

2005 003096

2005 NOV 18 AM 9:00
MORTGAGE

(With Future Advance Clause)

MICHAEL J. ...

→ THIS MORTGAGE ("Security Instrument") is given on December 14, 2004. The mortgager(s) is Rafael and Josephine Morales ("Borrower"), who reside at 3242 Condit St, Highland, IN 46322.

This Security Instrument is given to Pegasus Advisors, Inc., which is organized and existing under the laws of the state of Nevada, and whose principal address is 4601 West Sahara Avenue, Suite I, Las Vegas, NV 89102 ("Lender").

Borrower owes Lender the principal sum of Ninety-Two Thousand Five Hundred Dollars (U.S. \$92,500). This debt is evidenced by Borrower's note dated the same date as the Security Instrument ("Note"), which provides for a single balloon payment of the full debt, together with accrued interest calculated at a rate of \$385 per calendar month or portion thereof, if not paid earlier, due and payable on December 13, 2009.

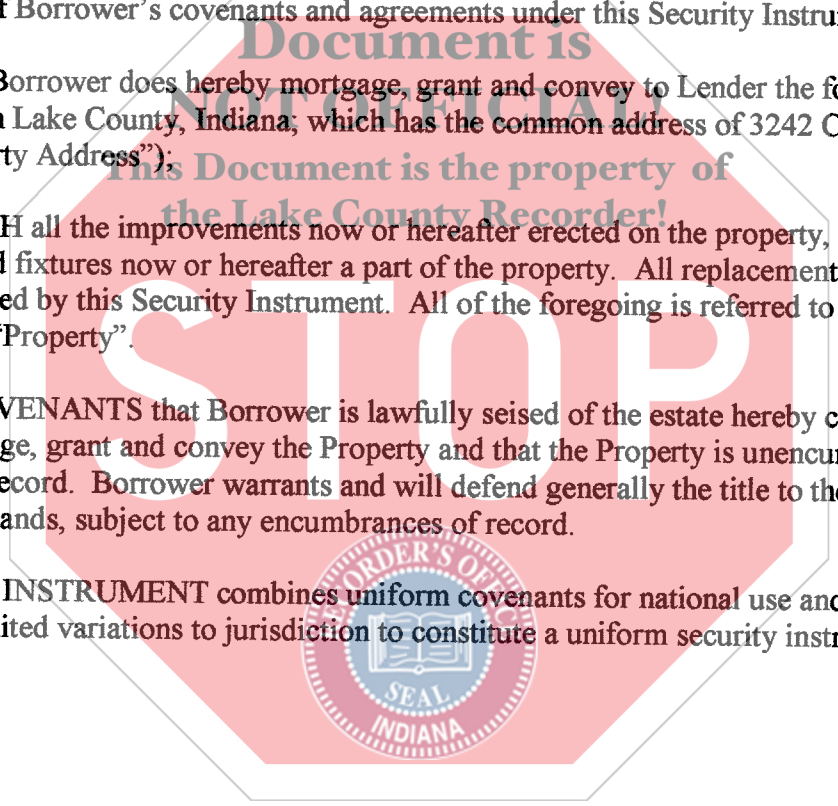
This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note.

For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in Lake County, Indiana, which has the common address of 3242 Condit St, Highland, IN 46322 ("Property Address"):

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations to jurisdiction to constitute a uniform security instrument covering real property.




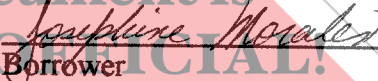
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UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.
2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower covenants to pay and maintain current all (a) yearly property taxes and/or other assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) adequate hazard insurance in an amount not less than the face value of this Mortgage.

This agreement is signed this 14 day of December 2004.


Borrower


Borrower

Document is
NOT ORIGINAL!

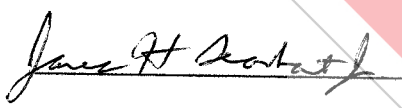
This Document is the property of
the Lake County Recorder!

ACKNOWLEDGMENT: Prepared by William Reed

Before me, the undersigned, a Notary Public in and for said County and State, this 14 day of December 2004, personally appeared and acknowledged the execution of the foregoing Deed.

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

My commission expires: 11/14/12



Notary Public



James H. Gearhart Jr.
Resident of Porter County

DEMAND PROMISSORY NOTE

Secured by Real Estate Mortgage

This Promissory Agreement ("Note") is made by and between Pegasus Advisors Inc., a Nevada Corporation with its principal place of business at 4601 West Sahara Avenue, Suite I, Las Vegas NV 89102 ("Holder"), and Rafael and Josephine Morales, husband and wife, of 3242 Condit St, Highland, IN 46322 ("Maker").

Maker promises to pay to the order of Holder the sum of Ninety-Two Thousand Five Hundred Dollars (\$92,500) together with interest in the amount of Three Hundred Eighty-Five Dollars (\$385) per calendar month or any portion thereof, commencing on the date of this agreement, and continuing for a period of five (5) years; at which time the entire balance of the Note including interest shall become due and payable. Debtor may elect to prepay this Note at their option without penalty.

Payment of this Note shall be made by certified funds payable to Holder, in United States Dollars. All payments and inquiries shall be made to:

Art Hoflafer
Pegasus Advisors, Inc.
4601 West Sahara Ave. Suite I
Las Vegas, NV 89102
(702) 943-0813

If any payment pursuant to this Note is not paid when demanded, the entire unpaid principal and interest shall, at the option of the holder of this Note ("Holder"), become immediately due and payable. Forbearance on the part of the Holder in accelerating or pursuing collection of this Note shall not operate as a waiver of the right to do so at any future date. Upon default, the Holder shall be entitled to recover all costs of collection, including, but not limited to reasonable attorney fees.

This note is payable without relief from valuation or appraisal laws. This note may be prepaid in full, or in part, without penalty. Payments shall be applied first to costs of collection, then to interest, then to principal.

Presentment, notice of dishonor and protest are waived by all makers, sureties, guarantors and endorsers of this Note. This note shall be the joint and several obligations of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their heirs, successors, assigns and legal representatives.

This note shall be governed by Nevada Law. Time shall be of the essence. If this Note is inconsistent with any security agreement or mortgage, the provisions of this Note shall control.

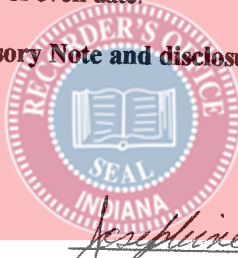
This note is secured by a Real Estate Mortgage of even date.

Maker acknowledges that the above Promissory Note and disclosures have been read and fully understood prior to the signing of the Promissory Note.

This note is executed on December 14, 2004



Maker





Maker

AFFIDAVIT OF SURVEY ACCURACY

Case # 620014301
Loan # 100306747

Comes now Rafael A. and Josephine Morales being first duly sworn upon oath, do hereby swear and affirm that I / we are the owner(s) of the property described as:

Lots 31 and 32 in Block 14 in Golfmoor, in the Town of Highland, as per plat thereof, recorded in Plat Book 21 page 56, in the Office of the Recorder of Lake County, Indiana.

which is commonly known as 3242 Condit St., Highland, IN 46322 I / we have examined the survey by Kenneth D. Gembala dated 9/24/96, a copy of which is attached and I / we hereby affirm that, since the date of the survey, there have been no changes in the location of the improvements appurtenant to the property, no easements granted by us, no additions to the improvements which increase their size, no new improvements, no improvements by adjacent land owners which could encroach upon the property, including the erection or replacement of fences by me / us or the adjacent land owners which could encroach upon the property, and said survey reflects the location of all improvements on the property as same currently exists and bears the current legal description of the property, except as set forth on the reverse side of this page.

The lender, Griffith Savings Bank, and Chicago Title Insurance Company may rely upon the truth of this affidavit and I / we will hold them harmless from any loss or damage, including attorneys fees, as a consequence of relying on this affidavit. I / We have no knowledge of any boundary dispute.

By execution of this affidavit I / we do hereby assign unto the above named lender and title company all rights or causes of action which may now exist with respect to any errors, inaccuracies or omissions committed by said surveyor which may become apparent hereafter although not presently known.

Rafael A. Morales

Josephine Morales

State of Indiana)

) ss:

County of Lake)

Before me _____ a Notary Public, in and for said County and State, this day 13th of August, 2001 appeared Rafael A. & Josephine Morales and acknowledged the execution of the foregoing affidavit.

My Commission expires _____
My County of residence is _____

Printed: _____

KATHERINE E. ADAMS
Notary Public, State of Indiana
County of Lake
My Commission Expires Dec 13, 2008

