

MORTGAGOR'S AFFIDAVIT

THIS MORTGAGOR'S AFFIDAVIT ("Affidavit") made this 9th day of May, 2005 by the undersigned, Royal Seal Investments, Inc., a Texas corporation ("Mortgagor"), in favor of Texas Capital Bank, National Association, a national banking association ("Mortgagee").

WITNESSETH:

In consideration of One and No/100 Dollars (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the undersigned, and after being first duly sworn, state and certify the following:

1. Mortgagor has granted to Mortgagee that certain Real Estate Mortgage and Security Agreement ("Mortgage") dated the date hereof relating to the real estate in Lake County, in the State of Indiana, described more particularly on Exhibit A attached hereto and incorporated herein (hereinafter referred to as the "Real Estate"), together with all rights, title and interests of Mortgagor, now existing or hereafter arising, in and to:

- (a) All rights, privileges, interests, tenements, hereditaments, easements and appurtenances in any way now or hereafter benefiting, belonging or appertaining to all or any of the Real Estate (including without limitation, all land lying within any roadway and strips of land adjoining all or any part of the Real Estate, all minerals, oil, gas and other hydrocarbon substances thereon or therein and all air rights and water rights) (collectively, "Appurtenances").
- (b) All buildings, structures and other improvements of every kind and description now or hereafter erected, constructed or placed on the Real Estate, together with all equipment, furnishings, fixtures and articles of personalty and chattel personal property which now or hereafter constitute a part of, or are used in connection with, the development, construction or operation of the Real Estate, together with replacements thereof and all increases and additions thereto (collectively, "Improvements").
- (c) All extensions, improvements, betterments, substitutes, replacements, renewals, additions and appurtenances of or to the Appurtenances or the Improvements (collectively, "Additions").
- (d) All rents, royalties, income, proceeds and/or profits from the operation of the Real Estate, the Appurtenances and the Improvements (collectively, "Rents").
- (e) All leases, tenancies, occupancy rights, occupancy agreements and agreements for the sale, lease or granting of interests in the Real Estate, the Appurtenances or the Improvements, or any part thereof (collectively, "Leases").
- (f) Any and all other property described in the Mortgage (the "Other Property").

Hereinafter, the Real Estate, the Appurtenances, the Improvements, the Additions, the Rents, the Leases and the Other Property are referred to collectively as the "Property."

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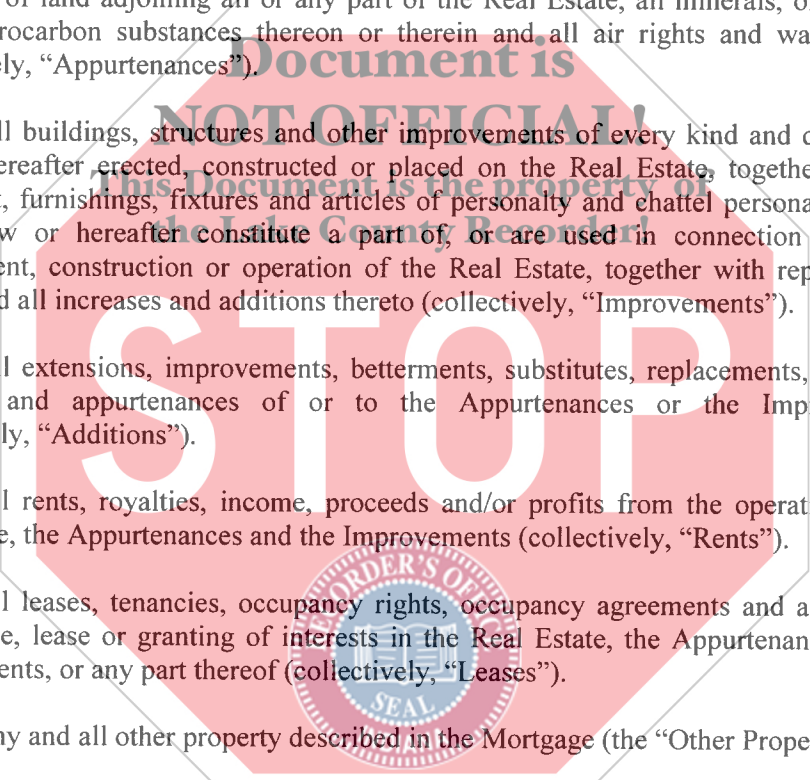
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2. Mortgagor is the lawful owner of the Property in fee simple, with full right to the same and to grant security interests in the same. Except as disclosed in Exhibit B attached hereto and incorporated herein, (i) neither the Property nor any interest therein is encumbered, pledged, sold, leased, assigned or transferred to any party other than Mortgagee, (ii) no security interest has been granted in the same other than to Mortgagee, and (iii) Mortgagor will defend the same against the claims and demands of others.

3. Mortgagor has good and marketable title to the Property in fee simple, free and clear of all liens, claims, security interests, encumbrances and restrictions, except for the lien and security interests granted to Mortgagee and those matters set forth in Exhibit B.

4. Except as disclosed in Exhibit B, no financing statement covering all or any portion of the Property is on file in any public office, except those in favor of Mortgagee, and Mortgagor has not previously assigned the Leases, the Rents or any interest therein.

5. Except and to the extent disclosed in writing to Mortgagee, Mortgagor has not (i) made any contract or agreement for the sale, lease or occupancy of the Property, or (ii) granted to any party an option to purchase, lease or occupy the Property, which is outstanding or enforceable now or any time in the future.

6. There are no mechanic's, materialmen's or similar liens filed against the Property, and there are no unpaid or outstanding bills, invoices or claims for work or services performed or supplies, material or equipment provided, with respect to which any contractor, subcontractor, materialman or supplier has the right to file or assert a mechanic's, materialmen's or similar lien.

7. Mortgagor has paid and discharged when due all of its debts, liabilities and trade obligations (including without limitation, all balances owed to third parties for goods, supplies and services obtained in the ordinary course of business and purchased on open account and all balances owed to third parties for any other credit extended).

8. Except as disclosed in Exhibit B, the Property is (i) in the possession of Mortgagor and (ii) not subject to the rights or claims of any tenants, occupants or party in possession.

9. There are no encroachments upon the Real Estate or the Appurtenances, and the Improvements (i) are located entirely within the bounds of the Real Estate and (ii) do not encroach upon any easements or rights-of-way or across any building set-back lines or utility lines.

10. The Real Estate is properly zoned for its intended use and all related activities to be conducted thereon, and all required zoning changes and variances from zoning restrictions or development standards have been obtained and are in full force and effect, with no notice or threat of invalidity, expiration or lapse of any kind.

11. The Property is in compliance with, and conformity to, all laws, statutes, ordinances, rules, regulations, orders, writs, injunctions and decrees of any court, agency or regulatory, administrative or governmental body and with all other legal requirements (including without limitation, zoning restrictions, development and use standards and all laws, statutes, ordinances, rules and regulations concerning Releases or Hazardous Substances), and Mortgagor has not received, nor does it have a basis to expect, any order or notice of violation or claim of violation of any law, statute, ordinance, rule, regulation, order, writ, injunction or decree.

12. No proceedings have been threatened or commenced by any authority having the power of eminent domain to condemn any part of the Property, and Mortgagor has not received notice, and otherwise has no knowledge, of any special assessment, contribution or other public or private charge which has been, or may be, levied or assessed against, or with respect to, the Property or which otherwise may become a lien against the Property.

13. No action, suit, proceeding, inquiry or investigation is pending or threatened against or affecting Mortgagor, the Property or its other properties, and there are no outstanding judgments, orders, writs, injunctions or decrees of any court, agency or regulatory, administrative or governmental body against, or with respect to, Mortgagor, the Property or its other properties.

14. No petition for bankruptcy, insolvency or receivership, whether voluntary or involuntary, no proceeding for the adjustment, liquidation, extension or composition or arrangement of debts or for any other relief under any bankruptcy or insolvency law, statute, ordinance, rule or regulation relating to the relief or reorganization of debtors, and no other action, suit or proceeding with respect to debtors' and creditors' rights is pending or threatened by or against Mortgagor.

15. Mortgagor has not (i) made an assignment for the benefit of creditors or (ii) admitted in writing an inability to pay debts as they become due, and Mortgagor is not "insolvent" (within the meaning of Section 101 of the United States Bankruptcy Code).

16. Mortgagor is not obligated under any bond payable to the State of Indiana, with respect to which a lien may attach to the Property.

17. There has been no Release of a Hazardous Substance at, on, under or from the Property, the Property has not been contaminated or polluted by any Hazardous Substance, there are no underground storage tanks on the Property, and there are no violations at, on or under the Property of any law, statute, ordinance, rule or regulation concerning Releases or Hazardous Substances.

18. Mortgagor has not received, nor does it have any basis to expect, (i) any notification that it is a potentially responsible party under Section 107 of CERCLA with respect to the Property or (ii) any notification from any state or local agency or regulatory, administrative or governmental body under any similar provision of any state or local law, statute, ordinance, rule or regulation.

19. Mortgagor has taken the necessary action to authorize the execution and delivery of the Mortgage and none of the provisions of the Mortgage contravenes, or is in conflict with, any agreement, lease, indenture, land contract, license or other instrument to which Mortgagor is a party or by which Mortgagor or any of its assets are or may be bound or affected or to which Mortgagor is subject, or any law, regulation, order, writ, injunction or decree of any court or agency or regulatory body having jurisdiction.

20. Mortgagor does not require any governmental licenses, approvals, qualifications, variances, permissive uses, franchises, accreditations, certificates, certifications, consents, permits or other authorizations, other than those which have been obtained, received or made and copies of which have been provided to Mortgagee, for Mortgagor to lawfully (i) make, execute and deliver the Mortgage or (ii) perform all of its obligations under the Mortgage. Mortgagor is not in default under any provision of such licenses, approvals, qualifications, variances, permissive uses, franchises, accreditations, certificates, certifications, consents, permits and other authorizations.

21. No filing or registration with any agency or regulatory, administrative or governmental body, federal, state, or local, is necessary in connection with (i) the execution and delivery by Mortgagor of the Mortgage or (ii) the performance by Mortgagor of its obligations under the Mortgage.

22. Neither the execution and delivery of the Mortgage, nor the performance by Mortgagor of its obligations or thereunder will violate, or constitute a default under, any law, statute, ordinance, rule or regulation, or any order, writ, injunction, decree or ruling of any administrative, governmental or judicial body.

23. "Hazardous Substance" means any substance identified in Section 101(14) of CERCLA and shall include all other substances which are radioactive, toxic or hazardous to health or the environment. "Release" shall have the meaning given to such term in Section 101(22) of CERCLA and shall include any presence of any Hazardous Substance at, on or under the Property, or any part thereof, or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Substance at, on or from the Property, or any part thereof.

24. The granting of the mortgage lien upon the Property by the Mortgagor to the Mortgagee is not subject to the disclosure requirements set forth in the Responsible Property Transfer Law (Indiana Code Chapter 13-25-3) because the Property:

(i) does not contain one (1) or more facilities that are subject to reporting under Section 312 of the federal Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11022);

(ii) is not the site of one (1) or more underground storage tanks for which notification is required under 42 U.S.C. § 6991a and the Indiana Code; and

(iii) is not listed on the Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) pursuant to Section 116 of CERCLA.

This Affidavit is made as an inducement to Mortgagee to extend loans to Mortgagor in the maximum amount of Eight Hundred Twenty Two Thousand Six Hundred Seventy and 88/100 Dollars (\$822,670.88) to be secured by the Mortgage. This Affidavit is further made for the benefit of, and reliance thereon by, the title insurance company providing a loan policy of title insurance in favor of Mortgagee, and its agents in connection with the issuance of such loan policy of title insurance with respect to such portions of the Property as constitute real property.

IN WITNESS WHEREOF, the undersigned has executed this Affidavit on May 5, 2005, but to be effective as of the date and year first written above.

ROYAL SEAL INVESTMENTS, INC.,
a Texas corporation

By: 

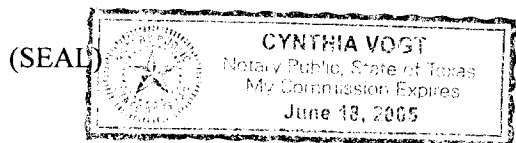
K. Eugene Colley, President

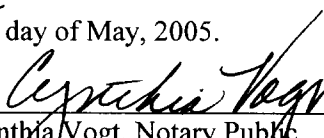
ACKNOWLEDGMENT

STATE OF TEXAS)
) SS:
COUNTY OF DENTON)

Before me, a Notary Public in and for the State of Texas, personally appeared K. Eugene Colley, President of Royal Seal Investments, Inc., a Texas corporation, who, being first duly sworn, executed the foregoing Mortgagor's Affidavit and stated that, under oath all representations contained therein are true and correct.

Witness my hand and Notarial Seal this 5 day of May, 2005.





Cynthia Vogt, Notary Public
Printed Name

I am a resident of: Denton County, Texas

My commission expires: June 18, 2005

This instrument prepared by Whitney L. Cardwell, Cantey & Hanger, L.L.P., Burnett Plaza, Suite 2100, 801 Cherry Street, Unit #2, Fort Worth, Texas 76102.

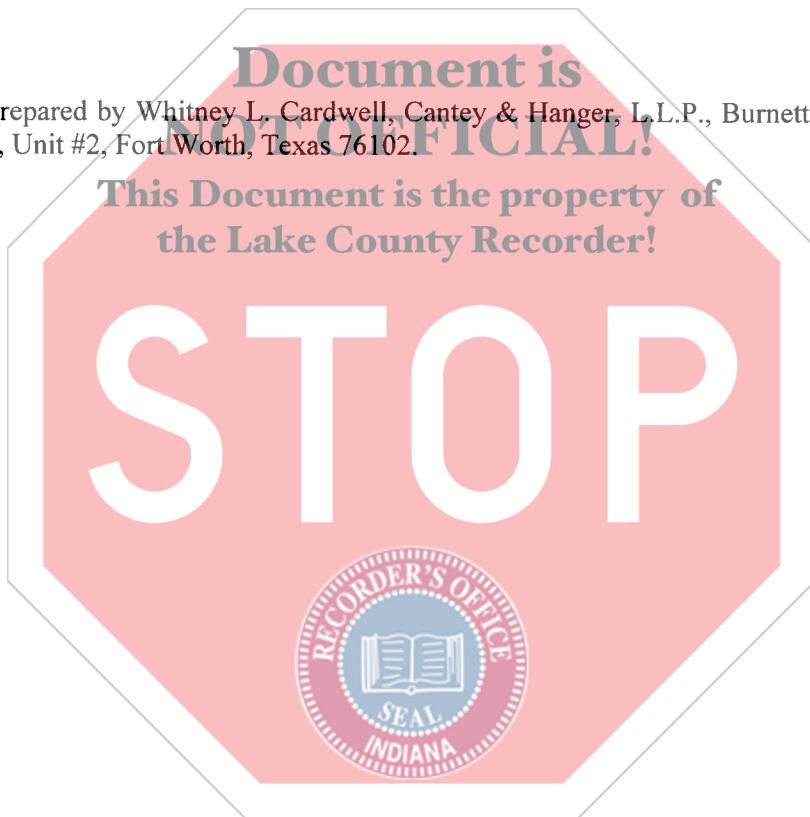


Exhibit A

Real Estate Description

Parcel 1: Lots 18 and 19, Block 1, South Broadway Land Company's Sixth South Broadway Addition to Gary, as per plat thereof, recorded in Plat Book 9 page 4, in the Office of the Recorder of Lake County, Indiana.

Parcel 2: Lots 1, 2, 3 and part of Lot 4 described as follows: Beginning at the Northwest corner of Lot 4; thence South 4 inches; thence Northeasterly 62 feet; thence North 2 inches to the North line of said Lot 4; thence West to the point of beginning; all in Block 2 in South Broadway Addition to Gary, as per plat thereof, recorded in Plat Book 9 page 4, in the Office of the Recorder of Lake County, Indiana.

Parcel 3: A portion being 3.15 feet of even width of the 20 foot wide alley lying adjacent to Lot 19 on the West in South Broadway Land Company's 6th Addition to Gary, recorded in Plat Book 9 page 4, in the Office of the Recorder of Lake County, Indiana, being described as follows: Beginning at the intersection of the South right of way of Ridge Road with the East right of way of first alley East of Broadway; thence South 00 degrees 00 minutes 27 seconds East along said East right of way line 130.00 feet to the terminus.



Exhibit B

Permitted Liens affecting Real Estate

None.

Written Leases affecting Real Estate

None.



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