

MORTGAGE

BY

NORTH HARBOR PROPERTY, INC.,

AN INDIANA NOT-FOR-PROFIT CORPORATION

TO AND FOR THE BENEFIT OF

MERCANTILE NATIONAL BANK OF INDIANA,  
the Lake County Recorder!  
A NATIONAL BANKING ASSOCIATION



2002 048097

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

2002 MAY 23 PM 12: 22

MORRIS W. CARTER  
RECORDER

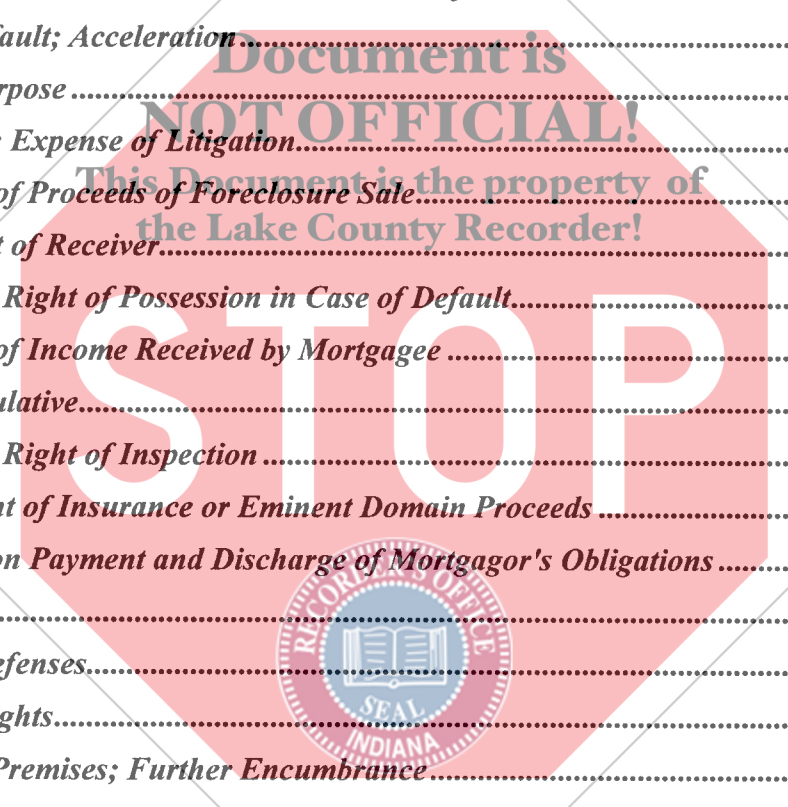
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Crown Point, Indiana

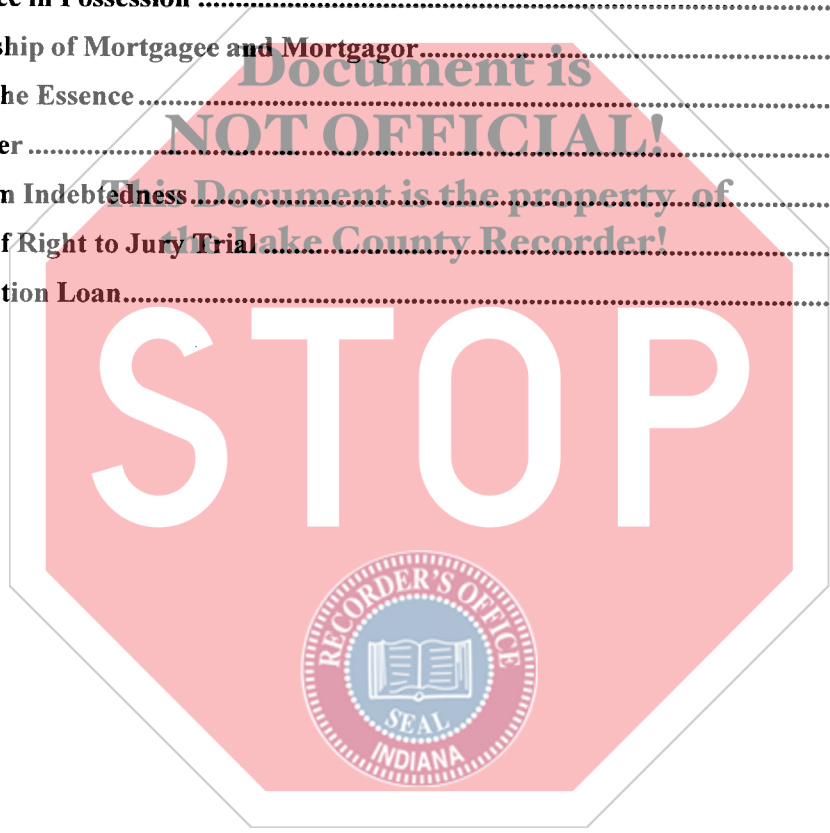
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## MORTGAGE

THIS MORTGAGE is made as of the ~~26~~ day of May, 2002, by **NORTH HARBOR PROPERTY, INC.**, an Indiana not-for-profit corporation ("Mortgagor"), to and for the benefit of **MERCANTILE NATIONAL BANK OF INDIANA**, a national banking association, 5243 Hohman Avenue, Hammond, Indiana 46320 ("Mortgagee"):

### RECITALS:

A. Mortgagee has agreed to loan to North Harbor, L.P., an Indiana limited partnership ("Borrower") the principal amount of up to Five Million Two Hundred Eighty-six Thousand Three Hundred Twenty-six Dollars (\$5,286,326.00) (the "Loan"). The Loan shall be evidenced by a certain Mortgage Note of even date herewith (the "Note") made by North Harbor, L.P. payable to Mortgagee in the principal amount of the Loan and due no later than December 26, 2003 pursuant to the terms and conditions of a certain Construction Loan Agreement of May 26, 2002, (the "Loan Agreement").

B. A condition precedent to Mortgagee's extension of the Loan to Mortgagor is the execution and delivery by Mortgagor of this Mortgage.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor agrees as follows:

Mortgagor hereby mortgages, grants, assigns, remises, releases, warrants and conveys to Mortgagee, its successors and assigns, the real estate legally described on Exhibit A attached hereto (the "Real Estate"), together with the other property described in the following paragraph (the Real Estate and property being hereinafter referred to as the "Premises") to secure: (i) the payment of the Loan and all interest, late charges and other indebtedness evidenced by or owing under the Note or any of the other Loan Documents (as defined in the Note) and by any extensions, modifications, renewals or refinancings thereof; (ii) the performance and observance of the covenants, conditions, agreements, representations, warranties and other liabilities and

obligations of Borrower or any other obligor to or benefiting Mortgagee which are evidenced or secured by or otherwise provided in the Note, this Mortgage or any of the other Loan Documents; and (iii) the reimbursement of Mortgagee for any and all sums expended or advanced by Mortgagee pursuant to any term or provision of or constituting additional indebtedness under or secured by this Mortgage or any of the other Loan Documents, with interest thereon as provided herein or therein.

In addition to the Real Estate, the Premises hereby mortgaged includes all buildings, structures and improvements now or here-after constructed or erected upon or located on the Real Estate, all tenements, easements, rights-of-way and rights used as a means of access thereto, all fixtures and appurtenances thereto now or hereafter belonging or pertaining to the Real Estate, and all rents, issues, royalties, income, revenue, proceeds, profits, security deposits and all accounts relating to the Premises and all other benefits thereof, and any after-acquired title, franchise, or license (but only to the extent any franchise or license is assignable) and the reversions or remainders thereof, for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said Real Estate and not secondarily), and all machinery, apparatus, equipment, appliances, floor covering, furniture, furnishings, supplies, materials, fittings, fixtures and other personal property of every kind and nature whatsoever, and all proceeds thereof, now or hereafter located thereon or therein and which is owned by Mortgagor. All of the land, estate and property hereinabove described, real, personal and mixed, whether or not affixed or annexed, and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared, to the maximum extent permitted by law, to form a part and parcel of the Real Estate and to be appropriated to the use of the Real Estate, and shall be for the purposes of this Mortgage deemed to be conveyed and mortgaged hereby; provided, however, as to any of the property aforesaid which does not so form a part and parcel of the Real Estate, this Mortgage is hereby deemed also to be a Security Agreement under the Uniform Commercial Code of the State of Indiana (the "Code") for purposes of granting a security interest in such property, which Mortgagor hereby grants to Mortgagee, as secured party (as defined in the Code).

TO HAVE AND TO HOLD the Premises unto Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth, together with all right to retain possession of the Premises after any Event of Default (as hereinafter defined).

**IT IS FURTHER UNDERSTOOD AND AGREED THAT:**

**1. Title.**

Mortgagor represents, warrants and covenants that (a) Mortgagor is the holder of the fee simple title to the Premises, free and clear of all liens and encumbrances, except those liens and encumbrances described on Exhibit B attached hereto (the "Permitted Exceptions"); and (b) Mortgagor has legal power and authority to mortgage and convey the Premises.

**2. Maintenance, Repair and Restoration of Improvements, Payment of Prior Liens, etc.**

Mortgagor shall or shall cause the Borrower to: (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed; (b) keep the Premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien, except that Mortgagor shall have the right to contest by appropriate proceedings the validity or amount of any such lien if and only if Mortgagor shall, within thirty (30) days after the filing thereof, (i) place a bond with Mortgagee in an amount, form, content and issued by a surety reasonably acceptable to Mortgagee for the payment of any such lien or (ii) cause the title company which has issued the loan policy of title insurance to Mortgagee insuring the lien of this Mortgage to issue an endorsement thereto insuring against loss or damage on account of any such lien; (c) immediately pay when due any indebtedness which may be secured by a lien or charge on the Premises superior or inferior to or at parity with the lien hereof (no such superior, inferior or parity lien to be permitted hereunder without the prior written consent of Mortgagee), and upon request exhibit satisfactory evidence of the discharge of any such lien to Mortgagee; (d) complete within a reasonable time any buildings or any other improvements now or at any time in process of construction upon the Premises; (e) comply with all requirements of law, municipal ordinances and restrictions of record with respect to the Premises and the use thereof, including without limitation, those relating to building, zoning, environmental protection, health, fire and safety; (f) make no material alterations to the Premises or any buildings or other improvements now or hereafter constructed thereon, without the prior written consent of Mortgagee, except as contemplated by the Loan Agreement; (g) not suffer or permit any change in the general nature of the occupancy of the Premises without the prior written consent of Mortgagee, except as contemplated by the Loan Agreement; (h) not initiate or acquiesce in any zoning reclassification without the prior written consent of Mortgagee; (i) pay each item of indebtedness secured by this Mortgage when due according to the terms of the Note and the other Loan Documents; and (j) duly perform and observe all of the covenants, terms, provisions and agreements herein, in the Note and in the other Loan Documents on the part of Mortgagor to be performed and observed. As used in this Paragraph and elsewhere in this Mortgage, the term "indebtedness" shall mean and include the principal sum evidenced by the Note, together with all interest thereon and all other amounts payable to Mortgagee thereunder, and all other sums at any time secured by this Mortgage.

**3. Payment of Taxes and Assessments.**

Mortgagor shall pay or cause the Borrower to pay all general taxes, special taxes, special assessments, water charges, sewer service charges, and all other liens or charges levied or assessed against the Premises, or any interest therein, of any nature whatsoever when due and before any penalty or interest is assessed, and, at the request of Mortgagee, shall furnish to Mortgagee duplicate receipts of payment therefor. If any special assessment is permitted by applicable law to be paid in installments, Mortgagor shall have the right to pay such assessment in installments, so long as all such installments are paid prior to the due date thereof. Notwithstanding anything contained herein to the contrary, Mortgagor shall have the right to protest any taxes assessed against the Premises, so long as such protest is conducted in good faith by appropriate legal proceedings diligently prosecuted and Mortgagor shall furnish to the title

insurer such security or indemnity as said insurer requires to induce it to issue an endorsement, in form and substance acceptable to Mortgagee, insuring over any exception created by such protest.

**4. Tax Deposits.**

Upon the occurrence of an Event of Default hereunder and upon request of Mortgagee, Mortgagor covenants to deposit or cause the Borrower to deposit with Mortgagee on the first day of each month until the indebtedness secured by this Mortgage is fully paid, a sum equal to one-twelfth (1/12th) of 105% of the annual taxes and assessments (general and special) on the Premises, as reasonably determined by Mortgagee. Upon the occurrence of an Event of Default hereunder upon request of Mortgagee, Mortgagor shall also deposit or cause the Borrower to deposit with Mortgagee an amount of money which, together with the aggregate of the monthly deposits to be made pursuant to the preceding sentence as of one month prior to the date on which the next installment of annual taxes and assessments for the current calendar year become due, shall be sufficient to pay in full such installment of annual taxes and assessments, as estimated by Mortgagee. Such deposits are to be held without any allowance of interest and are to be used for the payment of taxes and assessments on the Premises next due and payable when they become due. Mortgagee may, at its option, pay such taxes and assessments when the same become due and payable (upon submission of appropriate bills therefor from Mortgagor) or shall release sufficient funds to Mortgagor for the payment thereof. If the funds so deposited are insufficient to pay any such taxes or assessments for any year (or installments thereof, as applicable) when the same shall become due and payable, Mortgagor shall, within ten days after receipt of demand therefor, deposit or cause Borrower to deposit additional funds as may be necessary to pay such taxes and assessments in full. If the funds so deposited exceed the amount required to pay such taxes and assessments for any year, the excess shall be applied toward subsequent deposits. Said deposits need not be kept separate and apart from any other funds of Mortgagee. The foregoing will not be required if a tenant or tenants at the Premises is required to pay the taxes and assessments and is not in default of their obligation to pay same.

**5. Mortgagee's Interest In and Use of Deposits.**

Upon the occurrence of an Event of Default, Mortgagee may, at its option, apply any monies at the time on deposit pursuant to Paragraph 4 hereof toward any of the indebtedness secured hereby in such order and manner as Mortgagee may elect. When such indebtedness has been fully paid, any remaining deposits shall be returned to Mortgagor. Such deposits are hereby pledged as additional security for the indebtedness hereunder and shall not be subject to the direction or control of Mortgagor. Mortgagee shall not be liable for any failure to apply to the payment of taxes, assessments and insurance premiums any amount so deposited unless Mortgagor, prior to the occurrence of an Event of Default, shall have requested Mortgagee in writing to make application of such funds to the payment of such amounts, accompanied by the bills for such taxes, assessments and insurance premiums. Mortgagee shall not be liable for any act or omission taken in good faith or pursuant to the instruction of any party.

**6. Insurance.**

(a) Mortgagor shall at all times keep, or cause to be kept, all buildings, improvements, fixtures and articles of personal property now or hereafter situated on the Premises owned or used by Mortgagor insured against loss or damage by fire and such other hazards as may reasonably be required by Mortgagee, including without limitation: (i) all-risk fire and extended coverage insurance, with vandalism and malicious mischief endorsements, for the full replacement value of the Premises, with agreed upon amount and inflation protection endorsements; (ii) if there are tenants under leases at the Premises, rent and rental value or business loss insurance for the same perils described in clause (i) above payable at the rate per month and for the period specified from time to time by Mortgagee; (iii) broad form boiler and sprinkler damage insurance in an amount reasonably satisfactory to Mortgagee, if and so long as the Premises shall contain a boiler and/or sprinkler system, respectively; (iv) if the Premises are located in a flood hazard area, flood insurance in the maximum amount obtainable up to the amount of the indebtedness hereby secured; and (v) such other insurance as Mortgagee may from time to time reasonably require. Mortgagor also shall at all times maintain or cause Borrower to maintain comprehensive public liability, property damage and workmen's compensation insurance covering the Premises and any employees thereof, with such limits for personal injury, death and property damage as Mortgagee may require. Mortgagor shall be the named insured under such policies and Mortgagee shall be identified as an additional insured party. All policies of insurance to be furnished hereunder shall be in forms, with companies, in amounts and with deductibles reasonably satisfactory to Mortgagee, with mortgagee clauses attached to all policies in favor of and in form satisfactory to Mortgagee, including a provision requiring that the coverage evidenced thereby shall not be terminated or modified without thirty days prior written notice to Mortgagee and shall contain endorsements that no act or negligence of the insured or any occupant and no occupancy or use of the Premises for purposes more hazardous than permitted by the terms of the policies will affect the validity or enforceability of such policies as against Mortgagee. Mortgagor shall deliver all policies, including additional and renewal policies, to Mortgagee, and, in the case of insurance about to expire, shall deliver renewal policies not less than thirty days prior to their respective dates of expiration.

(b) Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Mortgagee is included thereon as the loss payee or an additional insured as applicable, under a standard mortgage clause acceptable to Mortgagee and such separate insurance is otherwise acceptable to Mortgagee.

(c) In the event of loss of \$100,000 or more, Mortgagor shall give prompt notice thereof to Mortgagee, who shall have the sole and absolute right to make proof of loss, provided that if the loss is reasonably expected to exceed the unpaid balance of the Loan, Mortgagee will not settle a claim without Mortgagor's prior written consent, which consent shall not be unreasonably withheld. Mortgagee will not without Mortgagor's consent, undertake a settlement for less than the replacement cost of the damaged



property, based on information reasonably available to Mortgagee. If such loss exceeds \$100,000 or if such loss is \$100,000 or less and the conditions set forth in clauses (i), (ii) and (iii) of the immediately succeeding sentence are not satisfied, then each insurance company concerned is hereby authorized and directed to make payment for such loss directly and solely to Mortgagee. If and only if (i) such loss is \$100,000 or less, (ii) no Event of Default or event that with the passage of time, the giving of notice or both would constitute an Event of Default then exists, and (iii) Mortgagee determines that the work required to complete the repair or restoration of the Premises necessitated by such loss can be completed no later than the 60<sup>th</sup> day prior to the maturity date of the Loan, then Mortgagor may receive such payment directly. Mortgagee shall have the right, at its option and in its sole discretion, to apply any insurance proceeds received by Mortgagee pursuant to the terms of this paragraph after the payment of all of Mortgagee's expenses, either (i) on account of the unpaid principal balance of the Note, irrespective of whether such principal balance is then due and payable, whereupon Mortgagee may declare the whole of the balance of indebtedness hereby secured to be due and payable, or (ii) to the restoration or repair of the property damaged as provided in Paragraph 23 hereof; provided, however, that Mortgagee hereby agrees to permit the application of such proceeds to the restoration or repair of the damaged property, subject to the provisions of Paragraph 23 hereof, if (A) no tenant at the Premises has the right to terminate its lease as a result of such damage to the Premises, (B) Mortgagee has received satisfactory evidence that such restoration or repair shall be completed no later than the date that is six months prior to the maturity date of the Loan, and (C) no Event of Default, or event that with the passage of time, the giving of notice or both would constitute an Event of Default, then exists. If insurance proceeds are delivered to Mortgagor by Mortgagee as hereinafter provided, Mortgagor shall repair, restore or rebuild the damaged or destroyed portion of the Premises so that the condition and value of the Premises are substantially the same as the condition and value of the Premises prior to being damaged or destroyed. In the event of the exercise of the power of sale of this Mortgage, all right, title and interest of Mortgagor in and to any insurance policies then in force shall pass to the purchaser at the foreclosure sale. At the request of Mortgagee, from time to time, Mortgagor shall furnish Mortgagee, without cost to Mortgagee, evidence of the replacement value of the Premises. Notwithstanding the foregoing provisions, Mortgagee agrees to make insurance proceeds available to the restoration or repair of the Premises in accordance with the provisions of any lease, copies of which have been delivered to Mortgagee and certified as correct copies by Mortgagor simultaneously with the execution of this Mortgage, or in accordance with any future lease hereafter permitted at the Premises in accordance with the terms and conditions of the Loan Documents. In no event will Mortgagee retain that portion of insurance proceeds that is in excess of the outstanding amount of the Loan.

**7. Condemnation.**

If all or any part of the Premises are damaged, taken or acquired, either temporarily or permanently, in any condemnation proceeding, or by exercise of the right of eminent domain, 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 remaining unpaid indebtedness secured by this

Mortgage, is hereby assigned to Mortgagee, who is empowered to collect and receive the same and to give proper receipts therefor in the name of Mortgagor and the same shall be paid forthwith to Mortgagee. Mortgagee will not agree to any settlement for such proceeds if the amount of the award is reasonably likely to exceed the unpaid balance of the Loan without the Mortgagor's prior written consent, which consent shall not be unreasonably withheld. Such award or monies shall be applied on account of the unpaid principal balance of the Note, irrespective of whether such principal balance is then due and payable and, at any time from and after the taking Mortgagee may declare the whole of the balance of the indebtedness hereby secured to be due and payable. Notwithstanding the provisions of this Paragraph to the contrary, if any condemnation or taking of less than the entire Premises occurs and provided that no Event of Default and no event or circumstance which with the passage of time, the giving of notice or both would constitute an Event of Default then exists, and if such partial condemnation, in the reasonable discretion of Mortgagee, has no material adverse effect on the operation or value of the Premises, then the award or payment for such taking or consideration for damages resulting therefrom may be collected and received by Mortgagor, and Mortgagee hereby agrees that in such event it shall not declare the whole of the indebtedness hereby secured to be due and payable, if it is not otherwise then due and payable. Notwithstanding the foregoing provisions, Mortgagee agrees to make condemnation proceeds available to the restoration or repair of the Premises in accordance with the provisions of any lease, copies of which have been delivered to Mortgagee and certified as correct copies by Mortgagor simultaneously with the execution of this Mortgage, or in accordance with any future lease hereafter permitted at the Premises in accordance with the terms and conditions of the Loan Documents. In no event will Mortgagee retain that portion of an award that exceeds the outstanding amount of the Loan.

**8. Stamp Tax.**

If, by the laws of the United States of America, or of any state or political subdivision having jurisdiction over Mortgagor, any tax is due or becomes due in respect of the execution and delivery of this Mortgage, the Note or any of the other Loan Documents, Mortgagor covenants and agrees to pay such tax in the manner required by any such law. Mortgagor further covenants to reimburse Mortgagee for any sums which Mortgagee may expend by reason of the imposition of any such tax. Notwithstanding the foregoing, Mortgagor shall not be required to pay any income or franchise taxes of Mortgagee.

**9. Lease Assignment.**

Mortgagor acknowledges that, concurrently herewith, Mortgagor is delivering to Mortgagee, as additional security for the repayment of the Loan, an Assignment of Rents and Leases (the "Assignment") pursuant to which Mortgagor has assigned to Mortgagee interests in the leases of the Premises and the rents and income from the Premises. All of the provisions of the Assignment are hereby incorporated herein as if fully set forth at length in the text of this Mortgage. Mortgagor agrees to abide by all of the provisions of the Assignment.

**10. Effect of Extensions of Time.**

If the payment of the indebtedness secured hereby or any part thereof is extended or varied or if any part of any security for the payment of the indebtedness is released, all persons now or at any time hereafter liable therefor, or interested in the Premises or having an interest in Mortgage, shall be held to assent to such extension, variation or release, and their liability and the lien and all of the provisions hereof shall continue in full force, any right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding such extension, variation or release.

**11. Effect of Changes in Laws Regarding Taxation.**

If any law is enacted after the date hereof requiring (i) the deduction of any lien on the Premises from the value thereof for the purpose of taxation or (ii) the imposition upon Mortgagee of the payment of the whole or any part of the taxes or assessments, charges or liens herein required to be paid by Mortgagor, or (iii) a change in the method of taxation of mortgages or debts secured by mortgages or Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the indebtedness secured hereby or the holders thereof, then Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessments, or reimburse Mortgagee therefor; provided, however, that Mortgagor shall not be deemed to be required to pay any income or franchise taxes of Mortgagee. Notwithstanding the foregoing, if in the opinion of counsel for Mortgagee it may be unlawful to require Mortgagor to make such payment or the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then Mortgagee may declare all of the indebtedness secured hereby to be immediately due and payable.

**12. Mortgagee's Performance of Defaulted Acts and Expenses Incurred by Mortgagee.**

If an Event of Default has occurred, Mortgagee may, but need not, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient by Mortgagee, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises or consent to any tax or assessment or cure any default of Mortgagor in any lease of the Premises. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, the costs of any environmental audit provided for in the Loan Documents, and any other monies advanced by Mortgagee in regard to any tax referred to in Paragraph 8 above or to protect the Premises or the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable by Mortgagor to Mortgagee, upon demand, and with interest thereon at the interest rate provided in the Note then in effect. In addition to the foregoing, any costs, expenses and fees, including attorneys' fees, incurred by Mortgagee in connection with (a) sustaining the lien of this Mortgage or its priority, (b) protecting or enforcing any of Mortgagee's rights hereunder, (c) recovering any indebtedness secured hereby, (d) any litigation or proceedings affecting the Note, this Mortgage, any of the other Loan Documents or the Premises, including without limitation, bankruptcy and

probate proceedings, or (e) preparing for the commencement, defense or participation in any threatened litigation or proceedings affecting the Note, this Mortgage, any of the other Loan Documents or the Premises, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable by Mortgagor to Mortgagee, upon demand, and with interest thereon at the interest rate provided in the Note. The interest accruing under this Paragraph 12 shall be immediately due and payable to Mortgagee, and shall be additional indebtedness evidenced by the Note and secured by this Mortgage. Mortgagee's failure to act shall never be considered as a waiver of any right accruing to Mortgagee on account of any Event of Default. Should any amount paid out or advanced by Mortgagee hereunder, or pursuant to any agreement executed by Mortgagor or Borrower in connection with the Loan, be used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any lien or encumbrance upon the Premises or any part thereof, then Mortgagee shall be subrogated to any and all rights, equal or superior titles, liens and equities, owned or claimed by any owner or holder of said outstanding liens, charges and indebtedness, regardless of whether said liens, charges and indebtedness are acquired by assignment or have been released of record by the holder thereof upon payment.

**13. Mortgagee's Reliance on Tax Bills and Claims for Liens.**

Mortgagee, in making any payment hereby authorized: (a) relating to taxes and assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted.

**14. Event of Default; Acceleration.**

Each of the following shall constitute an "Event of Default" for purposes of this Mortgage:

(a) Borrower fails to pay within thirty business days of when due (i) any installment of principal or interest payable pursuant to the Note, or (ii) any other amount payable pursuant to the Note, this Mortgage or any of the other Loan Documents;

(b) Mortgagor or Borrower fails to promptly perform or cause to be performed any other obligation or observe any other condition, covenant, term, agreement or provision required to be performed or observed by Mortgagor or Borrower under the Note, this Mortgage or any of the other Loan Documents; provided, however, that if such failure by its nature can be cured, then so long as the continued operation and safety of the Premises, and the priority, validity and enforceability of the lien created by the Mortgage or any of the other Loan Documents and the value of the Premises are not impaired, threatened or jeopardized, then Mortgagor shall have a period (the "Cure Period") of thirty days after written notice from Mortgagee of such failure to cure the same and an Event of Default shall not be deemed to exist during the Cure Period, provided further that if Mortgagor commences to cure such failure during the Cure Period

and is diligently and in good faith attempting to effect such cure, the Cure Period shall be extended for sixty additional days, but in no event shall the Cure Period be longer than ninety days in the aggregate;

(c) The existence of any inaccuracy or untruth in any material respect in any representation or warranty contained in this Mortgage or any of the other Loan Documents or of any statement or certification as to facts delivered to Mortgagee by Mortgagor, Borrower, or any guarantor of the Note;

(d) Mortgagor, Borrower or any guarantor of the Note files a voluntary petition in bankruptcy or is adjudicated a bankrupt or insolvent or files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal, state, or other statute or law, or seeks or consents to or acquiesces in the appointment of any trustee, receiver or similar officer of Mortgagor or Borrower or of all or any substantial part of the property of Mortgagor, Borrower or any guarantor of the Note or any of the Premises;

(e) The commencement of any involuntary petition in bankruptcy against Mortgagor, Borrower or any guarantor of the Note or the institution against Mortgagor, Borrower or any guarantor of the Note of any reorganization, arrangement, composition, readjustment, dissolution, liquidation or similar proceedings under any present or future federal, state or other statute or law, or the appointment of a receiver, trustee or similar officer for all or any substantial part of the property of Mortgagor, Borrower or any guarantor of the Note which shall remain undismissed or undischarged for a period of sixty days; or

(f) Any sale, transfer, lease, assignment, conveyance, financing, lien or encumbrance made in violation of Paragraph 28 of this Mortgage.

If an Event of Default occurs, Mortgagee may, at its option declare the whole of the indebtedness hereby secured to be immediately due and payable without further notice to Mortgagor, with interest thereon from the date of such Event of Default at the interest rate provided in the Note.

**15. Business Purpose.**

The indebtedness evidenced by the Note is for business purposes and the Premises is not used primarily for agricultural purposes.

**16. Foreclosure; Expense of Litigation.**

(a) When all or any part of the indebtedness hereby secured shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof and/or exercise any right, power or remedy provided in this Mortgage or any of the other Loan Documents. It is further agreed that if default be made in the payment of any part of the secured indebtedness, as an alternative

to the right of foreclosure for the full secured indebtedness after acceleration thereof, Mortgagee shall have the right to institute partial foreclosure proceedings with respect to the portion of said indebtedness so in default, as if under a full foreclosure, and without declaring the entire secured indebtedness due (such proceeding being hereinafter referred to as a "partial foreclosure"), and provided that if foreclosure sale is made because of default of a part of the secured indebtedness, such sale may be made subject to the continuing lien of this Mortgage for the unmatured part of the secured indebtedness. It is further agreed that such sale pursuant to a partial foreclosure shall not in any manner affect the unmatured part of the secured indebtedness, but as to such unmatured part, the lien hereof shall remain in full force and effect just as though no foreclosure sale had been made under the provisions of this Paragraph. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale in connection therewith, Mortgagee may elect at any time prior to a foreclosure sale pursuant to such decree to discontinue such partial foreclosure and to accelerate the entire secured indebtedness by reason of any uncured Event of Default upon which such partial foreclosure was predicated or by reason of any other Event of Default and proceed with full foreclosure proceedings. It is further agreed that several foreclosure sales may be made pursuant to partial foreclosures without exhausting the right of full or partial foreclosure sale for any unmatured part of the secured indebtedness. In the event of a foreclosure sale, Mortgagee is hereby authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at such sale or to take such other steps as Mortgagee may deem advisable to cause the interest of such purchaser to be protected by any of such insurance policies.

(b) In any suit to foreclose or partially foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, environmental audits permitted pursuant to the Loan Documents, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to the title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature mentioned in this paragraph and such other expenses and fees as may be incurred in the enforcement of Mortgagor's obligations hereunder, the protection of said Premises and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Note, or the Premises, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate and shall be secured by this Mortgage.

**17. Application of Proceeds of Foreclosure Sale.**

The proceeds of any foreclosure (or partial foreclosure) sale of the Premises shall be distributed and applied in the following order of priority: first, to all costs and expenses incident to the foreclosure proceedings; second, to all other items which may under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, including all such items as are mentioned in Paragraph 16 above, with interest thereon as provided herein or in the other Loan Documents; third, to all principal and interest remaining unpaid on the Note; and fourth, any surplus to Mortgagor, its successors or assigns, as their rights may appear or to any other party legally entitled thereto.

**18. Appointment of Receiver.**

Upon or at any time after the filing of a complaint to foreclose (or partially foreclose) this Mortgage, or upon the happening of an Event of Default hereunder, subject to applicable grace and cure provisions, a court of competent jurisdiction shall, upon petition by Mortgagee, appoint a receiver for the Premises. Such appointment may be made either before or after sale, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the value of the Premises or whether the same shall be then occupied as a homestead or not and Mortgagee hereunder or any other holder of the Note may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of the Premises (i) during the pendency of any action, (ii) in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, and (iii) during any further times when Mortgagor, but for the intervention of such receiver, would be entitled to collect such rents, issues and profits. Such receiver also shall have all other powers and rights that may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during said period, including, to the extent permitted by law, the right to lease all or any portion of the Premises for a term that extends beyond the time of such receiver's possession without obtaining prior court approval of such lease. The court from time to time may authorize the application of the net income received by the receiver in payment of (a) the indebtedness secured hereby, or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale, and (b) any deficiency upon a sale and deficiency.

**19. Mortgagee's Right of Possession in Case of Default.**

At any time after an Event of Default has occurred and as long as the same continues, Mortgagor shall, upon demand of Mortgagee, surrender to Mortgagee possession of the Premises. Mortgagee, in its discretion, may, with or without process of law, enter upon and take and maintain possession of all or any part of the Premises, together with all documents, books, records, papers and accounts relating thereto, and may exclude Mortgagor and its employees, agents or servants therefrom, and Mortgagee may then hold, operate, manage and control the Premises, either personally or by its agents. Mortgagee shall have full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the Premises, including actions

for the recovery of rent, actions in forcible detainer and actions in distress for rent. Without limiting the generality of the foregoing, Mortgagee shall have full power to:

- (a) cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagee to cancel the same;
- (b) elect to disaffirm any lease or sublease which is then subordinate to the lien hereof;
- (c) extend or modify any then existing leases and to enter into new leases, which extensions, modifications and leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness secured hereby and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagee and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure judgment, or issuance of any certificate of sale or deed to any purchaser;
- (d) make any repairs, renewals, replacements, alterations, additions, betterments and improvements to the Premises as Mortgagee deems are necessary;
- (e) insure and reinsure the Premises and all risks incidental to Mortgagee's possession, operation and management thereof; and
- (f) receive all of such avails, rents, issues and profits.

**20. Application of Income Received by Mortgagee.**

Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it, shall have full power to use and apply the avails, rents, issues and profits of the Premises to the payment of or on account of the following, in such order as Mortgagee may determine:

- (a) to the payment of the operating expenses of the Premises, including cost of management and leasing thereof (which shall include compensation to Mortgagee and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized;
- (b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises; and
- (c) to the payment of any indebtedness secured hereby, including any deficiency which may result from any foreclosure sale.



**21. Rights Cumulative.**

Each right, power and remedy herein conferred upon Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing under any of the Loan Documents or at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by Mortgagee, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any Event of Default or acquiescence therein.

**22. Mortgagee's Right of Inspection.**

Mortgagee and its representatives shall have the right to inspect the Premises and the books and records with respect thereto at all reasonable times, and access thereto shall be permitted for that purpose.

**23. Disbursement of Insurance or Eminent Domain Proceeds.**

(a) Before commencing to repair, restore or rebuild following damage to, or destruction of, all or a portion of the Premises if the damage exceeds \$100,000.00, whether by fire or other casualty, Mortgagor shall obtain from Mortgagee its approval of all site and building plans and specifications pertaining to such repair, restoration or rebuilding, such approval not to be unreasonably withheld or delayed.

(b) Prior to each payment or application of any insurance proceeds to the repair or restoration of the improvements upon the Premises to the extent permitted in Paragraph 6 above (which payment or application may be made, at Mortgagee's option, through an escrow, the terms and conditions of which are satisfactory to Mortgagee and the cost of which is to be borne by Mortgagor), Mortgagee shall be entitled to be satisfied as to the following:

(i) An Event of Default has not occurred and is not then in existence;

(ii) Either (A) such improvements have been fully restored, or (B) the expenditure of money as may be received from such insurance proceeds or condemnation award will be sufficient to repair, restore or rebuild the Premises, free and clear of all liens, claims and encumbrances, except the lien of this Mortgage and the Permitted Exceptions, or, in the event such insurance proceeds or condemnation award shall be insufficient to repair, restore and rebuild the Premises, Mortgagor has deposited with Mortgagee such amount of money, or provided other assurances reasonably acceptable to Mortgagee, which, together

with the insurance proceeds or condemnation award, shall be sufficient to restore, repair and rebuild the Premises; and

(iii) Prior to each disbursement of any such proceeds held by Mortgagee in accordance with the terms of this Paragraph 23 for the cost of any repair, restoration or rebuilding, Mortgagee shall be furnished with a statement of Mortgagee's architect, if employed, (the cost of which shall be borne by Mortgagor), certifying the extent of the repair and restoration completed to the date thereof, and that such repairs, restoration, and rebuilding have been performed to date in conformity with the plans and specifications approved by Mortgagee and with all statutes, regulations or ordinances (including building and zoning ordinances) affecting the Premises; and Mortgagee shall be furnished with appropriate evidence of payment for labor or materials furnished to the Premises, and total or partial lien waivers substantiating such payments. If Mortgagor has not employed an Architect, disbursement will be subject to review and approval of the items set forth in this paragraph by Mortgagee's Consultant (as defined in the Loan Agreement).

(c) Prior to the payment or application of insurance proceeds to the repair, restoration or rebuilding of the improvements upon the Premises to the extent permitted in Paragraph 6 above, there shall have been delivered to Mortgagee the following:

(i) A waiver of subrogation from any insurer with respect to Mortgagor or the then owner or other insured under the policy of insurance in question; and

(ii) Such plans and specifications, such payment and performance bonds and such insurance, in such amounts, issued by such company or companies and in such forms and substance, as are required by Mortgagee.

(d) In the event Mortgagor shall fail to restore, repair or rebuild the improvements upon the Premises within a time deemed satisfactory by Mortgagee, then Mortgagee, at its option, may commence and perform all necessary acts to restore, repair or rebuild the said improvements for or on behalf of Mortgagor. In the event insurance proceeds shall exceed the amount necessary to complete the repair, restoration or rebuilding of the improvements upon the Premises, such excess shall be applied on account of the unpaid principal balance of the Loan irrespective of whether such balance is then due and payable.

(e) In the event Mortgagor commences the repair or rebuilding of the improvements located on the Premises, but fails to comply with the conditions precedent to the payment or application of insurance proceeds set forth in this Paragraph 23, or Mortgagor shall fail to restore, repair or rebuild the improvements upon the Premises within a time deemed satisfactory by Mortgagee, and if Mortgagee does not restore, repair or rebuild the said improvements as provided in subparagraph (d) above, then such failure shall constitute an Event of Default.

**24. Release Upon Payment and Discharge of Mortgagor's Obligations.**

Mortgagee shall release this Mortgage and the lien hereof by proper instrument upon payment and discharge of all indebtedness secured hereby, including payment of all reasonable expenses incurred by Mortgagee in connection with the execution of such release.

**25. Notices.**

Any notices, communications and waivers under this Mortgage shall be in writing and shall be (i) delivered in person or by facsimile, (ii) mailed, postage prepaid, either by registered or certified mail, return receipt requested, or (iii) by overnight express carrier, addressed in each case as follows:

To Mortgagee: Mercantile National Bank of Indiana  
5243 Hohman Avenue  
Hammond, Indiana 46320  
Attn: May Logothetis

With copy to: Locke Reynolds LLP  
201 North Illinois Street, Suite 1000  
P.O. Box 44961  
Indianapolis, Indiana 46244-0961  
Attn: Howard R. Cohen

To Mortgagor: North Harbor Property, Inc.  
c/o Russ Taylor  
East Chicago Community Development Foundation, Inc.  
400 East Chicago Avenue  
East Chicago, Indiana 46312

With copy to: Barnes & Thornburg  
11 South Meridian Street  
Indianapolis, Indiana 46204  
Attn: Jay Boyd

And to Borrower: North Harbor, L.P.  
c/o Peter Cappas  
1802 East Columbus Drive  
East Chicago, Indiana 46312

With copy to: Ice Miller  
One American Square  
Box 82001  
Indianapolis, Indiana 46282-0002  
Attn: Mark D. Grant

or to any other address as to any of the parties hereto, as such party shall designate in a written notice to the other party hereto. All notices sent pursuant to the terms of this Paragraph shall be deemed received (i) if personally delivered, then on the date of delivery, (ii) if sent by overnight, express carrier, then on the next federal banking day immediately following the day sent, or (iii) if sent by registered or certified mail, then on the earlier of the third federal banking day following the day sent or when actually received.

**26. Waiver of Defenses.**

No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing the same in an action at law upon the Note.

**27. Waiver of Rights.**

Mortgagor hereby covenants and agrees that Mortgagor shall not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. To the fullest extent permitted by law, Mortgagor, for itself and all who may claim through or under it, waives any claims based on allegations that Mortgagee has failed to act in a commercially reasonable manner (except as otherwise expressly provided in this Mortgage or the other Loan Documents) and any and all rights to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and further agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety.

**28. Transfer of Premises; Further Encumbrance.**

(a) Except as permitted in the Loan Agreement, neither all nor any portion of (i) the Premises or (ii) any interest in Mortgagor or Borrower (iii) any interest of Mortgagor or Borrower in the Premises shall be sold, conveyed, assigned, encumbered or otherwise transferred (nor shall any agreement be entered into to sell, convey, assign, encumber or otherwise transfer same) without, in each instance, the prior written consent of Mortgagee, which consent may be given or withheld in Mortgagee's sole and absolute discretion, and may be conditioned in any manner that Mortgagee desires, including, without limitation, increases in the rate of interest charged on the Loan and payment of assumption fees. Any violation or attempted violation of the provisions of this Paragraph 28 shall be an Event of Default for purposes of all of the Loan Documents.

(b) Any consent by Mortgagee, or any waiver by Mortgagee of an Event of Default under this Paragraph 28 shall not constitute a consent to or waiver of any right, remedy or power of Mortgagee upon a continuing or subsequent Event of Default under this Paragraph 28. Mortgagor acknowledges that any agreements, liens, charges or encumbrances created in violation of the provisions of this Paragraph 28 shall be void

and of no force or effect. Mortgagor agrees that if any provision of this Paragraph 28 is deemed a restraint on alienation, that such restraint is a reasonable one.

**29. Expenses Relating to Note and Mortgage.**

(a) Mortgagor or Borrower will pay all expenses, charges, costs and fees relating to the Loan or necessitated by the terms of the Note, this Mortgage or any of the other Loan Documents, including without limitation, Mortgagee's attorneys' fees in connection with the negotiation, documentation, administration, servicing and enforcement of the Note, this Mortgage and the other Loan Documents, all filing, registration and recording fees, all other expenses incident to the execution and acknowledgment of this Mortgage and all federal, state, county and municipal taxes, and other taxes (provided Mortgagor shall not be required to pay any income or franchise taxes of Mortgagee), duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Note and this Mortgage. Mortgagor recognizes that, during the term of this Mortgage, Mortgagee:

(i) May be involved in court or administrative proceedings, including, without restricting the foregoing, foreclosure, probate, bankruptcy, creditors' arrangements, insolvency, housing authority and pollution control proceedings of any kind, to which Mortgagee shall be a party by reason of the Loan Documents or in which the Loan Documents or the Premises are involved directly or indirectly;

(ii) May make preparations following the occurrence of an Event of Default hereunder for the commencement of any suit for the foreclosure hereof, which may or may not be actually commenced;

(iii) May make preparations following the occurrence of an Event of Default hereunder for, and do work in connection with, Mortgagee's taking possession of and managing the Premises, which event may or may not actually occur;

(iv) May make preparations for and commence other private or public actions to remedy an Event of Default hereunder, which other actions may or may not be actually commenced;

(v) May enter into negotiations with Mortgagor or any of its agents, employees or attorneys in connection with the existence or curing of any Event of Default hereunder, the sale of the Premises, the assumption of liability for any of the indebtedness represented by the Note or the transfer of the Premises in lieu of foreclosure; or

(vi) May enter into negotiations with Mortgagor or any of its agents, employees or attorneys pertaining to Mortgagee's approval of actions taken or

proposed to be taken by Mortgagor which approval is required by the terms of this Mortgage.

(b) All expenses, charges, costs and fees described in this Paragraph 29 shall be so much additional indebtedness secured hereby, shall bear interest from the date so incurred until paid at the interest rate provided in the Note and shall be paid, together with said interest, by Mortgagor forthwith upon demand.

**30. Financial Statements.**

Mortgagor hereby represents and warrants that the financial statements for the Premises previously submitted to Mortgagee are true, complete and correct in all material respects, disclose all actual and contingent liabilities of Mortgagor or Borrower or relating to the Premises and do not contain any untrue statement of a material fact or omit to state a fact material to such financial statements. No material adverse change has occurred in the financial condition of Mortgagor or the Premises from the dates of said financial statements until the date hereof. Mortgagor hereby covenants that Mortgagee shall be furnished financial statements for Mortgagor and the Premises in accordance with the Loan Agreement.

**31. Statement of Indebtedness.**

Mortgagor, within seven days after being so requested by Mortgagee, shall furnish a duly acknowledged written statement setting forth the amount of the debt secured by this Mortgage, the date to which interest has been paid and stating either that no offsets or defenses exist against such debt or, if such offsets or defenses are alleged to exist, the nature thereof.

**32. Further Instruments.**

Upon request of Mortgagee, Mortgagor shall execute, acknowledge and deliver all such additional instruments and further assurances of title and shall do or cause to be done all such further acts and things as may reasonably be necessary fully to effectuate the intent of this Mortgage and of the other Loan Documents.

**33. Additional Indebtedness Secured.**

All persons and entities with any interest in the Premises or about to acquire any such interest should be aware that this Mortgage secures more than the stated principal amount of the Note and interest thereon; this Mortgage secures any and all other amounts which may become due under the Note or any other document or instrument evidencing, securing or otherwise affecting the indebtedness secured hereby, including, without limitation, any and all amounts expended by Mortgagee to operate, manage or maintain the Premises or to otherwise protect the Premises or the lien of this Mortgage, as well as any future advances, and all modifications, extensions, and renewals of the indebtedness described herein.

**34. Indemnity.**

Mortgagor hereby covenants and agrees that no liability shall be asserted or enforced against Mortgagee in the exercise of the rights and powers granted to Mortgagee in this Mortgage, and Mortgagor hereby expressly waives and releases any such liability. Mortgagor shall indemnify and save Mortgagee harmless, or waive or obtain a waiver of liability from required third parties, from and against any and all liabilities, obligations, losses, damages, claims, costs and expenses (including attorneys' fees and court costs) (collectively, the "Claims") of whatever kind or nature which may be imposed on, incurred by or asserted against Mortgagee at any time by any third party which relate to or arise from: (a) any suit or proceeding (including probate and bankruptcy proceedings), or the threat thereof, in or to which Mortgagee may or does become a party, either as plaintiff or as a defendant, by reason of this Mortgage or for the purpose of protecting the lien of this Mortgage; (b) the offer for sale or sale of all or any portion of the Premises; and (c) the ownership, leasing, use, operation or maintenance of the Premises, if such Claims relate to or arise from actions taken prior to the surrender of possession of the Premises to Mortgagee in accordance with the terms of this Mortgage; provided, however, that Mortgagor shall not be obligated to indemnify or hold Mortgagee harmless from and against any Claims directly arising from the gross negligence or willful misconduct of Mortgagee. All costs provided for herein and paid for by Mortgagee shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest at the interest rate provided in the Note.

**35. Waiver of Rights of Redemption and Reinstatement.**

Mortgagor hereby releases and waives, to the fullest extent permitted by law, any and all rights of reinstatement and redemption provided by law.

**36. Subordination of Property Manager's Lien.**

Any property management agreement for the Premises entered into hereafter with a property manager shall contain a "no lien" provision whereby the property manager waives and releases any and all mechanics' lien rights that the property manager or anyone claiming by, through or under the property manager may have and shall provide that Mortgagee may terminate such agreement at any time after the occurrence of an Event of Default hereunder. Such property management agreement or a short form thereof, at Mortgagee's request, shall be recorded with the Office of the Recorder of the county where the Premises are located. In addition, if the property management agreement in existence as of the date hereof does not contain a "no lien" provision, Mortgagor shall cause the property manager under such agreement to enter into a subordination of the management agreement with Mortgagee, in recordable form, whereby such property manager subordinates present and future lien rights and those of any party claiming by, through or under such property manager to the lien of this Mortgage.

**37. Fixture Filing.**

Mortgagor and Mortgagee agree that this Mortgage shall constitute a financing statement and fixture filing under the Code with respect to all "fixtures" (as defined in the Code) attached

to or otherwise forming a part of the Premises and that a security interest in and to such fixtures is hereby granted to Mortgagee. For purposes of the foregoing, Mortgagee is the secured party and Mortgagor is the debtor and the collateral covered by this financing statement shall be all items of property contained within the definition of the "Premises" which is or becomes a fixture on the Real Estate or any other real estate contained within the definition of the Premises.

**38. Compliance with Environmental Laws.**

In addition to all other provisions of this Mortgage, Mortgagor, at its cost and expense, shall comply with all laws, and all rules and regulations of any governmental authority ("Agency") having jurisdiction, concerning environmental matters, including, but not limited to, any discharge (whether before or after the date of this Mortgage) into the air, waterways, sewers, soil or ground water of any substance or "pollutant". Mortgagee and its agents and representatives shall have access to the Premises and to the books and records of Mortgagor and any occupant of the Premises claiming by, through or under Mortgagor for the purpose of ascertaining the nature of the activities being conducted thereon and to determine the type, kind and quantity of all products, materials and substances brought onto the Premises or made or produced thereon. Mortgagor and all occupants of the Premises claiming under Mortgagor shall provide to Mortgagee copies of all manifests, schedules, correspondence and other documents of all types and kinds when filed or provided to any Agency or as such are received from any Agency. Mortgagee and its agents and representatives shall have the right to take samples in quantity sufficient for scientific analysis of all products, materials and substances present on the Premises including, but not limited to, samples of products, materials or substances brought onto or made or produced on the Premises by Mortgagor or an occupant claiming by, through or under Mortgagor or otherwise present on the Premises.

**39. Compliance with Indiana Law.**

(a) In the event that any provision in this Mortgage shall be inconsistent with any provision of Indiana law, the provisions of Indiana law shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with Indiana law.

(b) If any provision of this Mortgage shall grant to Mortgagee (including Mortgagee acting as a mortgagee-in-possession) or a receiver appointed pursuant to the provisions of Paragraph 18 of this Mortgage any powers, rights or remedies prior to, upon or following the occurrence of an Event of Default which are more limited than the powers, rights or remedies that would otherwise be vested in Mortgagee or in such receiver under Indiana law in the absence of said provision, Mortgagee and such receiver shall be vested with the powers, rights and remedies granted under Indiana law to the full extent permitted by law.



**40. Miscellaneous.**

(a) **Successors and Assigns.**

This Mortgage and all provisions hereof shall be binding upon and enforceable against Mortgagor and its assigns and other successors. This Mortgage and all provisions hereof shall inure to the benefit of Mortgagee, its successors and assigns and any holder or holders, from time to time, of the Note.

(b) **Invalidity of Provisions; Governing Law.**

In the event that any provision of this Mortgage is deemed to be invalid by reason of the operation of law, or by reason of the interpretation placed thereon by any administrative agency or any court, Mortgagor and Mortgagee shall negotiate an equitable adjustment in the provisions of the same in order to effect, to the maximum extent permitted by law, the purpose of this Mortgage and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby and shall remain in full force and effect. This Mortgage is to be construed in accordance with and governed by the laws of the State of Indiana.

(c) **Municipal and Zoning Requirements.**

Mortgagor shall not by act or omission permit any building or other improvement on premises not subject to the lien of this Mortgage to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Mortgagor hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the Premises or any interest therein to be so used. Similarly, no building or other improvement on the Premises shall rely on any premises not subject to the lien of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. Mortgagor shall not by act or omission alter (or permit the alteration of) the zoning classification of the Premises in effect as of the date hereof, nor shall Mortgagor impair the integrity of the Premises as a single zoning lot separate and apart from all other premises. Any act or omission by Mortgagor which would result in a violation of any of the provisions of this subparagraph shall be void.

(d) **(Intentionally Deleted.)**

(e) **Option of Mortgagee to Subordinate.**

At the option of Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any condemnation or eminent domain award) to any and all leases of all or any part of the Premises upon the execution by Mortgagee of a unilateral declaration to that effect and the recording thereof in the Office of the Recorder in and for the county wherein the Premises are situated.

(f) **Mortgagee in Possession.**

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Premises by Mortgagee pursuant to this Mortgage.

(g) **Relationship of Mortgagee and Mortgagor.**

Mortgagee shall in no event be construed for any purpose to be a partner, joint venturer, agent or associate of Mortgagor or of any lessee, operator, concessionaire or licensee of Mortgagor in the conduct of their respective businesses, and, without limiting the foregoing, Mortgagee shall not be deemed to be such partner, joint venturer, agent or associate on account of Mortgagee becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage, any of the other Loan Documents, or otherwise.

(h) **Time of the Essence.**

Time is of the essence of the payment by North Harbor, L.P. of all amounts due and owing to Mortgagee under the Note and the other Loan Documents and the performance and observance by Mortgagor of all terms, conditions, obligations and agreements contained in this Mortgage and by North Harbor, L.P. of the other Loan Documents.

(i) **No Merger.**

It being the desire and intention of the parties hereto that the Mortgage and the lien hereof do not merge in fee simple title to the Premises, it is hereby understood and agreed that should Mortgagee acquire any additional or other interest in or to the Premises or the ownership thereof, then, unless a contrary intent is manifested by Mortgagee as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title and this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

(j) **Maximum Indebtedness.**

Notwithstanding anything contained herein to the contrary, in no event shall the indebtedness secured by this Mortgage exceed an amount equal to Ten Million Dollars (\$10,000,000.00).

(k) **Waiver of Right to Jury Trial.**

**MORTGAGEE AND MORTGAGOR ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THE LOAN DOCUMENTS OR WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREIN AND THEREIN WOULD BE BASED UPON**

**DIFFICULT AND COMPLEX ISSUES AND THEREFORE, THE PARTIES AGREE THAT ANY COURT PROCEEDING ARISING OUT OF ANY SUCH CONTROVERSY WILL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.**

**(l) Construction Loan.**

The Note which is secured by this Mortgage evidences a debt created by one or more disbursements made by Mortgagee to Mortgagor to finance the cost of the construction of certain improvements upon the Real Estate in accordance with the provisions of the Loan Agreement, and this Mortgage is a construction mortgage as such term is defined in Section 334(h) of the Uniform Commercial Code as adopted in the State of Indiana. The terms and conditions recited and set forth in the Loan Agreement are fully incorporated in this Mortgage and made a part hereof, and an Event of Default under any of the conditions or provisions of the Loan Agreement shall constitute a default hereunder. Upon the occurrence of any such Event of Default, the holder of the Note may at its option declare the indebtedness secured thereby immediately due and payable, or complete the construction of said improvements and enter into the necessary contracts therefor, in which case all money expended shall be so much additional indebtedness secured hereby and any money expended in excess of the amount of the original principal shall be immediately due and payable with interest at the Default Rate. Upon completion of the improvements described in the Loan Agreement free and clear of mechanic's lien claims, and upon compliance with all of the terms, conditions and covenants of the Loan Agreement, the terms of this paragraph shall become null and void and of no further force and effect. In the event of a conflict between the terms of the Loan Agreement and this Mortgage, the provisions of the Loan Agreement shall apply and take precedence over this Mortgage.

**IN WITNESS WHEREOF**, North Harbor Property, Inc. has executed this instrument to be effective the day and year first above written.

NORTH HARBOR PROPERTY, INC., an  
Indiana not-for-profit corporation

By: Vincent L. McCutcheon

Printed: President

Title: Vincent L. McCutcheon

STATE OF INDIANA )  
 ) SS:  
COUNTY OF LAKE )

Before me, a Notary Public in and for said County and State, personally appeared Vincent L. McClutcheon, the President of North Harbor Property, Inc., an Indiana not-for-profit corporation, and acknowledged the execution of the foregoing Mortgage as the voluntary act and deed of such not-for-profit corporation, and further acknowledged that he was authorized to execute the same.

Witness my hand and Notarial Seal this 6 day of May, 2002.



**CAROL F. CHAMPNEYS, Notary Public**  
My Commission Expires: **October 26, 2006**  
County of Residence: **Hamilton**

Carol F. Champneys  
Notary Public

My Commission Expires:

My County of Residence:

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

This instrument prepared by: Howard R. Cohen, Attorney-at-Law, Locke Reynolds LLP,  
201 North Illinois Street, Suite 1000, P.O. Box 44961, Indianapolis, Indiana 46244-0961.

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**EXHIBIT A**

**TO MORTGAGE**

**Mortgagor: North Harbor Property, Inc.  
Mortgagee: Mercantile National Bank of Indiana**

**Legal Description of Premises**

**Parcel I:**

Part of Lots 42 and 38, all of Lots 39, 40, and 41 in Block 46 in Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5 page 9, in the Office of the Recorder of Lake County, Indiana, described as follows: Commencing at a point on the Northerly line of 60 foot wide Guthrie Street which is 145.32 feet Southeasterly of the intersection of said Northerly line of Guthrie Street with the Easterly line of the 80 foot wide Michigan Avenue; thence Southeasterly on said Northerly line of Guthrie Street, 114.50 feet; thence Northeasterly on a line that makes an interior angle of 89 degrees 57 minutes, measured Northwest to Northeast with said 114.50 foot line, 120.00 feet to the Southwesterly line of the 100 foot wide right-of-way of the Pittsburgh, Fort Wayne and Chicago Railway and the Northerly line of said Block 46; thence Northwesterly along the Southwesterly line of the 100 foot right-of-way, 113.93 feet to a point that is 138.00 feet Southeasterly of the intersection of the said 100 foot right-of-way and the East line of 80 foot wide Michigan Avenue; thence Southwesterly on a line that makes an interior angle of 89 degrees 58 minutes 30 seconds measured Southeast to Southwest with said 113.93 foot line, 120.00 feet to the point of beginning.

**Parcel II:**

Lots 44 to 48 and part of Lot 42 together with the alley lying between said lots 44 to 48 on the Southeast and Northwest of the Northwesterly line of Lot 42, in Block 46 in Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5 page 9 in the Office of the Recorder of Lake County, Indiana, described in one tract as follows: Beginning at the Northwesterly corner of said lot 44; thence Southeasterly along the Northerly line of Block 46, a distance of 138.0 feet thence Southwesterly 120 feet more or less to a point on the Northerly line of Guthrie Street which is 145.32 feet Southeasterly measured along said Northerly line from the Southwesterly corner of said Lot 48; thence Westerly along the Northerly line of Guthrie Street 145.32 feet to the Southwesterly corner of said Lot 48; thence Northeasterly along the Easterly line of Michigan Street 120.23 feet more or less to the point of beginning.

**Parcel III:**

Lots 11 to 14, both inclusive, in Block 62 in Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5 page 9, in the Office of the Recorder of Lake County, Indiana.

Parcel IV:

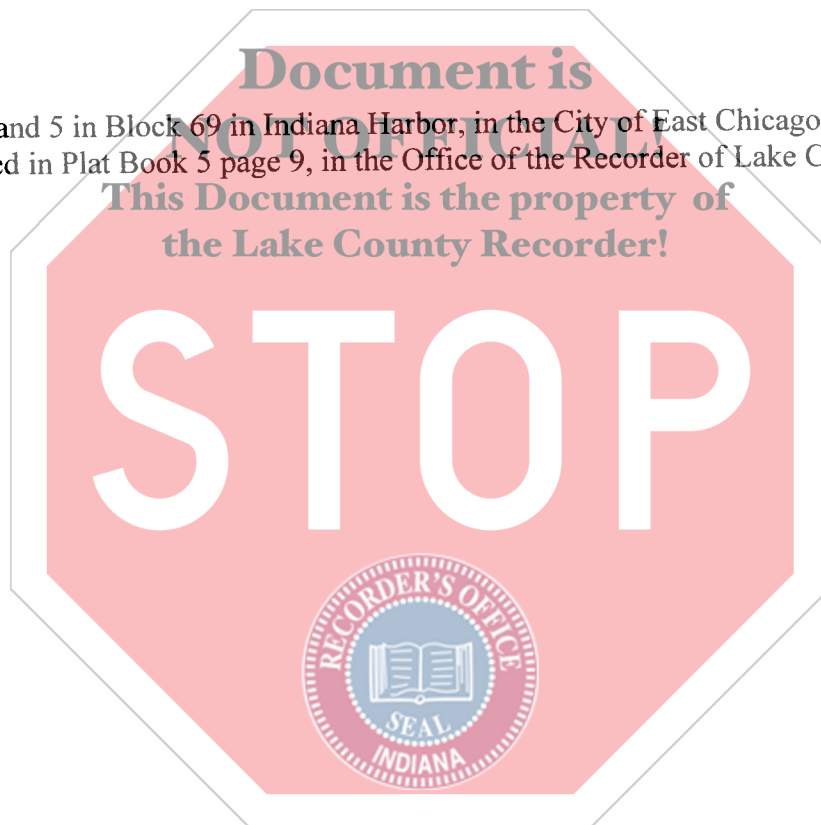
Lots 1, 2, 3, 4, 5, 6, 7, 8, 14, 15, 16 and 17 in Block 68, in Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5, page 9, in the Office of the Recorder of Lake County, Indiana, and the vacated Alley to-wit: Beginning at the Southwest corner of Lot 8, in Block 68, in the Original Town of Indiana Harbor, as per plat thereof, recorded in Plat Book 5, page 9, in the Office of the Recorder of Lake County, Indiana, thence Southeasterly (along the Southwest boundary line of Lots 1 to 8, in said Block 68) a distance of 246.5 feet to the Southwest corner of Lot 1 of said Block 68; thence Westerly a distance of 71.7 feet (71.77 feet measured); thence Northerly (on a line parallel with the West boundary line of said Block 68) a distance of 23.62 feet (47.77 feet measured); thence Northwesterly a distance of 196.65 feet (162.64 feet measured) to the Northeast corner of Lot 14 in said Block 68; thence Northeasterly a distance of 15 feet (15.03 feet measured) to the Southwest corner of Lot 8, in said Block 68 being the point of beginning.

Parcel V:

Lots 18, 19, 20, 21, 28 and 29 in Block 68 in Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5, page 9, in the Office of the Recorder of Lake County, Indiana.

Parcel VI:

Lots, 1, 2, 3, 4 and 5 in Block 69 in Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5 page 9, in the Office of the Recorder of Lake County, Indiana.



**EXHIBIT B**

**TO MORTGAGE**

**Mortgagor: North Harbor Property, Inc.  
Mortgagee: Mercantile National Bank of Indiana**

**Permitted Exceptions**

1. Taxes for the year 2001 due and payable in 2002 and all taxes due and payable thereafter.
2. Easement over the Northwesterly 15 feet of said premises for a driveway and means of access contained in a Deed from the Pittsburgh, Fort Wayne and Chicago Railway Company, an Indiana Corporation, to Josephine Crispino dated May 11, 1960 and recorded June 28, 1960 in Deed Record 1146 page 410. The maintenance of the said driveway will be at the sole cost and expense of the said Grantee until such time as the said Grantor conveys the adjoining land on the Northwest, after which time the maintenance of said driveway is to be shared equally between the grantee herein and the owner of the said adjoining land on the Northwest. (Parcel I).
3. Rights of the owners of then existing electric transmission pole and wire line which crosses captioned real estate as disclosed in a deed from the Pittsburgh, Fort Wayne and Chicago Railway Company, an Indiana Corporation to Josephine Crispino dated May 11, 1960 and recorded June 28, 1960 in Deed Record 1146 page 410. (Parcel I).
4. Terms and provisions in a deed from the Pittsburgh, Fort Wayne and Chicago Railway Company, an Indiana Corporation, to Josephine Crispino dated May 11, 1960 and recorded June 28, 1960 in Deed Record 1146 page 410, as follows: (a) The said Grantor shall not be liable or obligated to construct or maintain any fence between the parcel of land hereinbefore described and land of the said Grantor adjoining the same; or be liable or obligated to pay for any part of the cost or expense of constructing or maintaining such a fence or any part thereof, or be liable for compensation for any damage that may result by reason of the non-existence of such a fence; and (b) in the event the tracks of the railroad of the Grantor are elevated or depressed, or the grades of any streets, avenues, roads, lanes, highways, or alleys over the said railroad in the vicinity of the land hereinbefore described are changed so that they shall pass overhead or underneath the said tracks and railroad, or in the event any grade crossing is vacated and closed, the said Grantees, as owner of the land hereinbefore described, shall not ask, demand, recover, or receive any compensation whatsoever for any damage of whatsoever nature caused by or in any manner growing out of the separation or change of grades of said railroad and/or said streets, avenues, roads, lanes, highways or alleys or out of the vacation and closing of any grade crossing. (Parcel I).
5. Easement for the right to place, operate, and maintain cables, terminals and equipment and the right of access upon, over, under and through lands and buildings of grantee contained in a grant from Josephine Crispino to Illinois Bell Telephone Company, dated March 23, 1965

and recorded May 24, 1965 in Miscellaneous Record 918 page 595. (Affects a strip of land 10 feet wide, adjacent to, parallel with and East of the West line of Lot 41 and a strip of land 10 feet wide, adjacent with and South of the South right-of-way of the Pittsburgh, Fort Wayne and Chicago Railway Company). (Parcel I).

6. Rights of public and the City of East Chicago in and to that alley lying between Lots 44 to 48, both inclusive, and that part of Lot 42 of the land described. (Parcel II).
7. Covenants, conditions, and restrictions contained in a deed, recorded November 5, 1976 as Document No. 377886. (Parcel II).
8. Covenants, conditions and restrictions contained in a deed from City of East Chicago, Department of Redevelopment to City of East Chicago, a Municipal Corporation, dated May 22, 1969 and recorded June 17, 1969 as Document No. 20432. (Parcel IV).
9. Rights of public utilities to the continued use of all existing facilities, if any. (affects that part of the vacated alley described herein). (Parcel IV).
10. Terms and provisions of a contract for the sale of the land dated February 11, 1969 and recorded May 15, 1969 as Document No. 16500 entered into between City of East Chicago Department of Redevelopment, as "Agency", and City of East Chicago as "Public Body". (Parcel IV).

