

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

THIS INSTRUMENT PREPARED BY
AND RECORD AND RETURN TO:

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Howard J. Smith, P.A.
12448/Star Road Blvd
Suite 1000
Jacksonville, FL 32223

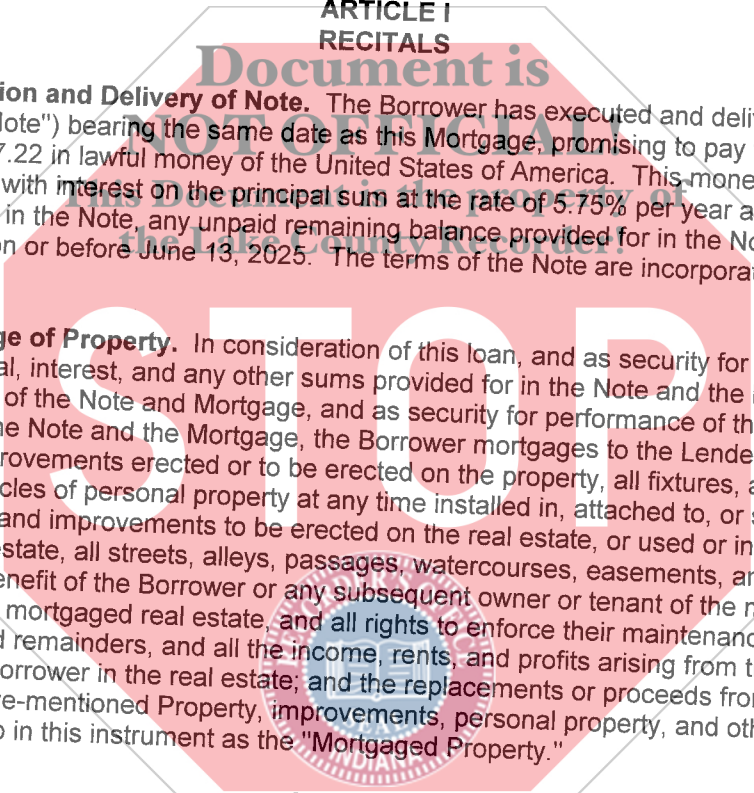
Janice Hoffman Knapik
12463 Flemington Road
Jacksonville, FL 32223-4019

MICHAEL A. BROWN
RECORDER

MORTGAGE

Laura J. Hoffman (the "Borrower") mortgages and warrants to **Janice H. Knapik** (the "Lender") Borrower's undivided one-half (1/2) interest in that certain property more particularly described as Exhibit "A", attached hereto and made a part hereof (the "Property"), to secure the repayment of that certain debt as evidenced by, and in accordance with a Promissory Note from Borrower to Lender dated the date hereof and more particularly described below, together with interest thereon, any and all sums due or which may become due from Borrower to Lender, and any renewals, extensions, consolidations or modifications of all of the foregoing. The said mortgage being dated and duly signed, sealed, and acknowledged by the grantor, shall be deemed and held to be good and sufficient mortgage to the grantee, his or her heirs, assigns, executors, and administrators, with warranty from the grantor and his or her legal representatives, of perfect title in the grantor, and against all previous encumbrances.

**ARTICLE I
RECITALS**



1.01. Execution and Delivery of Note. The Borrower has executed and delivered to the Lender a Promissory Note (the "Note") bearing the same date as this Mortgage, promising to pay to the Lender the principal sum of \$68,507.22 in lawful money of the United States of America. This money was advanced by the Lender to the Borrower, with interest on the principal sum at the rate of 5.75% per year according to the terms and conditions specified in the Note, any unpaid remaining balance provided for in the Note or in this Mortgage being due and payable on or before June 13, 2025. The terms of the Note are incorporated into this Mortgage by this reference.

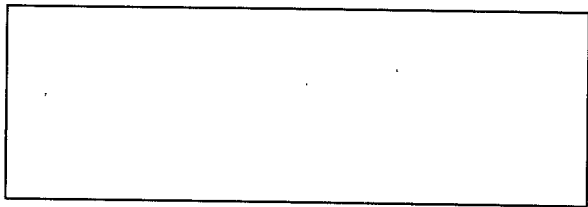
1.02. Mortgage of Property. In consideration of this loan, and as security for repayment to the Mortgagee of the principal, interest, and any other sums provided for in the Note and the Mortgage according to the terms and conditions of the Note and Mortgage, and as security for performance of the agreements and conditions contained in the Note and the Mortgage, the Borrower mortgages to the Lender the Property, together with all buildings and improvements erected or to be erected on the property, all fixtures, appliances, machinery, equipment, and other articles of personal property at any time installed in, attached to, or situated on the real estate or in the buildings and improvements to be erected on the real estate, or used or intended to be used in connection with the real estate, all streets, alleys, passages, watercourses, easements, and covenants existing or to be created for the benefit of the Borrower or any subsequent owner or tenant of the mortgaged real estate over ground adjoining the mortgaged real estate, and all rights to enforce their maintenance; all other rights, privileges, reversions, and remainders, and all the income, rents, and profits arising from them, and all other interests or rights of the Borrower in the real estate; and the replacements or proceeds from the sale of any of the above. All of the above-mentioned Property, improvements, personal property, and other property and interests will be referred to in this instrument as the "Mortgaged Property."

**ARTICLE II
COVENANTS OF BORROWER**

2.01. Payment and Performance. The Borrower will pay to the Lender, in accordance with the terms of the Note and this Mortgage, the principal, interest, and all other sums, and will perform and comply with all the agreements, conditions, covenants, provisions, and stipulations of the Note and this Mortgage

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2.02. Maintenance of Mortgaged Property. The Borrower will not commit or permit the commission of waste in or about the Mortgaged Property. The Borrower will not remove, demolish, or structurally alter any building erected at any time on the Mortgaged Property, without the prior written consent of the Lender. The Borrower will not permit the Mortgaged Property to become vacant, deserted, or unguarded, and will maintain the Mortgaged Property in good condition and repair, reasonable wear and tear excepted. The Borrower will make, when necessary, all repairs of every nature, and shall be solely responsible for all costs associated with such repairs.

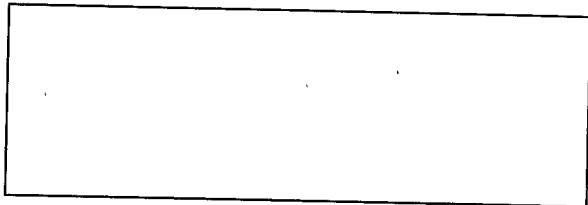
2.03. Condemnation Awards. All awards made to the owners of the Mortgaged Property by any governmental or other lawful authorities for Mortgaged Property taken or damaged through exercise of eminent domain, or for any easement taken in the property, including any awards for changes of grade of streets, are assigned to the Lender, who is authorized to collect and receive the proceeds from the authorities and to give proper receipts for those awards. The Lender will apply these payments (after deduction of attorneys' fees and other costs of collecting the funds) toward the payment of the amount owed on this Mortgage and the accompanying Note, even though the amount owed may not then be due and payable. The Borrower agrees, on request, to make any assignments or other instruments needed to assign the awards to the Lender, free and clear of any encumbrances. The Borrower agrees to give the Lender immediate notice of the actual or threatened commencement of any eminent domain proceedings affecting the Mortgaged Property, and will give the Lender copies of any papers served on the Borrower in connection with those proceedings. The Borrower will not make any settlement for damages sustained without the Lender's prior written approval, which approval will not be unreasonably withheld.

2.04. Insurance. The Borrower will keep the Mortgaged Property continuously insured, with extended coverage, against loss or damage by fire. The Borrower will also keep the property insured against such other hazards as the Lender may reasonably require. Without limiting the requirement above, the Borrower will, if requested by the Lender, maintain insurance against loss or damage to the Mortgaged Property by fire and any of the risks covered by insurance of the type now known as "fire and extended coverage." This insurance will be in the amount of that percentage of the full replacement cost of all buildings and improvements erected on the property (exclusive of the cost of excavations, foundations, and footings below the lowest basement floor) required to satisfy any applicable coinsurance requirement in any policy, whichever is greater. The policies of insurance carried in accordance with this Subparagraph will contain the "Replacement Cost Endorsement".

In the event the Borrower fails to provide, maintain, or deliver and furnish to the Lender the policies of insurance required by this Mortgage, the Lender may procure insurance for the risks, covering the Lender's interest. The Borrower will pay all premiums on insurance procured by the Lender promptly on demand. Until payment is made by the Borrower, the amount of all premiums, together with interest at a rate that will be 2% per year higher than the rate specified in the Note, will be secured by this Mortgage.

In the event of loss, the Borrower will give immediate notice to the Lender, and the Lender may make proof of loss if not made promptly by the Borrower. Each insurance company is hereby authorized and directed to make payment under the insurance, including return of unearned premiums, directly to the Lender instead of to the Borrower and the Lender jointly, and the Borrower appoints the Lender, irrevocably, as the Borrower's attorney-in-fact, to endorse any insurance draft. The Lender will have the right to retain and apply the proceeds of any insurance, at its election, to reduction of the indebtedness secured by this Mortgage, or to restoration or repair of the property damaged. If the Lender becomes the owner of any part of the Mortgaged Property by foreclosure or otherwise, the policies, including all rights, title, and interest of the Borrower under those policies, will become the absolute property of the Lender.

2.05. Taxes and Other Charges. The Borrower will pay all taxes, assessments, water and sewer rents, and other charges or claims assessed, levied, or filed against the Borrower, the Mortgaged Property, or the interest of the Lender in the Mortgaged Property, or that, by law, may have priority over the indebtedness secured by this Mortgage. These expenses will be paid when due and payable and before interest or penalties accrue. The Borrower will provide the Lender with receipts for payments of these amounts no later than the payment dates. If the Borrower, in good faith and by appropriate legal action, contests the validity or amount of any item, the Borrower may establish on its books or by deposit of cash with the Lender, as the Lender may



elect, a reserve for the payment in an amount required by the Lender. If a reserve is established, the Borrower will not be required to pay the item or to produce the required receipts while the reserve is maintained and so long as the contest that operates to prevent collection has not been terminated or discontinued adversely to the Borrower, and is maintained and prosecuted with diligence.

2.06. Security Agreement. This Mortgage constitutes a security agreement under the Uniform Commercial Code and creates a security interest in the personal property included in the Mortgaged Property. The Borrower will execute and file any financing statements or other security agreements the Lender may require to confirm the lien of this Mortgage with respect to the personal property. The Borrower will pay all costs of filing.

2.07. Compliance with Law and Regulations. The Borrower will comply with all laws, ordinances, regulations, and orders of all federal, state, municipal, and other governmental authorities relating to the Mortgaged Property.

2.08. Inspections. The Lender, and any persons authorized by the Lender, will have the right at any time, on reasonable notice to the Borrower, to enter the Mortgaged Property at a reasonable hour to inspect and photograph its condition and state of repair.

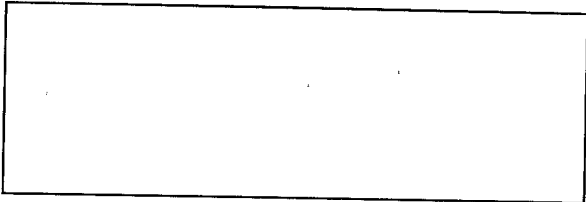
2.09. Defaults and Right to Remedy. If the Borrower fails to pay taxes, assessments, water and sewer charges, other lienable claims (not including contested claims), or insurance premiums, fails to make necessary repairs, permits waste, or otherwise fails to comply with its obligations under the Mortgage, the Note, or any other document executed in connection with the Mortgage, then the Lender, at its election and without notice to the Borrower, has the right to make any payment or expenditure that the Borrower should have made, or that the Lender deems advisable, to protect the security of this Mortgage or the Mortgaged Property. Any payment by the Lender will not prejudice the Lender's rights or remedies under this Mortgage. All sums, as well as costs, advanced by the Lender pursuant to this Mortgage will be due immediately from the Borrower to the Lender, will be secured by this Mortgage, and will bear interest at 2% per year in excess of the rate otherwise provided in the Note from the date of payment by the Lender until the date of repayment.

2.10. Personal Liability. The Mortgagor agrees to be personally liable for all indebtedness secured by this Mortgage in accordance with its terms and the terms of the Note.

**ARTICLE III
DEFAULT AND REMEDIES**

3.01. Events of Default. Any of the following will constitute an "Event of Default": failure of the Borrower to pay any installment of principal or interest, or any other sum, on the date it is due under the Note or this Mortgage subject to any applicable grace period provided in the Note or in this Mortgage; the Borrower's failure to perform any of the other agreements, conditions, or covenants in the Note, the Mortgage, or any other document executed in connection with the Mortgage; the entry of a decree by a court having jurisdiction over the Mortgaged Property with respect to the Borrower in an involuntary case under the federal bankruptcy laws, or any other applicable federal or state bankruptcy, insolvency, or similar laws; a court-ordered winding-up or liquidation of the Borrower's affairs;

3.02. Remedies. If any Event of Default occurs, the entire unpaid balance of principal, accrued interest, and all other sums secured by this Mortgage will become immediately due and payable at the option of the Lender on written notice to the Borrower or without further notice or demand. When the entire indebtedness becomes due and payable, because of maturity or because of any Event of Default, then the Lender may institute an action of mortgage foreclosure, or take any other action at law or in equity for the enforcement of this Mortgage and realization on the mortgage security that the law may allow. The Lender may proceed to final judgment and execution for the entire unpaid balance of the principal debt, with interest at the rate stipulated in the Note, and all other sums due in accordance with the provisions of the Note and this Mortgage. This amount includes all sums that may have been loaned by the Lender to the Borrower after the date of this Mortgage, and all sums that may have been advanced by the Lender for taxes, water or sewer rents, other lienable charges or



claims, insurance, repairs, maintenance, and all costs of the suit. The Borrower authorizes the Lender at its option to foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property. The Borrower will not assert the failure to make any tenants parties to the foreclosure proceedings as a defense to any proceedings instituted by the Lender to recover the indebtedness secured by this Mortgage or any deficiency remaining unpaid after the foreclosure sale. The mortgagor is not prevented from asserting in any proceedings disputing the amount of the deficiency or the sufficiency of any bid at the foreclosure sale that any tenants adversely affect the value of the Mortgaged Property. When the entire indebtedness becomes due and payable, because of maturity or because of any Event of Default, the Lender may enter into possession of the Mortgaged Property, with or without legal action. In the alternative, the Lender will be entitled to appointment of a receiver without regard to the solvency of the Borrower or any other person liable for the debt secured by this Mortgage, and regardless of whether the Lender has an adequate remedy at law. Either the Lender or a receiver may rent the Mortgaged Property for any period and on any terms and conditions that the Lender or receiver may see fit. The Lender or the receiver may collect rents, and, after deducting all costs of collection and administration expense, apply the net rentals to the payment of taxes, water and sewer rents, other lienable charges and claims, and insurance premiums, and to the maintenance, repair, or restoration of the Mortgaged Property, or to the reduction of the principal or interest, as the Lender or the receiver may elect. For that purpose, the Borrower assigns to the Lender all rentals which may become due under any future lease of the Mortgaged Property, as well as all rights and remedies provided in such lease or at law or in equity for the collection of the rentals. Any lease or leases entered into by the Lender or the receiver pursuant to this Paragraph 3.02 will survive foreclosure of the Mortgage and repayment of the debt, unless the lease provides otherwise.

3.03. Attorneys' Fees. If the Lender becomes a party to any suit or proceeding affecting the Mortgaged Property, the lien created by this Mortgage, or the Lender's interest in the Mortgaged Property, or if the Lender engages counsel to collect any of the indebtedness or to enforce performance of the agreements or covenants of this Mortgage or the Note, the Lender's costs, expenses, and reasonable attorneys' fees will be paid by the Borrower, on demand, with interest at the rate provided in the Note. Until paid they will be deemed to be part of the indebtedness evidenced by the Note and secured by this Mortgage.

**ARTICLE IV
ADDITIONAL PROVISIONS**

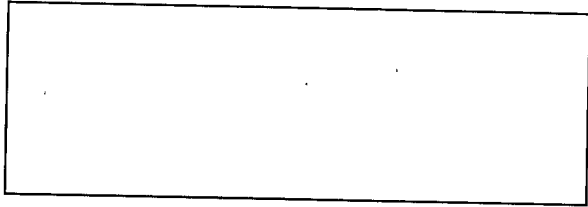
4.01. Satisfaction of Mortgage. If the Borrower pays the Lender the principal sum and all other sums secured by this Mortgage in accordance with the provisions of the Note, then the Lender must provide Borrower with a release of mortgage or other evidence of satisfaction as requested by Borrower.

4.02. Due-on-Sale Clause. The Borrower has executed and delivered to Lender a Right of First Refusal for any subsequent sale, transfer, lease or conveyance ("Transfer") of the Mortgage Property. Subject to its terms and conditions, the Borrower will not cause or permit any Transfer of any part of the Mortgaged Property, or any interest in it, voluntarily or by operation of law without the prior written consent of the Lender.

4.03. Interest Rate. Regardless of any provision in this Mortgage or in the Note, the Borrower's liability for interest will not exceed the limits imposed by the then applicable usury law. If any clause in the Note or this Mortgage requires interest payments in excess of the highest rate permitted by the then applicable usury law, the clause in question will be deemed to require payment at the highest interest rate allowed by that law.

4.04. General Terms. Time is of the essence. This Mortgage shall be construed under and in accordance with the laws of the State of Indiana. This Mortgage cannot be changed or amended except by agreement in writing signed by the party against whom enforcement of the change is sought. This Mortgage will be binding on and inure to the benefit of the parties and their respective heirs, personal representatives, successors, and assigns. The captions preceding the text of the paragraphs or subparagraphs of this Mortgage are inserted only for convenience of reference and will not constitute a part of this Mortgage, nor will they in any way affect its meaning, construction, or effect.

SIGNATURES ON FOLLOWING PAGE



IN WITNESS WHEREOF, the Mortgagor has executed and delivered this Mortgage as of the day and year first above written.

Signed, sealed and delivered in the presence of.

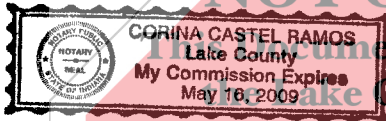
[Signature]
Witness #1
THOMAS D. SKILLER
(Witness #1 Printed Name)

[Signature]
Laura J. Hoffman

[Signature]
Witness #2
Carol A. PEDERSON
(Witness #2 Printed Name)

STATE OF INDIANA
COUNTY OF LAKE

The foregoing instrument was acknowledged before me this 13th day of June, 2005, by **Laura J. Hoffman**, who is personally known to me or who has produced DRIVERS LICENSE as identification.



[Signature]
Notary Public, State and County Aforesaid
Name of Notary Public
(Typed, Printed or Stamped)
My Commission Expires: _____

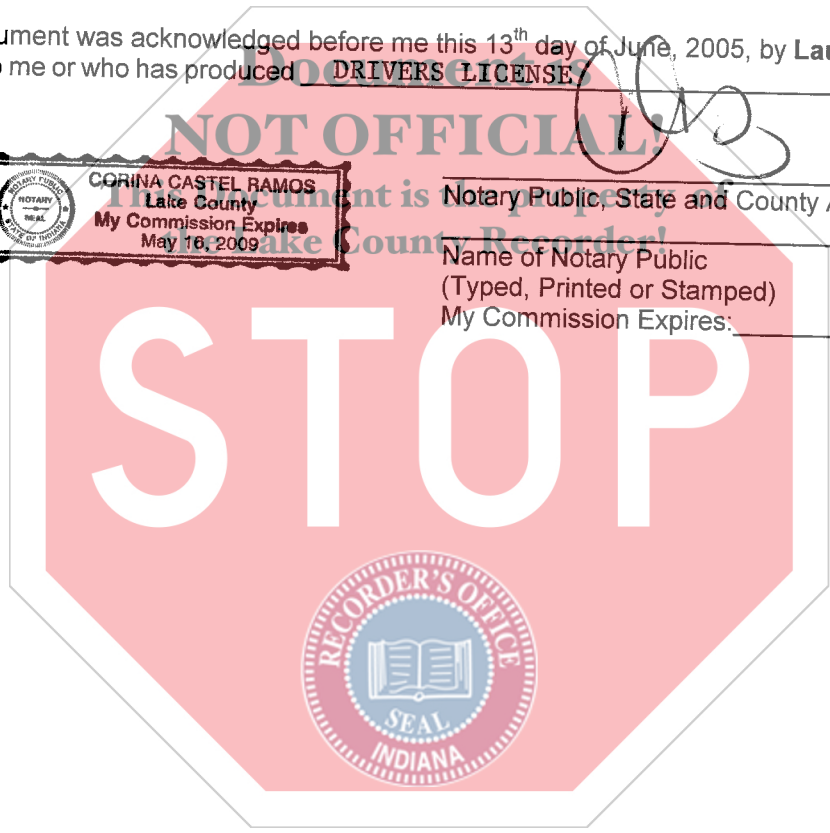


EXHIBIT "A"

No: 920053772

LEGAL DESCRIPTION

Part of Tract 10 in Ventura Townhomes Phase 2, a Planned Unit Development In St. John, as per plat thereof, recorded in Plat Book 73 page 7, in the Office of the Recorder of Lake County, Indiana, more particularly described as follows: Commencing at the Northeasterly corner of said Tract 10; thence Southerly along the Easterly line of said Tract 10, being a curve concave to the West and having a radius of 149.46 feet, an arc distance of 42.95 feet to a point of reverse curve; thence continuing Southerly along the Easterly line of said Tract 10, being a curve concave to the East and having a radius of 280.01 feet, an arc distance of 60.28 feet to the point of beginning; thence continuing Southerly along said curved Easterly line, an arc distance of 59.46 feet to the Southeasterly corner of said Tract 10; thence South 66 degrees 33 minutes 34 seconds West, along the Southerly line of said Tract 10, a distance of 135.37 feet; thence North 15 degrees 53 minutes 56.8 seconds West, along the Westerly line of said Tract 10, a distance of 73.74 feet; thence North 72 degrees 39 minutes 11.8 seconds East, a distance of 132.73 feet to the poing of beginning; referred to as Parcel D and commonly known as 8638 Kelly Drive.

