

MORTGAGE

THIS INDENTURE WITNESSETH, That Ronald McColly and James Gagan, (Mortgagors), of Lake County, in the State of Indiana, mortgage and warrant to The New Innsbrook Country Club, LLC, a Limited Liability Company created and existing under the laws of the State of Indiana, Mortgagee, the following described real estate situate in Lake County, in the State of Indiana, to-wit:

PARCEL 1:

THE NORTH 1/2 OF THE NORTHEAST 1/4 OF SECTION 17, TOWNSHIP 35 NORTH, RANGE 8 WEST OF THE SECOND PRINCIPAL MERIDIAN, IN LAKE COUNTY, INDIANA, EXCEPTING THEREFROM THE NORTH 79 FEET OF THE WEST 580 FEET, AND THE SOUTH 830 FEET OF THE WEST 1837 FEET, AND THE RIGHT-OF-WAY OF THE CHESAPEAKE AND OHIO RAILWAY COMPANY.

2005 052439

PARCEL 2:

PART OF THE SOUTH 1/2 OF THE SOUTHEAST 1/4 OF SECTION 8, TOWNSHIP 35 NORTH, RANGE 8 WEST OF THE SECOND PRINCIPAL MERIDIAN, IN LAKE COUNTY, INDIANA, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE WEST LINE OF SAID TRACT, WHICH POINT IS 340 FEET SOUTH OF SAID INTERSECTION OF SAID WEST LINE WITH THE SOUTHERLY RIGHT-OF-WAY LINE OF THE CHESAPEAKE AND OHIO RAILWAY COMPANY; THENCE EAST AT RIGHT ANGLES TO THE WEST LINE OF SAID SOUTHEAST 1/4 727.70 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID RAILWAY COMPANY; THENCE SOUTHEASTERLY ALONG SAID RIGHT-OF-WAY LINE TO THE SOUTH LINE OF THE SOUTHEAST 1/4 OF SECTION 8; THENCE WEST ALONG SAID SOUTH LINE TO A POINT ON A LINE 580 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID SOUTHEAST 1/4; THENCE NORTH ALONG SAID PARALLEL LINE 246 FEET; THENCE WEST 305 FEET; THENCE NORTH AND PARALLEL WITH THE WEST LINE OF SAID 1/4 175 FEET; THENCE WEST AND PARALLEL TO THE SOUTH LINE OF SAID SOUTHEAST 1/4 275 FEET TO THE WEST LINE THEREOF, SAID POINT BEING 421 FEET NORTH OF THE SOUTHWEST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 8; THENCE NORTH ALONG SAID WEST LINE 357.07 FEET TO THE POINT OF BEGINNING; including good and merchantable title thereto, and exclusive possession thereof, and hereinafter provided

2005 052439

LAKE COUNTY
FILED FOR RECORD

23-
7P
CS

PARCEL 3:

ALL THAT PART OF THE SOUTHEAST ¼ OF SECTION 8, TOWNSHIP 35 NORTH, RANGE 8 WEST OF THE SECOND PRINCIPAL MERIDIAN, IN LAKE COUNTY, INDIANA, LYING NORTHERLY RIGHT-OF-WAY LINE OF THE CHESAPEAKE AND OHIO RAILWAY COMPANY, EXCEPTING THEREFROM THAT PART LYING WITHIN THE RIGHT-OF-WAY OF INDIANA HIGHWAY NO. 55, AND EXCEPT THAT PART DEEDED TO THE STATE OF INDIANA RECORDED JULY 27, 1992 AS DOCUMENT NO. 92047796.

TO HAVE AND TO HOLD THE SAME, together with all the hereditaments and appurtenances thereunto belonging or in any wise appertaining, including storm and screen windows and doors, gas, steam, electric, and other air-conditioning, heating, and lighting apparatus, and all other fixtures appurtenant to the said premises, together with the possession and right of possession of said premises unto the said Mortgagee, Forever, and the said Mortgagor hereby represents that such articles are fixtures and an accession to the freehold and a part of the realty, and are covered by this Mortgage to secure the payment of one principal Promissory Note, of even date herewith, executed by the Mortgagor to the order of the Mortgagee for the principal sum of Three-Million Dollars (\$3,000,000.00) in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private at the time of payment; payable to the order of the Mortgagee at its principal office in Schererville, Indiana, or at such other place either within or without the state as the holder of the Note secured hereby may designate, with interest thereon from date hereof as hereinafter provided, payable as follows: On first day of August, 2005, at the rate of four per cent (4.00%) per annum principal and interest in the amount of Fourteen Thousand Three Hundred Twenty Two Dollars and Forty Six Cents (\$14,322.46), and a like amount on the first day of each and every month thereafter until the first day of August, 2007, when the entire balance of said principal sum remaining unpaid shall be due and payable. Each of said payments shall be applied first to the payment of interest on the principal balance from time to time unpaid at the rate of Four per cent (4.00%) per annum, and second to the reduction of said principal sum. After the due date of each of said principal installments, they shall bear interest at the highest rate permitted by law, until paid. All relief from valuation and appraisal laws is hereby waived. And the said Mortgagor does covenant with the said Mortgagee as follows: First, that he is lawfully seized of the said premises in fee simple; Second, that he has a good right to convey the same; Third, that the same are free from all liens and encumbrances; Fourth, that the said Mortgagee shall quietly enjoy and possess the same; and that the said Mortgagor will warrant and defend the title to the same against all lawful claims. And the said Mortgagor hereby covenants and agrees as follows, to-wit:

1. That in case the Mortgagor shall neglect or fail to pay the premiums for insurance or taxes or assessments as herein stipulated, or fail to keep the said premises in good repair or suffer or permit any waste thereon, then and in that case it shall be lawful for the said Mortgagee to take possession of said premises, and the said Mortgagor in such case does hereby bargain, sell, assign, transfer, and set over unto the said Mortgagee all the rents, and moneys, which, until the full payment of the said note and the interest thereon, and the full and complete performance of

all the covenants herein contained, shall accrue and be owing for the use and occupation of the said premises and of the buildings thereon, or any part thereof; and for the purpose aforesaid, during the time last aforesaid, the Mortgagor does hereby nominate, constitute, and appoint said Mortgagee his attorney in fact, irrevocably in his name or otherwise, to take possession of the said premises and buildings, and to let and lease the same, and to receive, collect and receipt for all sums due or owing for such use and occupation, as the same accrue; and out of the amount so collected pay the interest which shall be due and which shall accrue upon the Note aforesaid, and pay and discharge all taxes, assessments, and premiums for insurance upon the said premises, and the cost of all such repairs upon the said buildings and premises as the said Mortgagee may deem necessary, so far as the sums so collected by it shall be sufficient for that purpose, paying the overplus from time to time, if any there be, to the said Mortgagor, and for its services in so leasing, letting, and collecting the said rents, the said Mortgagee shall be entitled to receive and shall deduct from the said moneys the sum of 5 percent of the amount by it collected;

2. That upon any default occurring in the payment of said Note or in the conditions thereof or of this Mortgage, the Mortgagee shall have the right to take possession of the said real estate as Mortgagee for the purpose of collecting and applying the rents and profits to the payment of the Mortgage debt;

3. That in the event of foreclosure proceedings, a Receiver may be appointed to collect the rents and profits of said real estate during such proceedings and during the period of redemption;

4. That until the said debt is fully paid the Mortgagor shall take proper care of the said real estate and the buildings thereon, and neither commit waste nor allow waste to be committed, nor suffer anything to be done that will impair the value of the security hereby given, and the Mortgagor shall keep all legal taxes and assessments against the said property paid, and keep in force, on the buildings on the premises, insurance against fire, tornado, war damage and such other casualties as the Mortgagee may require, in an insurance company or companies acceptable to the Mortgagee in an amount and in a manner satisfactory to the Mortgagee, during the existence of this debt, for the benefit of the Mortgagee, and deliver the policies to the Mortgagee marked "paid" by the company or the agent issuing the same, when this loan is made and any renewal of any policy 7 days before such policy expires and should the said Mortgagee, by reason of any such insurance against loss as aforesaid, receive any sum or sums of money for any damage to the said building or buildings, such amount may be retained and applied by it towards payment of the amount hereby secured, or the same may be paid over, either wholly or in part, to the said Mortgagor to enable him to repair the said buildings or to erect new buildings in their place, or for any other purpose or object satisfactory to the Mortgagee, without affecting the lien of this Mortgage for the amount secured before such damage or such payment over, took place;

5. That in order more fully to protect the security of this Mortgage, he will pay to the Mortgagee, together with, and in addition to, the monthly payments under the terms of the Note secured hereby, on the first day of each month until the said Note is fully paid, the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the Mortgagee) less all sums already paid therefore divided by the number of months to elapse before one month prior to the date when such premiums, taxes, and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said premiums, taxes, and special assessments.

Any deficiency in the amount of any such aggregate monthly payments shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute an event of default under this Mortgage.

6. That on default as to any of the provisions of Clause 4, the Mortgagee may pay such taxes, assessments, or effect such insurance, and any amount so paid together with seven percent interest thereon, shall be secured by the lien of this Mortgage, and the Mortgagor shall repay such amounts to the Mortgagee upon demand, and the Mortgagor expressly agrees to pay the sums of money above secured, together with all taxes, assessments, insurance premiums, and attorney's fees without relief from valuation or appraisal laws of the State of Indiana.

7. That the Mortgagee is hereby empowered and instructed to advance and pay any sum of money that in its judgment, may be necessary to perfect the title of the said mortgaged premises in the said Mortgagor or to preserve the security intended to be given by this Mortgage, or to obtain perfect and complete abstracts of title of the said real estate and such continuations thereof as, in the judgment of the said Mortgagee, may be required at any time during which the debt secured by this Mortgage, or any part thereof, remains unpaid, and any and all sums of money so advanced and paid, with interest at the rate of seven percent per annum, shall be and they are hereby made a part of the debt secured by this Mortgage, and shall be repaid by the Mortgagor on demand;

8. That the Mortgagor will indemnify and save harmless from, and repay on demand the Mortgagee for, any loss, damage, expense, or attorney's fees which may be incurred by the said Mortgagee by reason of any suit or proceedings to which the said Mortgagee is made a party on account of this Mortgage, and any loss, damage, expense, or attorney's fees so incurred by the Mortgagee is made a part of the debt secured by this Mortgage;

9. That the Mortgagee shall, at its option, be entitled to be subrogated to any demand, lien, claim, or right paid or satisfied by or with the moneys advanced and hereby secured, and that the Mortgagee herein may, at any time or times in succession, without notice, extend the time of payment of the sum hereby secured, or any part thereof, to any person or persons then under obligation to pay the same or affected by the lien hereby created, upon such terms as may be agreed upon by the Mortgagee and the party requesting the extension, without impairing in any way the lien or priority of this Mortgage;

10. That upon failure to pay the principal sum secured by this Mortgage, or interest, or any installment or payment stipulated herein and in the said Note when due, or taxes, assessments, or insurance, and deliver policies as herein provided, or if the said premises are not maintained in as good a state of repair as they were at the date of this Mortgage, reasonable depreciation alone excepted, and within 60 days after notice by the Mortgagee to the owner to repair the said premises, the owner shall fail to put the said premises in as good a state of repair as they were at the date of this Mortgage, reasonable depreciation alone excepted (the Mortgagee shall be sole judge as to what constitutes such state of repair or reasonable depreciation), or upon failure to comply with any other stipulation, condition, covenant, or agreement of the said Note of this Mortgage, or in case, at any time during the existence of this Mortgage, a mechanics' or material men's lien is filed against the property hereby mortgaged, then all of the said principal sum shall become immediately due and collectible at the option of the Mortgagee; but the omission of the said Mortgagee to exercise its option upon any default as aforesaid shall not preclude it from the exercise thereof upon any subsequent default; and nothing but the specific written consent of the Mortgagee shall constitute a waiver of the said option, and this Mortgage may be foreclosed accordingly, without notice of broken condition;

11. That in the event of the passage, after the date of this Mortgage, of any law deducting any lien thereon from the value of the land for the purpose of taxation, or changing in any way the laws now in force for the taxation of mortgages or debts secured by mortgage, or the manner of the collection of any such taxes, so as to affect this Mortgage, the whole of the principal sum secured by this Mortgage, together with the interest due thereon, shall, at the option of the Mortgagee, without notice, become immediately due and payable.

12. To pay a "late charge" equal to two cents (2¢) for each dollar (\$1.00) of each payment more than fifteen (15) days in arrears to cover the extra expense involved in handling delinquent payments.

13. That all agreements and representations of the Mortgagor herein contained are made also for the benefit of any assignee of the Mortgagee.

14. That all rights and remedies secured to the Mortgagee by the covenants and agreements contained in this Mortgage are to be deemed cumulative and not in any way in derogation of the rights of the Mortgagee under the laws of the State of Indiana.

15. Whenever the singular or plural number, or masculine, feminine, or neuter gender is used herein, it shall equally include the other, and every mention herein of the Mortgagor or Mortgagee shall include the heirs, executors, administrators, successors, and assigns of the party so designated.

In Witness Whereof the Mortgagor has hereunto set his hand and seal this 22nd day of June, 2004.

Ronald McColly
Ronald McColly

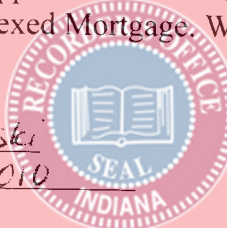
James Gagan
James Gagan

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

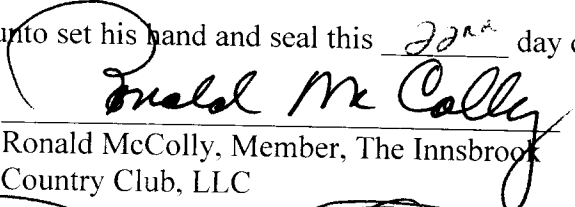
STATE OF INDIANA)
) ss.
COUNTY OF LAKE)

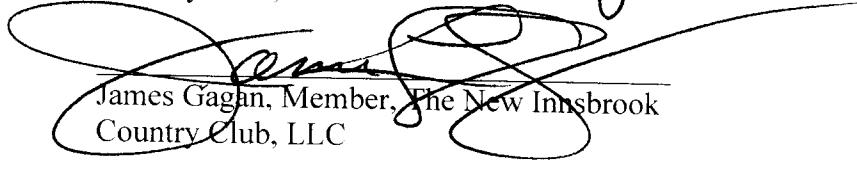
Before me, the undersigned, a Notary Public, in and for said County and State, this 22nd day of June, 2004, personally appeared Ronald McColly and James Gagan and acknowledged the execution of the annexed Mortgage. Witness my hand and notarial seal the day and year last above written.

Notary Public Jennifer Rudeski
My Commission expires 6-5-2010
Prepared by John P. Reed



In Witness Whereof the Mortgagee has hereunto set his hand and seal this 22nd day of June, 2004.


Ronald McColly, Member, The Innsbrook
Country Club, LLC


James Gagan, Member, The New Innsbrook
Country Club, LLC

STATE OF INDIANA)
) ss.
COUNTY OF LAKE)

Before me, the undersigned, a Notary Public, in and for said County and State, this 22nd day of June, 2004, personally appeared Ronald McColly and James Gagan, Members of the New Innsbrook Country Club, LLC, and acknowledged the execution of the annexed Mortgage. Witness my hand and notarial seal the day and year last above written.

Notary Public Jennifer Rudeski
My Commission expires 6-5-2010
Prepared by John P. Lind

