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**MORTGAGE OF REAL PROPERTY,  
SECURITY AGREEMENT OF PERSONAL PROPERTY  
AND ASSIGNMENT OF RENTS AND PROFITS  
(Commercial Real Estate)**

**THIS MORTGAGE OF REAL PROPERTY, SECURITY AGREEMENT OF PERSONAL PROPERTY AND ASSIGNMENT OF RENTS AND PROFITS (the "Mortgage"),** made as of this 29th day of February, 2008, between **THE BANK OF KENTUCKY, INC.**, a Kentucky Banking Corporation, whose mailing address is 111 Lookout Farm Drive, Crestview Hills, Kenton County, Kentucky 41017 (hereinafter referred to as the "**Mortgagee**"), and **RUHDG INVESTMENTS, LLC**, a Kentucky limited liability company, whose address is 2708 Dixie Highway, Lakeside Park, Kenton County, Kentucky 41017 (hereinafter referred to as the "**Mortgagor**").

**WITNESSETH:**

WHEREAS, the Mortgagee has this date made a loan to Mortgagor (the "**Loan**"), which Loan is evidenced by a Promissory Note (the "**Note**"), executed this date by Mortgagor and delivered to the Mortgagee, the terms of the Note providing that **the Note shall be paid in full on or before March 1, 2033.** Reference to said Note is hereby made to the same extent as if it is set forth in full herein. Wherever the term Loan Document is used herein, it shall have the meaning of Loan Document or Security Agreement as set forth in the Note.

NOW, THEREFORE, to partially secure payment in the amount of **SIX HUNDRED NINETY-EIGHT THOUSAND TWO HUNDRED FIFTY-SIX DOLLARS (\$698,256.00)** of the Note, performance and observance by the Mortgagor of all of the covenants and conditions in the Note and any extensions or renewals thereof, as it may be modified, amended or supplemented at any time and from time to time, and in this Mortgage, and in order to charge the properties, interests and rights hereinafter described with such payment, performance and observance, the Mortgagor does hereby execute and deliver this Mortgage, and hereby grants, bargains, sells, mortgages and

**HOLD FOR MERIDIAN TITLE CORP.**

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warrants, encumbers, releases, conveys, assigns, transfers, hypothecates, pledges, sets over, and grants a security interest unto the Mortgagee, its successors and assigns forever, all of the estate, title and interest of the Mortgagor in and to the following:

1. The fee simple, leasehold and easement estates for the real property described in Exhibit "A" attached hereto and incorporated herein by this reference as if set out at length herein.;
2. All buildings, structures, improvements, privileges and appurtenances belonging thereto now existing or hereafter constructed thereon;
3. All easements, rights, rights-of-way, streets, ways, alleys, sewer lines, water lines and all estates, rights, titles, interests, privileges, hereditaments, access rights and appurtenances whatsoever in any way relating to or appertaining to any of the property described in Exhibit "A", or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the Mortgagor, and the reversion or reversions, remainder and remainders, rents, issues, profits thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of the Mortgagor in and to the same;

(Hereinafter the properties contained in Paragraphs 1 through 3 shall collectively be referred to as the "Mortgaged Premises");

4. All furniture, fixtures, appliances, machinery, equipment and all personal property and any replacements and proceeds and substitutions thereof, owned by Mortgagor and now located thereon, attached to, or hereafter acquired or located thereon or attached thereto, and all lighting, heating, cooking, ventilating, air conditioning, incinerating, sprinkling and plumbing systems and all pipes, wires, attached fixtures and apparatus forming a part of or used in connection therewith, and all cooking appliances, cabinets, windows, doors and all wall to wall carpeting located thereon;
5. All judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the Mortgaged Premises or any part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Mortgaged Premises or the improvements thereon or any part thereof, or to any rights appurtenant thereto, including any award for change of grade or streets;
6. All inventory, contract rights, cash, proceeds, profits, income, rent, accounts receivable, lease agreements, lease payments, insurance proceeds, deposit and other accounts, logos, trademarks, and all trade name agreements, and all replacements and proceeds relating thereto now owned or hereafter acquired by Mortgagor, in connection with the Mortgaged Premises and properties described in Exhibit "A".

(Hereinafter the items set forth in Paragraphs 4, 5 and 6 shall collectively be referred to as the "**Collateral**".)

TO HAVE AND TO HOLD the Mortgaged Premises and Collateral, and all other properties hereinabove granted to the Mortgagee, its successors and assigns, to its own proper use and benefit forever, subject however to the terms and conditions herein.

PROVIDED, HOWEVER, that these presents are upon the condition that, if the Mortgagor shall pay or cause to be paid to the Mortgagee the principal, interest and other charges provided in the Note and this Mortgage and the other Loan Documents, at the times and in the manner stipulated therein and herein, all without any deduction or credit for taxes or other similar charges paid by the Mortgagor, and shall keep, perform and observe all the covenants and promises in the Note and in this Mortgage expressed and the other Loan Documents to be kept, performed and observed, then the Mortgaged Premises and the Collateral hereby granted, bargained, sold, remised, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, delivered, set over, warranted and confirmed, shall cease, determine and be void but shall otherwise remain in full force and effect.

AND, the Mortgagor covenants and agrees with the Mortgagee that:

**ARTICLE I**  
**PARTICULAR COVENANTS OF THE MORTGAGOR**

**1.1 Performance of Note and Mortgage and the other Loan Documents.** The Mortgagor will perform, observe and comply with all provisions of the Note and this Mortgage and the other Loan Documents secured hereby and will duly and timely pay, without relief from any valuation or appraisal law, to the Mortgagee the sum of money expressed in the Note with interest thereon and all other sums required to be paid by the Mortgagor pursuant to the provisions of the Note and this Mortgage and the other Loan Documents, all without any deductions or credit for taxes or other similar charges paid by the Mortgagor.

**1.2 Warranties and Representations.** Mortgagor hereby covenants with and represents and warrants to Mortgagee that Mortgagor is indefeasibly seized of the Mortgaged Premises in fee simple; that the Mortgagor has full power and lawful right to convey the same as aforesaid; that it shall be lawful for said Mortgagee at all times peaceably and quietly to enter upon, hold, occupy and enjoy the Mortgaged Premises and every part thereof; that said Mortgagor will make such further assurances to perfect the fee simple title to the Mortgaged Premises and Mortgagee, as may be reasonably required; that the Mortgaged Premises is not subject to any liens in favor of any private or governmental entity; and that Mortgagor does hereby fully warrant the title to the Mortgaged Premises and every part thereof and will defend the same against the lawful claims of all persons whomsoever, except for those matters set forth on the title commitment previously delivered to Mortgagee and as approved by Mortgagee ("Permitted Exceptions").

**1.3 Real Estate Taxes, Assessments and Personal Property Taxes.**

- (a) Upon default hereunder, or under the Note or any other Loan Documents, Mortgagor shall upon demand pay to Mortgagee on the day monthly installments of interest or monthly installments of principal and interest are payable under the Note, until the Loan Documents are paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly real estate taxes and assessments which may attain priority over this Mortgage, all as reasonably estimated initially and from time to time by Mortgagee on the basis of assessments and bills and reasonable estimates thereof.

The Funds shall be held by Mortgagee and Mortgagee shall apply the Funds to pay said taxes and assessments as and when they shall be due and payable. No interest shall be paid on the Funds. The Funds are pledged as additional security for the sums secured by this Mortgage. If the amount of the Funds held by Mortgagee shall not be sufficient to pay taxes and assessments as they fall due, Mortgagor shall pay to Mortgagee any amount necessary to make up the deficiency within fifteen (15) days from the date notice is mailed by Mortgagee to Mortgagor requesting payment thereof. Upon payment in full of the Note and all of the other Loan Documents, all Funds then held by Mortgagee shall be returned to Mortgagor.

- (b) Except as provided in (a) above, Mortgagor shall pay when due according to law, all taxes, assessments and other charges which are now due or may hereafter be imposed or assessed against the Mortgaged Premises and the Collateral. Upon reasonable request, Mortgagor will promptly send to the Mortgagee receipts for the payment of all such taxes, assessments and other charges. Upon the failure of the Mortgagor to promptly pay such taxes, assessments and other charges, Mortgagee shall have the option to pay and discharge same without notice to Mortgagor. Any sums so expended by Mortgagee shall at once become an indebtedness of the Mortgagor and shall be due and payable by Mortgagor with interest as provided in the Note after default, which sums shall thereupon become secured by this Mortgage.

**1.4 Other Taxes, Liens and Utility Charges.**

- (a) The Mortgagor will pay promptly, when and as due, all charges for utilities, whether public or private, and will promptly exhibit to the Mortgagee, upon reasonable request, receipts for the payment of all taxes, assessments, water and sewer charges, dues, fines and impositions of every nature whatsoever imposed, levied or assessed or to be imposed, levied or assessed upon or against the Mortgaged Premises and the Collateral, or any part thereof, or upon the interest of the Mortgagor in the Mortgaged Premises (other than any of the same for which provision has been made in Paragraph 1.3 of this Article I), as well as all income taxes, assessments and other governmental charges lawfully levied and imposed by the United States of America or any



State, county, municipality or other taxing authority upon the Mortgagor in respect of the Mortgaged Premises and the Collateral or any part thereof, or any charge which, if unpaid, would become a lien or charge upon the Mortgaged Premises and the Collateral prior to or equal to the lien of the Mortgage for any amounts secured hereby or which would have priority or equality with the Mortgage in distribution of the proceeds of any foreclosure sale of the Mortgaged Premises and the Collateral or any part thereof.

**1.5 Prohibition Against Liens.** The Mortgagor will not suffer any mechanic's, laborer's, statutory or other liens, or any mortgage or other lien which might or could be prior to, equal to, or subordinate to the lien of this Mortgage to be created or to remain outstanding upon any of the Mortgaged Premises.

**1.6 Insurance.** The Mortgagor will, at its expense, keep the Mortgaged Premises and the Collateral owned by it, adequately insured at all times against such risks as are customarily insured against by entities engaged in similar businesses. Without limiting the foregoing, the Mortgagor will (a) keep the Mortgaged Premises and the Collateral fully insured against fire, theft and extended coverage risks (all hazards included within the term "all risks coverage"), and if the Mortgaged Premises are determined to be in a flood plain or flood prone area, flood insurance, in an amount sufficient to prevent the Mortgagor or Mortgagee from becoming a co-insurer of any partial loss under applicable insurance policies and in any event not less than one hundred percent (100%) of the full replacement value (actual replacement value without deduction for physical depreciation, but exclusive of the cost of excavation, footings, foundation and underground utilities) thereof; provided, however, in no event less than the then outstanding principal amount of the Note; (b) maintain all such workers' compensation or similar insurance as may be required by law, (c) maintain rental interruption insurance coverage equal to or greater than six (6) months of income from the Mortgaged Premises and Collateral; (d) maintain personal property insurance in an amount as the Mortgagee shall reasonably request; and (e) maintain general public liability insurance in respect of the Mortgaged Premises and the Collateral against claims for personal and bodily injury, death or property damage occurring, in or about the Mortgaged Premises and the Collateral and liability insurance covering the operations of the Mortgagor conducted on or about the Mortgaged Premises and the Collateral in an amount as is reasonably acceptable to Mortgagee. All policies of insurance shall be placed with insurance companies satisfactory to the Mortgagee and shall have attached thereto the standard form of Mortgagee clause, without contribution, in favor of the Mortgagee and be delivered to and be held by said Mortgagee, which policy shall provide that no cancellation, modification, termination or lapse thereof shall be effective until at least thirty (30) days after receipt by the Mortgagee of written notice thereof. This Mortgage shall operate as an assignment to the Mortgagee of said policies, whether delivered or not. Mortgagor shall provide evidence of fully paid insurance policies at least fifteen (15) days prior to the expiration date of any insurance policy(ies). Upon the failure of the Mortgagor to provide the aforesaid insurance, the Mortgagee shall have the option (but not the duty) to procure and maintain such insurance or a mortgagee interest policy without notice to the Mortgagor. Any sums so expended by the Mortgagee shall at once become indebtedness owing from the Mortgagor to the Mortgagee and shall immediately become due and payable by the Mortgagor with interest thereon, to the extent legally

enforceable. If the Mortgagee acquires title to the Mortgaged Premises by foreclosure proceedings or otherwise, any unearned premiums on any hazard insurance covering the Mortgaged Premises are hereby assigned to and shall belong to the Mortgagee. If at any time during the term of this Mortgage, any insurance policies shall be cancelled and returned premiums available, these returned premiums shall be retained by the Mortgagee to the extent required to reimburse the Mortgagee for any sums advanced by the Mortgagee to purchase insurance required by this Section and the balance may be used by Mortgagee to satisfy any other defaults by Mortgagor hereunder. Any rights of the Mortgagee to any insurance proceeds shall in no way be affected or impaired by reason of the fact that the Mortgagee may have instituted foreclosure proceedings hereunder. Upon default hereunder and demand by Mortgagee, Mortgagor shall pay to Mortgagee an amount each month equal to one-twelfth (1/12) of the annual premium due for all such insurance. Such payment shall be added to the Funds (as provided in Paragraph 1.3 hereof) and be applied to pay such insurance premiums when they shall become due and payable.

**1.7 Distribution of Insurance Proceeds.**

- (a) **Total Loss.** In the event of any total loss (75% or more), of the full replacement value of the then Mortgaged Premises and Collateral not previously released from this Mortgage, Mortgagor shall give immediate written notice to the Mortgagee, and the Mortgagee may, but is not obligated to, make proof of loss if not made promptly by Mortgagor. Any proceeds received from any policy of insurance shall be due the Mortgagee and applied against the outstanding balance of principal, interest and other charges due under the Note, the other Loan Documents and this Mortgage. Should said proceeds exceed the balance due on the Note and the other Loan Documents, any such excess shall be repaid to the Mortgagor. Should said proceeds be less than the balance due on the Note, any deficiency shall be paid by Mortgagor to Mortgagee within sixty (60) days of demand by Mortgagee. Each insurance carrier is hereby authorized and directed to make payment for such loss to the Mortgagor and Mortgagee jointly. Mortgagee's right to payment of insurance proceeds shall exist whether or not any such loss results in any impairment to the security of the Mortgagee.
- (b) **Partial Loss.** In the event of any partial loss under any of said policies of insurance covering the Mortgaged Premises and the Collateral where such loss is less than 75% of the full replacement value of the then Mortgaged Premises and Collateral not previously released from this Mortgage, Mortgagor shall give immediate written notice to the Mortgagee, and the Mortgagee may, but is not obligated to, make proof of loss if not made promptly by Mortgagor. Any proceeds received from any policy of insurance shall be paid to Mortgagee and applied against the outstanding balance of principal, interest and other charges due under the Note, the other Loan Documents and this Mortgage, provided, however, if (i) Mortgagor desires to restore the Mortgaged Premises and Collateral to its prior good condition, (ii) Mortgagor is not in default hereunder, (iii) the loan to value ratio of the

Mortgaged Premises and Collateral as restored will not be more than 75% (as may be determined by independent appraisal satisfactory to Mortgagee completed at Mortgagor's expense), and (iv) any funds in excess of insurance proceeds necessary to complete the restoration work in accordance with plans and specifications and budgets as approved by the Mortgagee shall have been deposited by Mortgagor with Mortgagee, then the insurance proceeds shall be held by Mortgagee for restoration of the Mortgaged Premises and the Collateral. Mortgagee shall disburse so much of the proceeds to the Mortgagor as restoration progresses, equal to the cost of said restoration, and subject to reasonable conditions, including the right of Mortgagee to withhold up to ten percent (10%) of said amount until completion, and the expiration of the period within which mechanic's and materialmen's liens may be filed or until the receipt of satisfactory evidence that no liens exist. Should the insurance proceeds be less than the sum required to complete said restoration, Mortgagor shall deposit the difference with the Mortgagee, and its failure to do so shall constitute default hereunder. Upon payment of such sum to the Mortgagee, the same shall be held by Mortgagee in a mutually acceptable interest-bearing account until disbursement. Should said proceeds, including the interest payable thereon, exceed the cost of completing said restoration, any balance remaining shall be repaid to the Mortgagor. Mortgagor shall pay to the Mortgagee any reasonable expenses incurred by Mortgagee in making such disbursements and reasonable building inspections. Mortgagor agrees to execute such further assignments of such proceeds and rights of action as Mortgagee may require.

(c) **Applicable to Partial and Total Loss.** In the event of either a partial or total loss, as described above, all proceeds and rights of action are hereby assigned to Mortgagee. At its option, in its own name, Mortgagee shall be entitled to commence, appear in and prosecute any action or proceedings or to make any compromise or settlement in connection with any such loss. The payment to the Mortgagee of such insurance proceeds shall not cure or waive any default or notice of default hereunder. Notwithstanding such total or partial loss, all payments under the Note and the other Loan Documents shall be made without reduction, modification or interruption and all applicable terms and conditions of this Mortgage shall be applicable to Mortgagor without modification or interruption.

**1.8 Good Condition and Repair.** The Mortgagor shall keep the Mortgaged Premises and the Collateral in good condition and repair and shall comply with all laws, ordinances, and regulations of all public authorities relating to the Mortgaged Premises and the Collateral, comply with all easements, declarations, covenants and any other private agreements imposing duties or obligations on owners or occupants of the Mortgaged Premises, and shall not suffer any waste to be committed thereon nor remove or demolish any building. Mortgagor shall permit Mortgagee to enter upon the Mortgaged Premises and inspect the Mortgaged Premises and Collateral at all reasonable

hours and without prior notice. Mortgagor shall comply with the provisions of any lease if this Mortgage is on a leasehold. Mortgagor shall not cause or permit any improvements to be materially altered or changed without the prior written consent of Mortgagee to the proposed action, as well as Mortgagee's prior written consent to the plans and specifications relating thereto. Mortgagor shall not consent to any subdivision of the Mortgaged Premises or any zoning change or variance affecting the Mortgaged Premises without the prior written consent of Mortgagee.

**1.9 Condemnation.** In the event any of the Mortgaged Premises or the Collateral, or any part thereof, shall be damaged or taken by reason of any public improvement or condemnation proceedings, Mortgagor agrees that such proceeds or awards shall be payable to the Mortgagee to be applied against the outstanding balance of principal, interest and other charges due under the Note, the other Loan Documents and this Mortgage. Should said proceeds exceed the balance due on the Note and the other Loan Documents, any such excess shall be repaid to the Mortgagor. All such proceeds and rights of action are hereby assigned to Mortgagee, and Mortgagee shall be entitled, along with the Mortgagor, to commence, appear in and prosecute any action or proceedings or to make any compromise or settlement in connection with any such taking or damage. Mortgagor agrees to execute such further assignments or any such proceeds and rights of action as Mortgagee may require.

**1.10 No Acquisition or Disposition of Personal Property.** Mortgagor will not make, suffer or permit, without the prior written consent of the Mortgagee, any sale, purchase, conditional sale, transfer, lease or agreement under which title is reserved in the vendor, of any fixtures, apparatus, machinery, equipment or personal property comprising the Collateral, except in the ordinary course of business and if replaced with like-kind Collateral.

**1.11 Protection of Mortgaged Premises and Collateral.** Mortgagor will from time to time execute and deliver all such supplements and amendments hereto (including Financing Statements and Continuation Statements) and other instruments, and will take such other action, as Mortgagee reasonably requests and reasonably deems necessary or advisable to (a) grant to Mortgagee all of the Mortgaged Premises and the Collateral, as security; (b) maintain or preserve the lien of the Mortgage or carry out more effectively the purposes hereof; and (c) preserve and defend title to the Mortgaged Premises and the Collateral and the rights of Mortgagee therein against the claims of all persons and parties.

**1.12 Affirmative Covenants of the Mortgagor.** The Mortgagor covenants and agrees that during the term of this Mortgage, and until all of the principal amount and interest due on the Note, the other Loan Documents and all other amounts due hereunder shall have been duly paid in full, and except as specifically hereinafter provided to the contrary, it will, unless the Mortgagee shall otherwise consent in writing:

- (a) **Leases.** Timely perform and observe all terms, covenants, conditions and agreements contained in any lease or leases now or hereafter affecting the Mortgaged Premises or any portion thereof which are required to be observed and performed by Mortgagor.



- (b) **Expenses.** Pay or reimburse Mortgagee, upon demand therefor, for all reasonable attorneys' fees, costs and expenses incurred by Mortgagee in any suit, action, legal proceeding or dispute of any kind in which Mortgagee is made a party or appears as a party plaintiff or defendant, affecting the indebtedness secured hereby, this Mortgage or the interest created herein, or the Mortgaged Premises, including, but not limited to any action to protect the security hereof; and any such amount paid by Mortgagee shall be added to the indebtedness secured by the lien of the Mortgage.
- (c) **Books, Records, Accounts and Annual Reports.** Keep and maintain proper and adequate books, records and accounts reflecting all items of income and expense, including all supporting facts relating to the operation of the Mortgaged Premises and the Collateral. Mortgagee shall have the right from time to time, at all times during normal business hours, to examine all such records, books and accounts on the Mortgaged Premises, or at such other place or with such other person or entity maintaining such books, records and accounts and to make copies or abstracts thereof as Mortgagee shall desire. With respect to the Mortgaged Premises and the Collateral, Mortgagor will, upon Mortgagee's request, from time to time furnish to Mortgagee operating statements, rent rolls and reports in form and content reasonably requested by Mortgagee. Mortgagor shall furnish Mortgagee with such other financial information concerning it as Mortgagee may reasonably request.

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Mortgagor shall furnish Mortgagee without demand, and within ninety (90) days following the end of each fiscal year complete financial statements reflecting all details of the operations of the Mortgaged Premises and Collateral, including but not limited to an itemized list of rentals and expenses, a profit and loss statement, balance sheet, reconciliation of surplus and, within ten days subsequent to filing, a copy of the Mortgagor's most current federal income tax return. All such statements shall be in form satisfactory to Mortgagee, and shall be prepared on a basis consistent with prior years.

In addition, Mortgagor shall cause each guarantor/borrower of or under the Note or any other Loan Documents to furnish Mortgagee without demand and at the same time the financial statements required under the preceding paragraph are delivered, a full and complete financial statement of such guarantor/borrower, in form and content reasonably acceptable to Mortgagee, and within ten days of filing, such guarantor's/borrower's most current federal income tax return and gift tax return.

All such reports described in this subparagraph (c) shall be certified correct by such party reasonably designated by Mortgagee.

- (d) **Additional Indebtedness.** Mortgagor agrees to pay or reimburse Mortgagee, upon demand therefor, for any and all losses, damages, costs, expenses, fees, duties, taxes (except Federal Income Taxes), penalties, assessments of other charges (hereinafter referred to as "Liabilities") at any time suffered by, imposed upon, assessed or levied against the Mortgaged Premises or Mortgagee by any governmental authority or agency relating to, arising from or in connection with the execution and delivery of the Note and the recording of this Mortgage, including, but not limited to, liabilities arising from any applicable law or statute relating to the making of the Loan, the perfection of the security documents or the enforcement thereof. Any such liability so incurred or paid by Mortgagee shall constitute an additional indebtedness secured by this Mortgage. Mortgagor shall pay for the cost of recording any release or partial release(s) of this Mortgage, plus a \$50.00 processing fee for each such release or partial release.
- (e) **Transfer and Encumbrance.** Mortgagor shall not make, create or suffer to be made or created, any sale, transfer, conveyance, lease or assignment of the Mortgaged Premises, or any interest therein. Any change whatsoever in the legal or beneficial ownership of any Mortgagor which changes the identity of the person or persons or entity having direct or indirect controlling interest in any such Mortgagor shall not be made, created or suffered.

**1.13 Environmental Representation.** Mortgagor hereby covenants and represents that, to the best of Mortgagor's knowledge, (a) the Mortgaged Premises presently complies with, in all material respects, all applicable federal, state or local environmental, health and safety statutes and regulations with which non-compliance would have material adverse affect on the Mortgaged Premises; (b) the Mortgaged Premises is not subject to any judicial or administrative proceeding alleging the violation of any federal, state or local environmental, health or safety statute or regulation, which violation would have a material adverse affect on the Mortgaged Premises; (c) the Mortgaged Premises is not the subject of a federal or state investigation regarding the need for any remedial action to respond to a release of any hazardous or toxic wastes, substance or constituent, or other substance into the environment which remedial action would have a material adverse affect on the Mortgaged Premises; (d) Mortgagor has not filed any notice under any federal or state law indicating past or present treatment, storage or disposal of a hazardous waste, or reporting a spill or release of a hazardous or toxic waste, substance or constituent, or other substance into the environment; (e) hazardous waste or substance has not been disposed of by placing it in or on the ground of the Mortgaged Premises; and (f) there are no underground storage tanks or surface impoundments on the Mortgaged Premises.

**1.14 Notice of Environmental Accident.** Promptly after learning of the occurrence of any of the following, Mortgagor shall give Mortgagee oral and written notice thereof, describing the same and the steps being taken by the Mortgagor with respect thereto: (a) the happening of any event involving the spill, release, leak, seepage, discharge or cleanup of any hazardous or toxic waste,

substance or constituent; (b) any litigation, arbitration proceeding, or governmental proceeding arising from an environmental accident; (c) notice that the Mortgagor's operations on the Mortgaged Premises are not in compliance with requirements of applicable federal, state or local environmental, health and safety statutes and regulations; (d) notice that Mortgagor is subject to federal or state investigation evaluating whether any remedial action is needed to respond to the release of any hazardous or toxic waste, substance or constituent, or asbestos or other substance from the Mortgaged Premises into the environment; or (e) notice that the Mortgaged Premises are subject to a lien in favor of any governmental entity for (i) any liability under federal or state environmental laws or regulations or (ii) damages arising from or costs incurred by such governmental entity in response to a release of a hazardous or toxic waste, substance or constituent, or other substance into the environment.

**1.15 Wetlands.** Mortgagor hereby covenants and represents that, (a) to the best of Mortgagor's knowledge, it is in compliance with all federal laws relating to "Wetlands" as defined in 33 C.F.R. 328.3, as hereinafter amended, and in any comparable state and/or local law, statute or ordinance, rule or regulation pertaining to such Wetlands, and (b) Mortgagor shall not perform or cause to be performed any excavation or fill activity or other acts which would in any way destroy, eliminate, alter, obstruct, interfere with or otherwise affect any Wetlands.

**1.16 ADA.** Mortgagor hereby covenants and represents that (a) to the best of its knowledge, it is in compliance with the Americans With Disabilities Act ("ADA") and all rules and regulations pertaining thereto, and (b) Mortgagor shall at all times hereafter continue to comply with all requirements of ADA.

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**ARTICLE II**

**SECURITY INTEREST IN COLLATERAL**

**2.1 Security Agreement.** The Mortgagor and Mortgagee do hereby agree and declare that this Mortgage shall constitute a security agreement encumbering each and every item of the Collateral in compliance with the provision of the Uniform Commercial Code applicable in the State where said Collateral is located. The remedies for any violation of the covenants, terms and conditions of the Note, the other Loan Documents and this Mortgage shall be (i) as prescribed in this Mortgage; (ii) as prescribed by general law; or (iii) as prescribed by the specific statutory consequences now or hereafter enacted and specified in the said Uniform Commercial Code, all at Mortgagee's sole election.

**2.2** Mortgagor represents, warrants and agrees that the Collateral secured hereby is, or is to be used by Mortgagor primarily for business purposes and not for personal, family or household purposes.

**2.3** Except for the security interest granted herein, Mortgagor is the owner of the Collateral free from any prior liens, security interest or encumbrance and will defend the Collateral

against all claims and demands of any and all persons at any time claiming the same or any interest therein.

**2.4** No financing statement covering the Collateral is on file at any public office and at the request of the Mortgagee, Mortgagor will join with the Mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code as enacted by the State where the Collateral is located, in form satisfactory to the Mortgagee and Mortgagor will pay the cost of filing in all public offices wherever filing is deemed necessary by Mortgagee. A photocopy of this instrument may be filed as a financing statement at the election of Mortgagee.

### ARTICLE III EVENTS OF DEFAULT

**3.1 Events of Default.** The Note shall become due at the option of the Mortgagee upon the occurrence of any of the following events (hereinafter referred to as the "**Events of Default**"):

- (a) a default under the terms of the Note, after the expiration of any applicable grace periods;
- (b) a default in the payment of any amount due hereunder on its due date;
- (c) if there shall be default in the due observance or performance of any other non-monetary provision of this Mortgage and such default shall continue for a period of thirty (30) days after written notice thereof shall have been given to the Mortgagor by the Mortgagee; provided, however, if the default is such that it cannot be reasonably cured within said 30 day cure period; Mortgagor commences and diligently pursues a cure; and Mortgagee reasonably believes that Mortgagor can effectuate a cure, then Mortgagor may have an additional period of time, not to exceed an additional 30 days, to cure such default;
- (d) if the Mortgagor shall make an assignment for the benefit of its creditors;
- (e) if a custodian, liquidator or trustee shall be appointed for the Mortgagor or if any action is commenced by or against the Mortgagor under the Federal Bankruptcy Code, or any similar federal or state statute, or if any proceeding for the dissolution or liquidation of the Mortgagor shall be instituted and, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by the Mortgagor, upon the same not being discharged, stayed or dismissed within sixty (60) days;
- (f) if any material representation or warranty of the Mortgagor made in this Mortgage or the Note or in any certificate or other writing delivered pursuant hereto or thereto, shall prove to be incorrect in any material respect as of the time when the same shall have been made; and



- (g) if any guarantor of the Note shall permit any of the items set forth in subparagraphs (d), (e), or (f) above to occur with regard to such guarantor.

**ARTICLE IV  
REMEDIES**

**4.1 Rights of Mortgagee after Default.** Upon the occurrence of an Event of Default, the Mortgagee shall:

- (a) have the option to declare the Note, the other Loan Documents and all sums secured hereby due and payable, and further may proceed immediately to foreclose this Mortgage and exercise the Secured Party's rights under this Mortgage, the Note, the other Loan Documents or any other controlling document;
- (b) have all the rights and remedies of a secured party under the Uniform Commercial Code of those states governing disposition of the Collateral in the Event of a Default, including, but not limited to, the right to sell the Collateral at public or private sale, and the right to be a purchaser at any such sale;
- (c) demand, elect and receive all the rents and profits as then or may thereafter be due and owing to the Mortgagor in connection with the Mortgaged Premises and the Collateral, giving notice of its intention to collect and receive such rents to such tenants, occupiers or lessees of the Mortgaged Premises, and applying the same upon the amount due upon the Note and the other Loan Documents; and in such event, the Mortgagor shall be deemed to have assigned and transferred such rents and profits to the Mortgagee as additional security for the performance of the covenants of this Mortgage until all indebtedness secured hereby has been fully paid and satisfied;
- (d) have all other remedies available at law or in equity; and
- (e) Mortgagee shall have the right:
  - (i) to enter upon and take possession of the Mortgaged Premises and the Collateral and to operate same for and on behalf of Mortgagor;
  - (ii) to collect all of the rent, income, profits or revenues generated there from; and
  - (iii) to expend such sums of money which it may deem necessary for the maintenance, preservation and operation of the

Mortgaged Premises, including expenditures for improvements, alterations and repairs, including those of a capital nature.

Any sums so expended by Mortgagee shall at once become additional indebtedness owing from Mortgagor to Mortgagee and shall be immediately due and payable by Mortgagor, with interest thereon to the extent legally enforceable at the default rate set forth in the Note, which sum so advanced shall be added to and become a part of the indebtednesses secured by this Mortgage.

**4.2 Distribution of Sums Received by Mortgagee.** Upon enforcement of this Mortgage upon the occurrence of an Event of Default, all sums received from time to time by the Mortgagee shall be applied as follows:

- First:** To the payment of all reasonable costs and expenses of the Mortgagee (including fees and expenses of its agents and counsel) incurred or accrued in connection with (a) the operation, maintenance or repair of the Mortgaged Premises and the Collateral and any and all businesses operated thereon; (b) any proceedings brought by the Mortgagee; and (c) any sale (public or private) or other disposition of the Mortgaged Premises and the Collateral.
- Second:** To the payment of all amounts as provided for in the Note and this Mortgage, and the other Loan Documents, whether for principal, interest or otherwise, in whatever order Mortgagee, exercising its sole discretion, may elect.
- Third:** To the payment of any surplus to the Mortgagor or any other person legally entitled thereto.

**4.3 Rights Cumulative.** All rights and remedies from time to time conferred upon or reserved to the Mortgagee are cumulative, and none is intended to be exclusive of any other. No delay or omission in insisting upon the strict observance or performance of any provision of this Mortgage, or to exercise any right or remedy, shall be construed as a waiver or relinquishment of such provision, nor shall it impair such right or remedy. Every right and remedy may be exercised from time to time and as often as deemed expedient.

**4.4 Appointment of Receiver.** If an Event of Default as described in Paragraph 3.1 hereof shall occur, then with or without the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Mortgagee, the Mortgagee, to the extent permitted by law, and without prior notice to Mortgagor, shall be entitled as a matter of right to the appointment of a receiver or receivers of the Mortgaged Premises and the Collateral, pending such proceedings, with such powers as are conferred upon the Mortgagee herein and as shall be conferred by the court making such appointment; but notwithstanding the appointment of any receiver, trustee,

or other custodian, the Mortgagee shall be entitled to the possession and control of any cash, or other instruments at the time held by, or payable or deliverable under the terms of this Mortgage to the Mortgagee.

**4.5 Suits to Protect the Mortgaged Premises and the Collateral. The Mortgagee shall have power:**

- (a) To institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Mortgaged Premises by any acts which may be unlawful or a violation of the Mortgage; and
- (b) To preserve or protect its interest in the Mortgaged Premises and in the income, revenues, rents and profits arising therefrom.

**4.6 Mortgagee's Power of Enforcement.** If an Event of Default as described in Paragraph 3.1 hereof shall have occurred, the Mortgagee may, either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy (a) to foreclose this Mortgage and to sell, as an entirety or in separate lots, units or parcels, the Mortgaged Premises and the Collateral, under the judgement or decree of a court or courts of competent jurisdiction; and (b) to pursue any other remedy available to it, all as the Mortgagee shall deem most effectual for such purposes. The Mortgagee shall take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, as the Mortgagee may determine.

**4.7 Application of Indebtedness Towards Purchase Price.** Upon any foreclosure sale, pursuant to judicial proceedings, the Mortgagee may bid for and purchase the Mortgaged Premises and Collateral, and upon compliance with the terms of sale, may hold, retain, possess and dispose of such property at its own absolute right without further accountability. Any such purchase shall permit the Mortgagee to apply to the purchase price any portion of or all sums due to the Mortgagee under the Note, the other Loan Documents and this Mortgage in lieu of cash, to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon.

**4.8 No Waiver of One Default to Affect Another, Etc.** No waiver of any default hereunder shall extend to or shall affect any subsequent or other then existing default or shall impair any rights, powers or remedies consequent thereon.

If the Mortgagee (a) grants forbearance or any extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted herein or in the Note; (d) releases any part of the Mortgaged Premises from the lien of the Mortgage or otherwise changes any of the terms of the Note or Mortgage or any of the other Loan Documents; (e) consents to the filing of any map, plat or replat thereof; (f) consents to the granting of any easement thereon; or (g) makes or consents to any agreement subordinating to the lien or charge hereof, then and in each such case such act or omission shall not release, discharge, modify, change, or affect the original liability under the Note, Mortgage, the other Loan Documents or otherwise of the Mortgagor or any subsequent purchaser of the Mortgaged Premises

or any part thereof, or any maker, co-signer, endorser, surety or guarantor; nor shall any such act or omission preclude the Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in the event of any other default then made or of any subsequent default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Mortgagee shall the lien of this Mortgage be altered thereby.

## ARTICLE V MISCELLANEOUS PROVISIONS

**5.1 Successors and Assigns Included in Parties.** Whenever in this Mortgage one of the parties hereto is named or referred to, the successors and assigns of such party shall be included, and all covenants and agreements contained in this Mortgage by or on behalf of the Mortgagor or by or on behalf of the Mortgagee shall include their respective successors and assigns, whether so expressed or not.

**5.2 Invalid Provisions to Affect No Others.** In case any one or more of the covenants, agreements, terms or provisions contained in this Mortgage or in the Note or in the other Loan Documents shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein and in the Note and in the other Loan Documents shall be in no way affected, prejudiced or disturbed thereby.

**5.3 Notices.** Notices, statements and other communications to be given under the terms of this Mortgage shall be in writing and delivered by hand against written receipt or sent by certified or registered mail, return receipt requested, postage prepaid and addressed as provided in the first paragraph of this Mortgage, or at such other address as from time to time designated by the party receiving the notice. The date of mailing of such notices shall be deemed the effective date of service.

**5.4 Maximum Principal Amount.** This Mortgage shall secure the payment of any additional amounts advanced, from time to time, by Mortgagee to Mortgagor under the Note or other Loan Documents stating that such advances are secured hereby ("Future Advances"). The maximum amount of unpaid loan indebtedness secured hereby shall be **SIX HUNDRED NINETY-EIGHT THOUSAND TWO HUNDRED FIFTY-SIX DOLLARS (\$698,256.00)**, exclusive of interest thereon, unpaid balances of advances made with respect to the Mortgaged Premises for the payment of taxes, assessments, insurance premiums, costs incurred for the protection of the Mortgaged Premises and other costs which the Mortgagee is authorized by this Mortgage or any other Loan Document to pay on Mortgagor's behalf, all of which shall be secured by this Mortgage.

**5.5 Mortgage Purpose.** This Mortgage is taken, in part, to secure a loan made for the purpose of erecting, improving or adding to a building.

**5.6 WAIVER OF JURY TRIAL: BORROWER AND LENDER HEREBY JOINTLY AND SEVERALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION**



OR PROCEEDING RELATING TO THIS INSTRUMENT AND TO ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS HEREUNDER OR THEREUNDER, ANY COLLATERAL SECURING THE OBLIGATIONS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. BORROWER AND LENDER EACH REPRESENTS TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

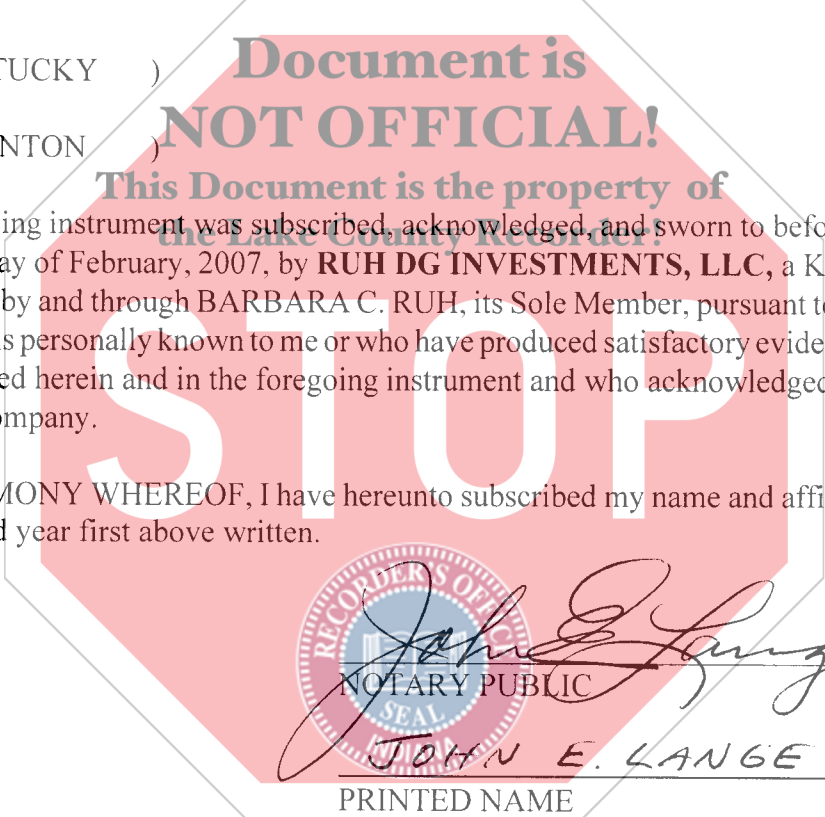
IN WITNESS WHEREOF, Mortgagor has hereunto set their hands this 29th day of February, 2008.

**MORTGAGOR:**

**RUH DG INVESTMENTS, LLC**, a Kentucky limited liability company,

BY: Barbara C. Ruh  
BARBARA C. RUH, Sole Member

STATE OF KENTUCKY )  
COUNTY OF KENTON )



The foregoing instrument was subscribed, acknowledged, and sworn to before me, a Notary Public, this 29th day of February, 2007, by **RUH DG INVESTMENTS, LLC**, a Kentucky limited liability company, by and through BARBARA C. RUH, its Sole Member, pursuant to a resolution of its Members, who is personally known to me or who have produced satisfactory evidence that she was the person described herein and in the foregoing instrument and who acknowledged the instrument on behalf of the company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal on the day and year first above written.

John E. Lange III  
NOTARY PUBLIC  
JOHN E. LANGE III  
PRINTED NAME

My Commission Expires: 5/10/10

**EXHIBIT A**

**LEGAL DESCRIPTION OF LAND**

**Lot 1, Huminsky's Wisconsin Street Subdivision, a part of the Northwest Quarter of Section 30, T36N, R7W, City of Hobart, Lake County, Indiana.**

**Tax Parcel No. 27-17-0289-0001**

**Street Address: 760 Wisconsin Street, Hobart, IN**



Declaration

This form is to be signed by the preparer of a document and recorded with each document in accordance with IC 36-2-7.5-5(a).

I, the undersigned preparer of the attached document, in accordance with IC 36-2-7.5, do hereby affirm under the penalties of perjury:

1. I have reviewed the attached document for the purpose of identifying and, to the extent permitted by law, redacting all Social Security numbers;
2. I have redacted, to the extent permitted by law, each Social Security number in the attached document.

I, the undersigned, affirm under the penalties of perjury, that the foregoing declarations are true.

