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WHEN RECORDED MAIL TO:

Loren Peters  
P.O. Box 221  
Lowell, IN 46356

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

2007 094778

2007 DEC -3 AM 9:19

This Mortgage prepared by:  
Wayne Peters  
1204 West Chase  
Chicago, IL 60626

MICHAEL A. BROWN  
RECORDER

CM620072630

MORTGAGE

**THIS IS A PART PURCHASE MONEY JUNIOR MORTGAGE SUBJECT TO AND SUBORDINATE TO A CERTAIN PART PURCHASE MONEY FIRST MORTGAGE LIEN OF HARRIS BANK, N.A., DATED EVEN DATE.**

THIS MORTGAGE dated August 30, 2007, is made and executed between HJH CONSTRUCTION, LLC, an Indiana limited liability company (hereinafter referred to as "Grantor"), whose address is 3294 Nelson Lane, Wheatfield, IN 46392, and TREASURE TROVE, INC., an Indiana corporation (hereinafter referred to as "Lender"), whose address is P.O. Box 221, Lowell, IN 46356.

**GRANT OF MORTGAGE:** For valuable consideration, Grantor mortgages, warrants, and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way and appurtenances; all water, water rights, watercourses and ditch rights; and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Lake County, Indiana, which legal description is set forth on Exhibit "A" attached hereto and made a part hereof.

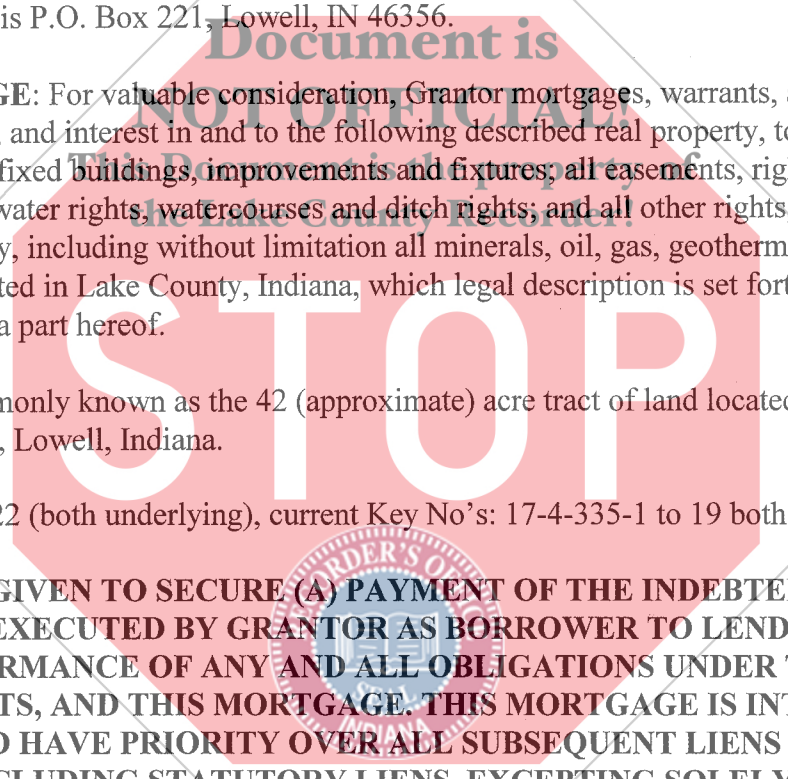
The Real Property is commonly known as the 42 (approximate) acre tract of land located southeast of the corner of Burr and State Road #2, Lowell, Indiana.

Key No's: 4-17-11, 4-17-22 (both underlying), current Key No's: 17-4-335-1 to 19 both inclusive.

**THIS MORTGAGE IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS OF A PROMISSORY NOTE EXECUTED BY GRANTOR AS BORROWER TO LENDER DATED EVEN DATE AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS INTENDED TO AND SHALL BE VALID AND HAVE PRIORITY OVER ALL SUBSEQUENT LIENS AND ENCUMBRANCES, INCLUDING STATUTORY LIENS, EXCEPTING SOLELY TAXES AND ASSESSMENTS LEVIED ON THE REAL PROPERTY, TO THE EXTENT OF THE MAXIMUM AMOUNT SECURED HEREBY. ANY EVENT OF DEFAULT UNDER THE PROMISSORY NOTE FOR WHICH THIS MORTGAGE ACTS AS SECURITY SHALL ALSO BE AN EVENT OF DEFAULT UNDER THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:**

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CHICAGO TITLE INSURANCE COMPANY



**PAYMENT AND PERFORMANCE:** Except as otherwise provided in the Mortgage, Grantor shall pay the Lender all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

**POSSESSION AND MAINTENANCE OF THE PROPERTY:** Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

**Possession and Use:** Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property, and (3) collect the Rents from the Property, (3) Sell all or portions of the Property subject to the payment by Grantor to Lender of the monies due it under the Promissory Note for which this instrument acts as security.

**Duty to Maintain:** Grantor shall maintain the Property in accord with local, state and federal codes, statutes, and Rules and Regulations and perform all tasks necessary to preserve its value..

**Compliance with Environmental Law:** Grantor represents and warrants to Lender that during the period of Grantor's ownership of the Property, there will be no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the mortgage. Unless Grantor has a permit to do so and complies with EPA laws and regulations; Grantor hereby releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws and agrees to indemnify for any such claims, losses, liabilities, damages, penalties and expenses which Lender may directly or indirectly sustain resulting from a breach of this section of the Mortgage. The provisions of this section of the Mortgage shall survive the payment of the indebtedness and will not be affected by Lender's acquisition of any interest in the Property.

**Lender's Right to Enter:** Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

**Compliance with Governmental Requirements:** Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property.

**Duty to Protect:** Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

**DUE ON SALE - CONSENT BY LENDER:** Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property, without payment to the Lender the monies due it under the Promissory Note for which this Mortgage acts as security.

**TAXES AND LIENS:** Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done or on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of the Lender under this Mortgage except as to the first mortgage lien of Harris Bank, N.A., to which this Mortgage is subject.

**CONDEMNATION:** If all or any part of the property is condemned by eminent domain proceedings or by any proceeding to purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the restoration of the Property.

**FULL PERFORMANCE:** If Grantor pays all the indebtedness when due and is not in violation of this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage. Grantor is granted the right to make sales of lots in the Subdivision and make payments to the Lender as set forth in the Promissory Note for which this Mortgage is security and to receive a release deed for each such lot sold upon payment of monies due for that lot conditioned and subject to the Grantor being current in its payment to the Lender for all other monies due it under the terms of the Promissory Note.

**EVENTS OF DEFAULT:** Each of the following, at Lender's option, shall constitute an Event of default under this Mortgage:

**Default of Prior Lien:** A default of the first mortgage to Harris Bank, N.A., or its successors or assigns, shall act as a default hereunder.

**Payment Default:** Grantor fails to make any payment when due under the indebtedness of the Promissory Note.

**Default on Other Payments:** Failure of Grantor within the time required to make any payments for taxes, or any other payment necessary to prevent filing of or to effect discharge of any lien.

**Environmental Default:** Failure to comply with or to perform when due any term, obligation, covenant or condition contained in any environmental agreement executed in connection with the Property.

**Other Defaults:** Grantor fails to comply with or to perform any other term, obligation, covenant, or condition contained in this Mortgage or in any other agreement between Lender and Grantor.

**Default in favor of Third Parties:** Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the indebtedness or Grantor's ability to perform Grantor's obligations under this Mortgage.

**Death or Insolvency:** The dissolution of Grantor (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Grantor's existence as a going business or the death of any member, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

**Creditor or Forfeiture Proceedings:** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the indebtedness. This includes a garnishment of any of Grantor's accounts. This provision will not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim, the Grantor gives adequate written notice of the claim and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Adverse Change:** A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

**Insecurity:** Lender in good faith believes itself insecure.

**RIGHTS AND REMEDIES ON DEFAULT:** Upon the occurrence of an Event of Default and at a any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law.

**Accelerate Indebtedness:** Lender shall have the right at its option without notice to Grantor to declare the entire indebtedness immediately due and payable.

**Collect Rents:** Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or user of the property to make payments of rent or use fees directly to Lender.

**Mortgagee in Possession:** Lender shall have the right to be placed as mortgagee in possession or to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The mortgagee in possession or receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist, whether or not the apparent value of the property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Judicial Foreclosure:** Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.



MORTGAGE: GRANTOR: HJH CONSTRUCTION, LLC, LENDER: TREASURE TROVE, INC.

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**Deficiency Judgment:** If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

**Other Remedies:** Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

**Sale of the Property:** To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

**Election of Remedies:** Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing in this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of default.

**Attorneys' Fees; Expenses:** If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudged reasonable as attorneys' fees. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Grantor also will pay any court costs, in addition to all other sums provided by law.

**NOTICES:** Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, direct to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address

**MISCELLANEOUS PROVISIONS:** The following miscellaneous provisions are a part of this Mortgage:

**Amendments:** This Mortgage, together with any related documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this mortgage shall be effective unless given in writing and signed by the party sought to be bound or charged by the alteration or amendment.

**Governing Law:** This Mortgage will be governed by the laws of the State of Indiana.

MORTGAGE: GRANTOR: HJH CONSTRUCTION, LLC, LENDER: TREASURE TROVE, INC.

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Choice of Venue: If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Lake county, Indiana.

No Waiver by Lender: Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability: If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger: There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Successors and Assigns: Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the indebtedness.

Time is of the Essence; Time is of the essence in the performance of this Mortgage.

Waive Jury: All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding or counterclaim brought by any party against any other party.

Waiver of Right of Redemption: NOTWITHSTANDING ANY OF THE PROVISIONS TO THE CONTRARY CONTAINED IN THIS MORTGAGE, GRANTOR HEREBY WAIVES, TO THE EXTENT PERMITTED UNDER LAW, ANY AND ALL RIGHTS OF REDEMPTION ON GRANTOR'S BEHALF AND ON BEHALF OF ANY OTHER PERSONS PERMITTED TO REDEEM THE PROPERTY.

MORTGAGE: GRANTOR: HJH CONSTRUCTION, LLC, LENDER: TREASURE TROVE, INC.

**PROMISSORY NOTE:** The Promissory Note between Grantor as Borrower and Lender that this Mortgage acts as security for is in the amount of \$330,000.00 bearing even date, with interest at 10% per annum on the unpaid balance due from time to time, with balance remaining due on August 31, 2009 to be paid in full, and subject to the terms therein set forth.

**GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.**

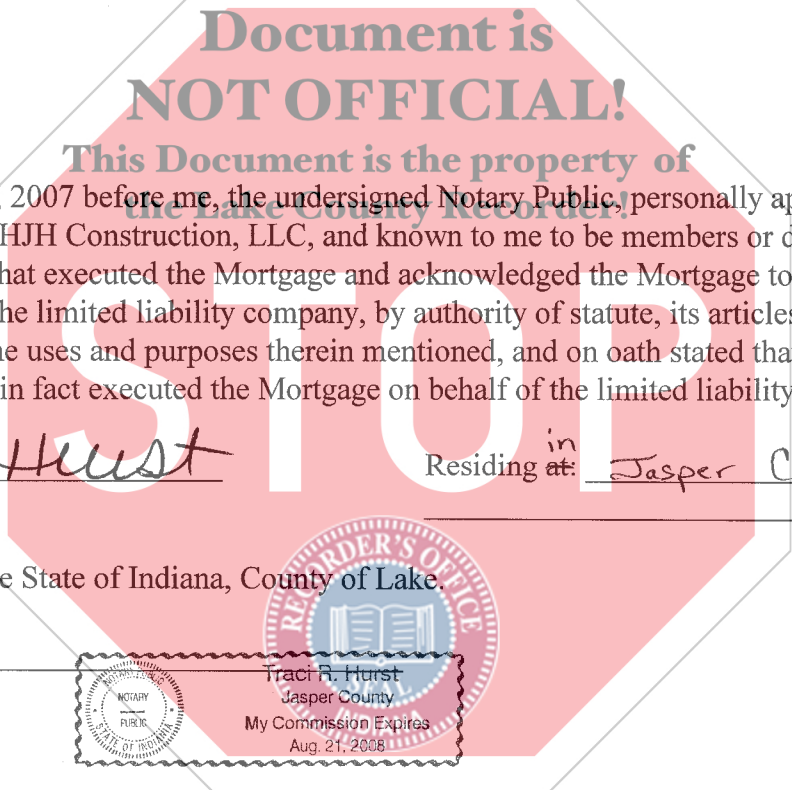
GRANTOR:

HJH CONSTRUCTION, LLC

By: Howard E. Nelson  
HOWARD E. NELSON, manager of the HJH Construction, LLC

**Limited Liability Company Acknowledgment**

State of Indiana )  
 ) ss  
County of ~~Lake~~ Jasper



On this 30<sup>th</sup> day of August, 2007 before me, the undersigned Notary Public, personally appeared HOWARD E. NELSON, manager of the HJH Construction, LLC, and known to me to be members or designated agents of the limited liability company that executed the Mortgage and acknowledged the Mortgage to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute this mortgage and in fact executed the Mortgage on behalf of the limited liability company.

By Traci R. Hurst in Residing at: Jasper County, IN

Notary Public in and for the State of Indiana, County of Lake.

My commission expires

Traci R. Hurst  
Jasper County  
My Commission Expires  
Aug 21, 2008

**I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law.**  
Traci Hurst

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