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This Document Prepared by  
and after Recording Return to:  
David Zimble

2007 099621

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

2007 DEC 20 AM 10: 53

MICHAEL A. BROWN  
RECORDER

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## JUNIOR MORTGAGE

Mike Hegyi and Kami Kegyi (collectively "Mortgagor") and David Zimble and Lisa Zimble, his wife (collectively "Mortgagee") this 14 day of December, 2007.

1. Recitals.

a. Mortgagor has executed and delivered to Mortgagee a Junior Mortgage Note wherein Mortgagor promises to pay to Mortgagee the sum of Sixty-Five Thousand Dollars (\$65,000.00) (the "Loan Amount") upon the terms and conditions set forth therein together with interest and other charges as therein stated, of even date herewith (the "Note"), which together with this Mortgage secures the obligations of Mortgagor pursuant to the Note together with any and all documents or instruments executed in connection therewith, including any modifications, extensions or renewals thereof, are hereinafter referred to as the "Loan Documents"), all of which are incorporated herein by reference.

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KST*  
b. As further security for any and all obligations owing from Mortgagor to Mortgagee under the Loan Documents (the "Obligations"), Mortgagor has agreed to give Mortgagee a mortgage lien on the Mortgaged Property (as defined below) according to the terms of this Mortgage, which lien shall be junior and subordinate to a certain mortgage for the benefit of \_\_\_\_\_ of even date recorded, \_\_\_\_\_, 2007 as document number \_\_\_\_\_, ("Senior Mortgage").

Grant. In consideration of the indebtedness of Mortgagor to Mortgagee which Mortgagor acknowledges and confirms is valuable and of benefit to Mortgagor, and as security for payment to Mortgagee of the Obligations, and for performance of the agreements, conditions, covenants, provisions and stipulations contained herein and therein, Mortgagor has granted, conveyed, aliened, enfeoffed, released, confirmed and mortgaged, and by these presents does hereby grant, convey, alien, enfeoff, release, confirm, mortgage and warrant unto Mortgagee, all those certain tract or parcel of land described on Exhibit "A" attached hereto and specifically incorporated by reference

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herein (the "Mortgaged Property") to secure payment of the Obligations and performance of all matters described herein and in the Loan Documents.

TO HAVE AND TO HOLD the Mortgaged Property hereby conveyed or mentioned and intended so to be, unto Mortgagee, in fee simple, forever.

PROVIDED ALWAYS, and this instrument is upon the express condition that, if Mortgagor pays to Mortgagee the principal sum mentioned in the Note, the interest thereon and all other sums payable by Mortgagor to Mortgagee as are secured hereby, in accordance with the provisions of the Loan Documents, and this Mortgage, at the times and in the manner specified, without deduction, fraud or delay, and Mortgagor performs and complies with all the agreements, conditions, covenants, provisions and stipulations contained herein and in the Loan Documents then this Mortgage and the estate hereby granted shall cease and become void.

2. Payment and Performance. Mortgagor shall pay to Mortgagee, in accordance with the terms of the Loan Documents and this Mortgage, the principal and interest, and other sums therein set forth; shall perform and comply with all the agreements, conditions, covenants, provisions and stipulations of the Loan Documents and this Mortgage.
3. Maintenance of Mortgaged Property. Mortgagor shall keep and maintain or cause to be kept and maintained all buildings and improvements now or at any time hereafter erected on the Mortgaged Property and the sidewalks and curbs abutting them, in good order and condition and in a rentable and tenable state of repair, and will make or cause to be made, as and when necessary for such purpose, all repairs, renewals and replacements, structural and nonstructural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen. Mortgagor shall abstain from and shall not permit the commission of waste in or about the Mortgaged Property.
4. Insurance. Mortgagor shall maintain comprehensive general public liability property damage in an insurance company or companies qualified to insure property located in the state in which the Mortgaged Property is located and reasonably satisfactory in all respects to Mortgagee, and in such total amounts as Mortgagee may reasonably require from time to time. If the insurance, or any part thereof, shall expire, or be withdrawn, or become void or unsafe by Mortgagor's breach of any condition thereof, or become void or unsafe by reason of the failure or impairment of the capital of any company in which the insurance may then be carried, or if for any reason in the reasonable opinion of Mortgagee the insurance shall be unsatisfactory to Mortgagee, Mortgagor shall place new insurance on the Mortgaged Property satisfactory to Mortgagee. All renewal policies, with premiums paid, shall be delivered to Mortgagee at least thirty (30) days before expiration of the old policies. If Mortgagor shall fail or refuse to maintain insurance as required by this paragraph, Mortgagee may do so at the cost of Mortgagor, which shall be added to and become a part of the Obligations.
5. Taxes and Other Charges. Mortgagor shall pay when due and payable and before any

interest, charge or penalty is due thereon, without any deduction, defalcation or abatement, all taxes, assessments, levies, liabilities, obligations, encumbrances (including but not limited to those evidenced by the Senior Mortgage), water and sewer rents and all other charges or claims of every nature and kind which may be imposed, suffered, placed, assessed, levied, or filed at any time against Mortgagor, the Mortgaged Property or any part thereof or against the interest of Mortgagee therein, or with respect to the Loan Documents or Mortgage and/or the ownership of either thereof by Mortgagee, or which by any present or future law may have priority over the indebtedness secured hereby either in lien or in distribution out of the proceeds of any judicial sale, without regard to any law heretofore or hereafter to be enacted imposing payment of the whole or of any part upon Mortgagee; and insofar as any such tax, assessment, levy, liability, obligation or encumbrance is of record, the same shall be promptly satisfied and discharged of record and the original official document (such as, for instance, the tax receipt or the satisfaction paper officially endorsed or certified) shall be placed in the hands of Mortgagee not later than five (5) days prior to the due date thereof. Provided, however, that if, pursuant to this Mortgage or otherwise, Mortgagor shall have deposited with Mortgagee before the due date thereof sums sufficient to pay any such taxes, assessments, levies, water and sewer rents, charges or claims, and Mortgagor is not otherwise in Default, they shall be paid by Mortgagee; and provided further, that if Mortgagor is not in Default hereunder and in good faith and by appropriate legal action shall contest the validity of any such item, or the amount thereof, and shall have established on its books or by deposit of cash with Mortgagee, as Mortgagee may elect, a reserve for the payment thereof in such amount as Mortgagee may require (including any interest and penalties which may be payable in connection therewith), then Mortgagor shall not be required to pay the item or to produce the required receipts, while the reserve is maintained and so long as the contest operates to prevent collection, and is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Mortgagor. Further, Mortgagor will not apply for or claim any deduction, by reason of this Mortgage, from the taxable value of all or any part of the Mortgaged Property. It is expressly agreed that no credit shall be claimed or allowed on the interest payable on the Note because of any taxes or other charges paid. The provisions of this paragraph shall apply regardless of any changes in the tax law subsequent to the execution of this Mortgage.

6. Compliance with Laws and Regulations. Mortgagor shall comply with all laws, ordinances, regulations and orders of all federal, state, municipal and other governmental authorities relating to the Mortgaged Property. Mortgagor will pay all license fees and similar municipal charges for the use of the Mortgaged Property and any other areas now or hereafter comprising part thereof or used in connection therewith and will not, unless so required by a governmental agency having jurisdiction, discontinue use or occupancy of any portion of the Mortgaged Property without the prior written consent of Mortgagee. The Mortgagor shall not take or permit any action with respect to the Mortgaged Property which will in any manner impair the security of this Mortgage.
7. Right to Remedy Defaults. If Mortgagor should fail to pay corporate taxes, real estate or



other taxes, assessments, water and sewer rents, charges and claims on or before the date on which any penalty may be imposed with respect thereto, or fail to pay insurance premiums, or fail to make necessary repairs, or permit waste, or fail to comply with any other provision of this Mortgage or the Loan Documents, Mortgagee, at its election and without notice to Mortgagor, shall have the right to make any payment or expenditure and to take any action which Mortgagor should have made or taken, or which Mortgagee deems reasonably necessary to protect the security of this Mortgage or the Mortgaged Property, without prejudice to any of Mortgagee's rights or remedies available hereunder or otherwise, at law or in equity. All such sums, as well as costs, advanced by Mortgagee pursuant to this Mortgage shall be due immediately from Mortgagor to Mortgagee, shall be secured hereby, and shall bear interest at the Default Rate (as defined in the Note) from the date of payment by Mortgagee until the date of repayment. Notwithstanding the foregoing, Mortgagee shall not exercise its right to pay overdue corporate taxes, real estate or other taxes, assessments, water and sewer rents, charges and claims, provided that Mortgagor has a good faith dispute regarding the same and is diligently disputing any such corporate tax, real estate or other tax, assessment, water and sewer rent, charge or claim. However, Mortgagee may require Mortgagor to post a bond or other security in an amount sufficient to satisfy such disputed taxes, assessments, rents, charges or claims.

8. Notices to Mortgagee. Mortgagor agrees that any notice given by Mortgagor to Mortgagee shall be given by ~~registered or certified mail~~, return receipt requested, to the address for Mortgagee set forth herein and only to that address, and such notice shall be deemed to have been received no earlier than the date actually and physically received at the address for Mortgagor set forth herein.
9. Actions of Mortgagee. Without affecting the lien and/or priority of this Mortgage upon the Mortgaged Property or any part thereof or affecting the liability of Mortgagor or any other person liable for payment of all or any part of the indebtedness secured by this Mortgage or for performance of any obligation contained herein Mortgagee may, at any time and from time to time without notice to or without the consent of any other person or entity (except for Mortgagor in the case of a modification of the terms of the Loan Documents or this Mortgage), extend the time of payment of the indebtedness secured hereby, agree to modify the terms of the Loan Documents or this Mortgage, release any person liable for payment of any indebtedness secured hereby or for performance of any obligation, release all or any part of the security held for the indebtedness secured hereby or exercise or refrain from exercising or waive any right Mortgagee may have.
10. Events of Default. Each of the following shall constitute an event of default (hereinafter called "Event of Default" or "Default") hereunder:
- a. The failure of Mortgagor to pay any sum secured by this Mortgage, following the expiration of the applicable notice and grace periods, if any.
  - b. Mortgagor's noncompliance or nonperformance of any other term, covenant or condition contained in this Mortgage, if such failure continues for ten (10) days or more after written notice from Mortgagee to Mortgagor; provided that if the

Default in question is curable, but is not reasonably susceptible of cure within said ten (10) day period (not including Mortgagor's inability to cure for financial reasons), and if Mortgagor commences to cure in good faith within said ten (10) day period and thereafter proceeds in good faith and due diligence to effectuate a cure without interruption or unreasonable delay, then said ten (10) day period shall be extended for the additional time reasonably necessary to complete such cure, but in no event to exceed thirty (30) additional days. Notwithstanding the foregoing, however, there shall not be any cumulation of grace periods under this Mortgage and the Loan Documents with respect to any particular or event, and if any such Default or event has an associated grace period specified under the Loan Documents or in this Mortgage which is different from that set forth herein, then the more restrictive provision shall apply.

- c. Material breach by Mortgagor or Mortgagor of any warranty or material untruth of any representation contained in this Mortgage or the Loan Documents.
- d. If any of the following occurs with respect to Mortgagor, any guarantor or surety of Mortgagor's or Mortgagor's obligations, or any general partner or member of Mortgagor or of any such guarantor or surety: (i) insolvency, assignment for the benefit of creditors, the entry of an order for relief under The Bankruptcy Code of 1978, as amended, 11 U.S.C. §101 et seq. (the "Bankruptcy Code"), or the filing of a bill in equity or the initiation of other proceedings for the appointment of a receiver of assets; (ii) the voluntary filing of a petition or initiation of other proceedings in any court for a composition with creditors for relief in any manner from the payment of debts when due under any state or federal law; or (iii) the institution of any proceedings in bankruptcy or for the appointment of a receiver, liquidator, trustee or other such officer under any state or federal law by any creditor which is not dismissed within sixty (60) days.
- e. Should any federal or state tax lien or any claim or lien for labor or materials be filed of record against Mortgagor or the Mortgaged Property or any part thereof; however, after prior notice to Mortgagee, in the case of any material item, Mortgagor, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any of the taxes, provided that (i) no Default or Event of Default exists under the Loan Documents or the Mortgage, (ii) such proceeding shall suspend the collection of the taxes from Mortgagor and from the Mortgaged Property, (iii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Mortgagor or the Mortgaged Property is subject and shall not constitute a default thereunder, (iv) neither the Mortgaged Property nor any part thereof or interest therein will, in the reasonable opinion of Mortgagee, be in danger of being sold, forfeited, terminated, cancelled or lost, (v) Mortgagor shall have set aside adequate reserves for payment of such lien or taxes, together with all interest and penalties thereon, and (vi) Mortgagor shall have furnished such security as may be required in the proceeding, or as may be reasonably requested by Mortgagee to

insure the payment thereof, together with all interest and penalties thereon.

- f. The sale or transfer of title to, or any interest in, the Mortgaged Property, or the creation, either voluntarily or involuntarily, of any lien or encumbrance, filed of record against Mortgagor or the Mortgaged Property or any part thereof, whether superior or inferior to the lien of the within Mortgage, without the express written consent of Mortgagee.

11. Remedies.

- a. Upon the happening of any Event of Default, the entire unpaid balance of the principal, the accrued interest and all other sums secured by this Mortgage shall, at the election of Mortgagee, become immediately due and payable, without notice or demand.
- b. When the entire indebtedness shall become due and payable, either because of maturity or because of the occurrence of any Event of Default, or otherwise, then forthwith:
  - i. Mortgagee may institute an action of mortgage foreclosure against the Mortgaged Property, or take such other action at law or in equity for the enforcement of this Mortgage and realization on the mortgage security or any other security herein or elsewhere provided for, as the law may allow, and may proceed therein to final judgment and execution for the entire unpaid balance of the principal debt, with interest at the rate stipulated in the Loan Documents to the date of Default, and thereafter at the Default Interest Rate (as defined in the Note), together with all other sums due by Mortgagor in accordance with the provisions of the Loan Documents and this Mortgage, including all sums which may have been loaned by Mortgagee to Mortgagor after the date of this Mortgage, and all sums which may have been advanced by Mortgagee for taxes, water or sewer rents, charges or claims, payments on prior liens, insurance or repairs to the Mortgaged Property, all costs of suit, reasonable attorneys' fees and other expenses in connection therewith, together with interest at such rate on any judgment obtained by Mortgagee from and after the date of any Sheriff's sale until actual payment is made by the Sheriff of the full amount due Mortgagee; or
  - ii. To the extent allowed by law, in the event of the occurrence of an Event of Default, irrespective of whether the right to foreclose this Mortgage has accrued to Mortgagee and in addition to all other remedies of Mortgagee provided by law or this Mortgage, whether

payment of the Obligations has then been accelerated or whether foreclosure proceedings have been commenced, Mortgagee may, without notice to or demand upon Mortgagor, take possession of the Mortgaged Property in a manner which is consistent with the laws of the State in which the Mortgaged Property is located. While in possession of the Mortgaged Property, Mortgagee shall have all powers granted to a mortgagee in possession by the statutes of such State, including, without limitation, the power to:

- (1) Collect rents (which Mortgagee hereby assigns to Mortgagee for such purpose) and manage, lease, alter and repair and restore the Mortgaged Property or portions thereof, cancel or modify existing Leases, obtain insurance, and in general have and exercise all powers and rights customarily incident to absolute ownership; and
- (2) Pay out of any rents so collected for the management and repair charges, taxes, insurance commissions, fees and all other expenses, including a reasonable management fee to Mortgagee or an agent or affiliate of Mortgagee and, after creating reasonable reserves, apply the balance (if any) on account of the Obligations.

iii. Mortgagee may remain in possession of the Mortgaged Property, in the event of foreclosure, until the foreclosure sale and thereafter during the entire period of redemption, if a deficiency exists. Mortgagee shall incur no liability for, nor shall Mortgagor assert any claim or setoff as a result of, any action taken while Mortgagee is in possession of the Mortgaged Property, except only for Mortgagee's own gross negligence. In the event no foreclosure proceedings are commenced, Mortgagee may remain in possession as long as there exists an Event of Default; or

iv. Mortgagee may, upon any proper action or proceeding being commenced for the foreclosure of this Mortgage, apply for, and Mortgagee as a matter of right, without consideration of the value of the Mortgaged Property as security for the amount due Mortgagee, or of the solvency of any person, firm or corporation obligated for the payment of such amount, shall be entitled to, the appointment by any competent court or tribunal, without prior demand or notice to any party, of a receiver of rents and profits and rental value of the Mortgaged Property, with power to take possession of the Mortgaged Property, including possession from Mortgagor if in possession and occupying any portion of the Mortgaged Property, and in the latter case to require Mortgagor, as a condition of remaining in possession and occupation, to pay the



reasonable rental value for the use and occupation thereof, with further power to lease and repair the Mortgaged Property and to renovate same to suit new tenants and with such other powers as may be deemed necessary, and such receiver after deducting all proper charges and expenses attending the execution of the said trust as receiver, shall each month pay over to Mortgagee the residue of the said rents and profits and rental value, to be applied by Mortgagee to the payment of the amount remaining secured hereby, or to any deficiency (whether or not any judgment therefor may be entered and irrespective of the market value of the Mortgaged Property) which may exist in the event of foreclosure by sale after applying the proceeds of the sale of the Mortgaged Property to the payment of the amount due, including interest, costs and expenses of such foreclosure and sale, or in the event of strict foreclosure to the payment of any deficiency existing thereunder. Mortgagor hereby consents to such appointment of a receiver. A receiver, while in possession of the Mortgaged Property, shall have the right to make repairs and to make improvements necessary or advisable in its or his opinion to preserve the Mortgaged Property, or to make and keep them rentable to the best advantage, and Mortgagee may advance moneys to a receiver for such purposes. Any moneys so expended or advanced by Mortgagee or by a receiver shall be repaid so far as possible out of the rents collected after payment of other expenses properly chargeable against said rents, and any unpaid balance of moneys so advanced or expended shall be added to and become a part of the debt secured by this Mortgage.

12. Cumulative Rights. The rights and remedies of Mortgagee, as provided in this Mortgage and the Loan Documents, shall be cumulative and concurrent; may be pursued separately, successively or together against Mortgagor or against the Mortgaged Property, or both, at the sole discretion of Mortgagee; and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.
13. No Waiver Implied. Any failure by Mortgagee to insist upon strict performance by Mortgagor of any of the terms and provisions of this Mortgage or the Loan Documents shall not be deemed to be a waiver of any of the terms or provisions of the Mortgage or the Loan Documents, and Mortgagee shall have the right thereafter to insist upon strict performance by Mortgagor of any and all of them. Neither Mortgagor nor any other person now or hereafter obligated for payment of all or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of Mortgagee to comply with any request of Mortgagor or of any other person so obligated to take action to foreclose on this Mortgage or otherwise enforce any provisions of the Mortgage or the Note, or by reason of the release, regardless of consideration, of all or any part of the security held for the indebtedness secured by this Mortgage, or by



reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee extending the time of payment or modifying the terms of the Mortgage or the Loan Documents without first having obtained the consent of Mortgagor or such other person; and in the latter event Mortgagor and all such other persons shall continue to be liable to make payments according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Mortgagee.

14. Communications. All communications required under this Mortgage or the Loan Documents shall be in writing, and shall be sent by registered or certified mail, postage prepaid, addressed to the Mortgagor or Mortgagee at the addresses as either party may designate from time to time by notice to the other in the manner set forth herein.
15. Covenant Running with the Real Estate. Any act or agreement to be done or performed by Mortgagor shall be construed as a covenant running with the Real Estate and shall be binding upon Mortgagor and its successors and assigns as if they had personally made such agreement.
16. Amendment. This Mortgage cannot be changed or amended except by agreement in writing signed by the party against whom enforcement of the change is sought.
17. Applicable Law. This Mortgage shall be governed by and construed according to the laws, without regard to its conflict of law rules, of the State in which the Mortgaged Property is located.

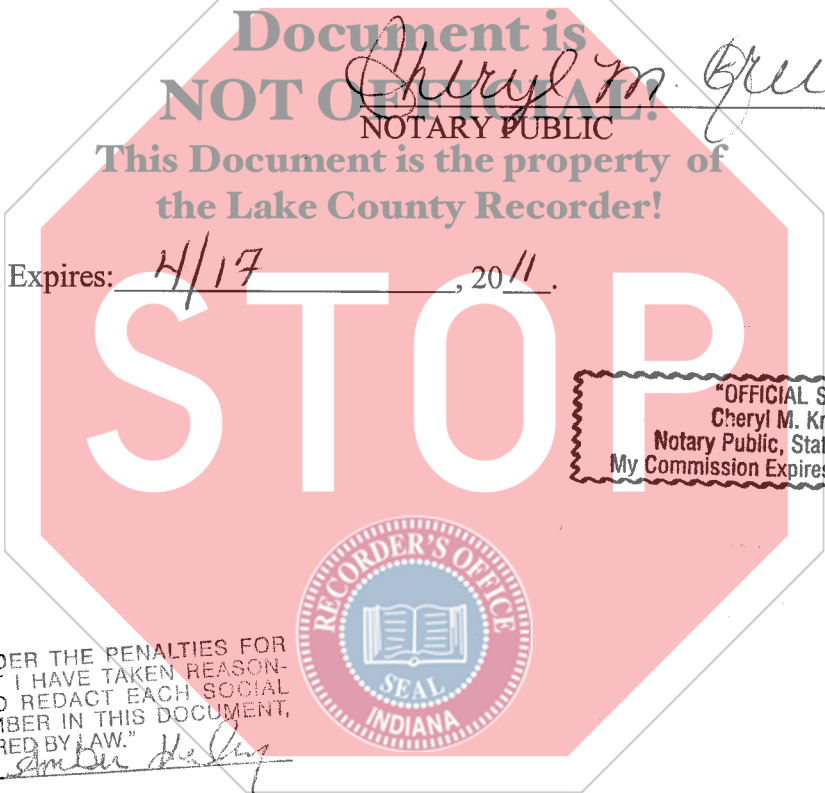


**ACKNOWLEDGMENT**

STATE OF ILLINOIS        )  
                                  )  
                                  )  
COUNTY OF ~~COOK~~ <sup>Will</sup>        )        SS

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Mike Hegyi and Kami Kegyi, known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and, after being duly sworn, acknowledged that they signed and delivered this Mortgage as their own free and voluntary act for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 14<sup>th</sup> day of December, 2007.



"OFFICIAL SEAL"  
Cheryl M. Krudup  
Notary Public, State of Illinois  
My Commission Expires April 17, 2011

"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."  
PREPARED BY: Amber Hegyi

**EXHIBIT A**

LOT 56 IN PINE HILL ESTATES, UNIT 1, AN ADDITION TO THE TOWN OF SCHERERVILLE,  
AS PER PLAT THEREOF, RECORDED IN PLAT BOOK 89, PAGE 63, IN THE OFFICE OF THE  
RECORDER OF LAKE COUNTY, INDIANA.

