lien, and with its priority, all without relief from valuation or appraisal laws.

**10. Other Liens or Obligations.** Mortgagor will pay all sums which if not paid may result in the acquisition or creation of a lien prior to or of equal priority with or junior to the lien of this Mortgage, or which may result in conferring upon a tenant of any part of the Real Estate a right to recover such sums as prepaid rent or as a credit or offset against any future rental obligation.

**11. Operation Limitations.** Mortgagor will operate the Real Estate at all times as a residence and will not acquire any equipment or fixtures covered by this Mortgage subject to any security interest or other charge or lien having priority over the lien or security interest granted under this Mortgage.

**12. Successor Ownership.** If the ownership of all or any part of the Real Estate becomes vested in a person or persons other than Mortgagor, the balance of the indebtedness evidenced by this Mortgage and Note shall become immediately due and payable.

**13. Continuing Lien.** This Mortgage creates a continuing lien to secure the full and final payment of the Note and the performance of the other obligations of Mortgagor under this Mortgage or under any other security documents or agreements executed by Mortgagor in connection with the Indebtedness secured by this Mortgage.

**14. Loan Agreement.** This Mortgage is executed in connection with a certain LOAN AGREEMENT executed by and between Mortgagor and Lender with an effective date the same as this Mortgage (such LOAN AGREEMENT, and/or any direct or remote agreement amending or restating such LOAN AGREEMENT, as from time to time amended or modified being referred to as the "Loan Agreement") and secures any and all advancements and indebtedness arising and accruing to the same extent as though

the Loan Agreement were fully incorporated in this Mortgage. If any default occurs under the Loan Agreement it will constitute a default under this Mortgage and will entitle Lender to all rights and remedies conferred upon Lender by the terms of this Mortgage or otherwise by law, as in the case of any other default.

**15. Events of Default.** Upon the occurrence of any of the following events (each of which constitutes an event of default): (a) any default in the payment of any Indebtedness of the Note, the Loan Agreement, or secured by this Mortgage, or of any installment as due; (b) failure to make any payment when due of any tax, assessment, or charge as required; (c) any default in the performance or observance of any other term, covenant, or agreement of this Mortgage and the continuation of such default for a period of 60 days; (d) any default in the performance and observance of any term, covenant, or agreement of the Loan Agreement and a failure to cure such default within the applicable cure period, if any; (e) any default in the performance and observance of any term, covenant, or agreement of the Note or any other instrument, agreement, or document executed in connection with any Indebtedness secured by this Mortgage and a failure to cure such default within the applicable cure period, if any; then, in any such event, the whole of the Indebtedness secured will, at the election of Lender, become immediately due and payable, without notice or demand, and Lender, at Lender's election, may proceed to foreclose this Mortgage without relief from valuation and appraisal laws.

**16. Failure to Exercise Remedies.** Failure by Lender to exercise any of Lender's rights under this Mortgage will not preclude Lender from exercising such rights in the event of subsequent default by Mortgagor, and delay by Lender in exercising Lender's rights under this Mortgage will not preclude Lender from exercising such rights so long as Mortgagor is in default. Lender may enforce any one or more of Lender's rights or remedies successively or concurrently.

**17. Extension of Time for Payment.** Lender, at Lender's election, may extend the time for the payment of the Indebtedness secured, or reduce the payments, or accept a renewal note or notes without the consent of any endorser or guarantor and any such extension, reduction, or renewal will not affect the priority of this Mortgage or impair the security in any manner, or release, discharge, or affect in any manner the primary liability of Mortgagor or any endorser or guarantor to Lender.

**18. Prepayment of Indebtedness.** Mortgagor may prepay the indebtedness secured hereby in part or in full at any time without penalty.

**19. Binding Effect.** The covenants, conditions, and agreements contained in this Mortgage bind, and the benefits inure to, Mortgagor and Lender, their respective successors, assigns, heirs, and legal representatives. In the event of the death of Lender prior to payment in full of the indebtedness secured by this Mortgage,

Mortgagor shall make such payment to Aline Jeffress.

Mortgagor has executed this Mortgage to be effective and delivered August 19, 1998.

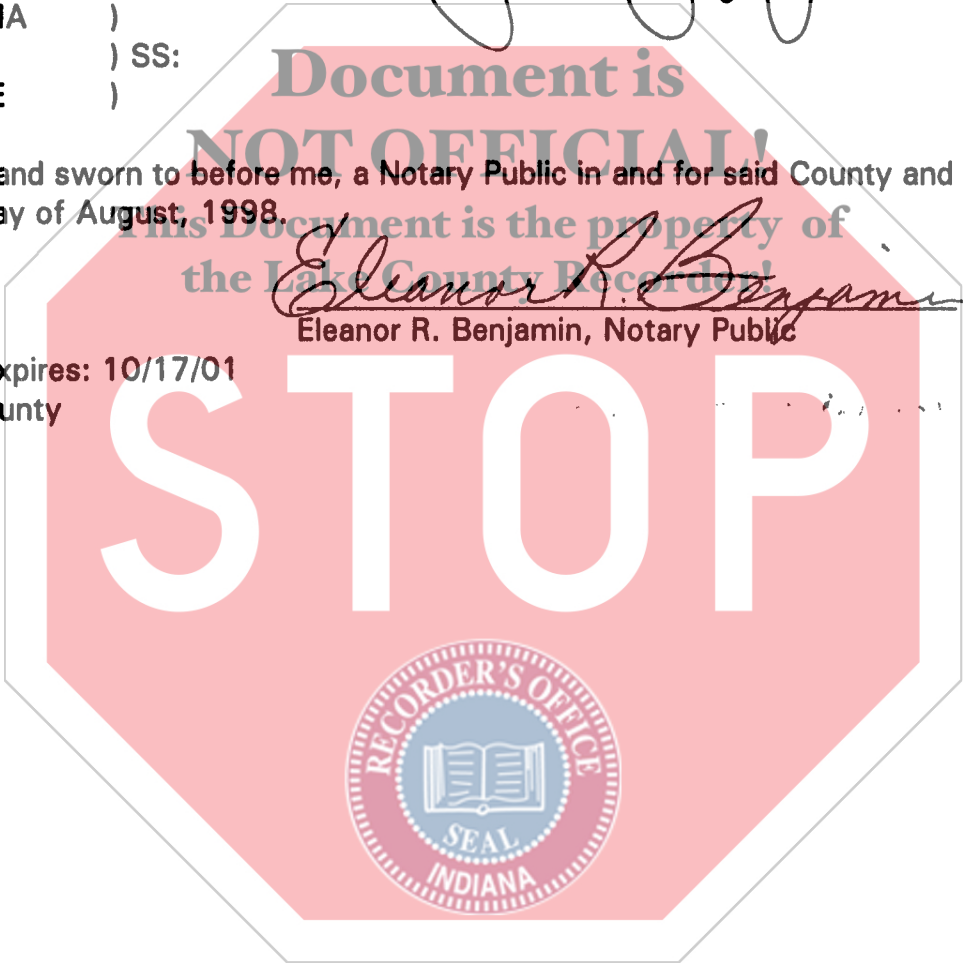
*[Handwritten Signature]*  
JAMES JAY JEFFRESS

STATE OF INDIANA )  
                          ) SS:  
COUNTY OF LAKE )

Subscribed and sworn to before me, a Notary Public in and for said County and State, this 19th day of August, 1998.

*[Handwritten Signature]*  
Eleanor R. Benjamin, Notary Public

My Commission Expires: 10/17/01  
Resident LAKE County



This instrument was prepared by STEVEN A. KUROWSKI, Attorney No. 5374-45, 7803 West 75th Avenue, Suite 1, Schererville, Indiana 46375 (219) 322-4100 or (219) 769-4540.

