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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

2008 066339

2008 SEP 23 AM 9:27

MICHAEL A. BROWN
RECORDER

LEASEHOLD MORTGAGE, SECURITY AGREEMENT,
CHICAGO TITLE INSURANCE COMPANY ASSIGNMENT OF RENTS AND LEASES
AND FIXTURE FILING

HC 620080877

THIS MORTGAGE (herein "Instrument"), made as of May 1, 2008 by the Mortgagor, GARY LIGHTHOUSE FACILITY, LLC, an Indiana limited liability company whose address is c/o Lighthouse Academies, Inc., 1661 Worcester Road, Suite 207, Framingham, Massachusetts 01701 (herein "Mortgagor"), in favor of the Mortgagee, HARRIS N.A., a national banking association whose address for purposes of this instrument is 5243 Hohman Avenue, Hammond, IN 46320 (herein "Mortgagee").

WITNESSETH:

THAT, WHEREAS, Mortgagor is justly indebted to Mortgagee in the principal sum of Three Million Five Hundred Eighty-Eight Thousand Three Hundred Eighteen and 00/100 Dollars (\$3,588,318.00) pursuant to a certain Loan Agreement of even date herewith, more particularly described below:

NOW, THEREFORE, in consideration of the indebtedness herein recited, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor irrevocably mortgages and warrants unto Mortgagee all of Mortgagor's right, title and interest, now owned or hereafter acquired, including any reversion or remainder interest, in the real property located in the City of Gary, County of Lake, State of Indiana, and more particularly described on Exhibit A attached hereto and incorporated herein including all heretofore or hereafter vacated alleys and streets abutting the property, and all easements, rights, appurtenances, tenements, hereditaments, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property (collectively "Premises");

TOGETHER with all of Mortgagor's estate (existing or future), right, title and interest, now owned or hereafter acquired, in, under and to:

(a) all buildings, structures, improvements, parking areas, landscaping, equipment, fixtures and articles of property now or hereafter erected on, attached to, or used or adapted for use in the operation of the Premises; including but without being limited to, all heating, air conditioning and incinerating apparatus and equipment; all boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, water heaters, ranges, cooking apparatus and mechanical kitchen equipment, refrigerators, freezers, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, carpeting, floor coverings, underpadding, elevators, escalators, partitions, mantels, built-in mirrors, window shades, blinds, draperies, screens, storm sash, awnings, signs, and shrubbery and plants, and including also all interest of any owner of the Premises in any of such items hereafter at any time acquired under conditional sale contract, chattel mortgage or other title retaining or security instrument, all of which property mentioned in this clause (a) shall be deemed part of the realty covered by this Instrument and not severable wholly or in part without material injury to the freehold of the Premises (all of the foregoing together with replacements and additions thereto are referred to herein as "Improvements"); and

(b) all compensation, awards, damages, rights of action and proceeds, including interest thereon and/or the proceeds of any policies of insurance therefor, arising out of or relating to (i) a taking or damaging of the Premises or Improvements thereon by reason of any public or private improvement, condemnation proceeding (including change of grade), sale or transfer in lieu of condemnation, or fire, earthquake or other casualty, or (ii) any injury to or decrease in the value of the Premises or the Improvements for any reason whatsoever;

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(c) return premiums or other payments upon any insurance any time provided with respect to the Premises, Improvements, and other collateral described herein for the benefit of or naming Mortgagee, and refunds or rebates of taxes or assessments on the Premises:

(d) all written and oral leases and rental agreements (including extensions, renewals and subleases; all of the foregoing shall be referred to collectively herein as the "Leases") now or hereafter affecting the Premises including, without limitation, all rents, issues, income, profits and other revenues and income therefrom and from the renting, leasing or bailment of Improvements and equipment ("Rents"), all guaranties of tenants' performance under the Leases, and all rights and claims of any kind that Mortgagee may have against any tenant under the Leases or in connection with the termination or rejection of the Leases in a bankruptcy or insolvency proceeding;

(e) plans, specifications, contracts and agreements relating to the design or construction of the Improvements; Mortgagee's rights under any payment, performance, or other bond in connection with the design or construction of the Improvements; all landscaping and construction materials, supplies, and equipment used or to be used or consumed in connection with construction of the Improvements, whether stored on the Premises or at some other location; and contracts, agreements, and purchase orders with contractors, subcontractors, suppliers, and materialmen incidental to the design or construction of the Improvements;

(f) all contracts, deposits, deposit accounts, accounts, all rights, claims or causes of action pertaining to or affecting the Premises or the Improvements, including, without limitation, all supporting obligations and any and all proceeds thereof, all options or contracts to acquire other property for use in connection with operation or development of the Premises or Improvements, management contracts, service or supply contracts, permits, licenses, franchises and certificates, and all commitments or agreements, now or hereafter in existence, intended by the obligor thereof to provide Mortgagee with proceeds to satisfy the loan evidenced hereby or improve the Premises or Improvements, and the right to receive all proceeds due under such commitments or agreements including refundable deposits and fees;

(g) all books, records, surveys, reports and other documents related to the Premises, the Improvements, the Leases, or other items of collateral described herein; and

(h) all architectural and engineering drawings, plans, specifications, soil tests and reports, feasibility studies, appraisals, engineering reports, financial analyses and reports and similar materials relating to the Premises;

(i) all deposits made with or other security given to utility companies or governmental entities by Mortgagee with respect to the Premises;

(j) all proceeds, whether cash, promissory notes, general intangibles, contract rights or otherwise, of the sale or other disposition of all or any part of the estate of Mortgagee with respect to the Premises;

(k) all of the leases, income, rents, issues, deposits, receipts, profits and proceeds generated by the use and occupancy of the Premises to the extent such are not real property and all "accounts" (as defined in the Indiana Uniform Commercial Code) generated from the use and operation of the Premises to which Mortgagee may be entitled, whether now due, past due or to become due;

(l) all additions, accessions, replacements, substitutions, proceeds and products of the real and personal property, tangible and intangible, described herein, including but not limited to lease and real-estate proceeds and other amounts relating to the use, disposition, or sale of the collateral described herein which proceeds or other amounts are characterized as general intangibles.

All of the foregoing described collateral is exclusive of any goods, equipment, inventory, furniture, furnishings or trade fixtures owned and supplied by tenants of the Premises. The Premises, the Improvements, the Leases and all of the rest of the foregoing property are herein referred to as the "Property."

TO SECURE TO Mortgagee (a) the repayment of the loan and other obligations of the Mortgagor to the Mortgagee pursuant to the Loan Agreement dated of even date herewith (the "Loan Agreement") among Mortgagor and Mortgagee, including (without limitation) the loan made thereunder in the principal sum of Three Million Five Hundred Eighty-Eight Thousand Three Hundred Eighteen and 00/100 Dollars (\$3,588,318.00) as further evidenced by a promissory note of like amount, with interest thereon as set forth therein, and all renewals, extensions and modifications thereof (herein, the "Loan"); (b) the repayment of any future advances, with interest thereon, made by Mortgagee to Mortgagor pursuant to Section 28 hereof (herein "Future Advances"); (c) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Instrument or to fulfill any of Mortgagor's obligations hereunder or under the other Loan Documents (as defined below); (d) the performance of the covenants and agreements of Mortgagor contained herein or in the other Loan Documents; and (e) the repayment of all sums now or hereafter owing to the Mortgagee by the Mortgagor, to Mortgagee or any of its affiliates. The indebtedness and obligations described in clauses (a) through (e) above are collectively referred to herein as the "Indebtedness." The Loan Agreement, this Instrument, and all other documents evidencing, securing or guaranteeing the Indebtedness (except the Environmental Indemnity Agreement Regarding Hazardous Substances ("Indemnity"), as the same may be modified or amended from time to time, are referred to herein as the "Loan Documents." The terms of the Loan secured hereby may provide that the interest rate or payment terms or balance due may be indexed, adjusted, renewed, or renegotiated from time to time, and this Instrument shall continue to secure the Loan notwithstanding any such indexing, adjustment, renewal or renegotiation.

PROVIDED, ALWAYS, that if Mortgagor shall pay unto Mortgagee the Indebtedness and if Mortgagor shall duly, promptly and fully perform, discharge, execute, effect, complete and comply with and abide by each and every of the stipulations, agreements, conditions and covenants of the Loan Agreement and this Instrument, then this Instrument and all assignments contained herein and liens created hereby shall cease and be null and void; otherwise to remain in full force and effect.

Mortgagor represents and warrants that Mortgagor has good, marketable and insurable title to, and has the right to mortgage an indefeasible leasehold estate in, the Premises, Improvements, Rents, and Leases, and the right to convey the other Property, that the Property is unencumbered except as disclosed in writing to and approved by Mortgagee prior to the date hereof, and that Mortgagor will warrant and forever defend the title to the Property against all claims and demands, subject only to the exceptions set forth in Schedule 1 attached hereto ("Permitted Exceptions").

Mortgagor represents, warrants, covenants and agrees for the benefit of Mortgagee as follows:

1. **PAYMENT OF PRINCIPAL AND INTEREST.** Mortgagor shall promptly pay when due the principal of and interest on the Indebtedness, any prepayment and other charges provided in the Loan Documents and all other sums secured by this Instrument.
2. **FUNDS FOR TAXES, INSURANCE AND OTHER CHARGES.** Except as is hereinafter provided with respect to the impounding of such payments by Mortgagee following the occurrence of an Event of Default, Mortgagor shall pay or cause to be paid when due, prior to delinquency, all annual real estate taxes, insurance premiums, assessments, water and sewer rates, ground rents and other charges (herein "Impositions") payable with respect to the Property. Upon the occurrence of an Event of Default (hereinafter defined), and at Mortgagee's sole option at any time thereafter, Mortgagor shall pay in addition to each monthly payment on the Loan, one twelfth of the annual Impositions (as estimated by Mortgagee in its sole discretion), to be held by Mortgagee without interest to Mortgagor, for the payment of such Impositions (such payments being referred to herein as "Impounds").

Annually during the term of this Instrument if Impounds are required to be paid to Mortgagee, Mortgagee shall compare the Impounds collected to the Impositions paid or to be paid. If the amount of such Impounds held by Mortgagee at such time shall exceed the amount deemed necessary by Mortgagee to provide for the payment of Impositions as they fall due, if no Event of Default shall have occurred and be continuing, such excess shall be at Mortgagor's option, either repaid to Mortgagor or credited to Mortgagor on the next monthly installment or installments of Impounds due. If at any time the amount of the Impounds held by Mortgagee shall be less than the amount deemed necessary by Mortgagee to pay Impositions as they fall due, Mortgagor shall pay to Mortgagee any amount necessary to make up the deficiency within thirty (30) days after notice from Mortgagee to Mortgagor requesting payment thereof. Upon the occurrence of an Event of Default hereunder, Mortgagee may apply, in any amount and in any order as Mortgagee shall determine in Mortgagee's sole discretion, any Impounds held by Mortgagee at the time of application (i) to pay Impositions which are now or will hereafter

become due, or (ii) as a credit against sums secured by this Instrument. Upon payment in full of all sums secured by this Instrument, Mortgagee shall refund to Mortgagor any Impounds then held by Mortgagee. If requested by Mortgagee, Mortgagor shall promptly furnish to Mortgagee all notices of Impositions which become due, and in the event Mortgagor shall make payment directly, Mortgagee shall promptly furnish to Mortgagee receipts evidencing such payments.

3. APPLICATION OF PAYMENTS. Unless applicable law provides otherwise, each complete installment payment received by Mortgagee from Mortgagor under the Loan Agreement or this Instrument shall be applied by Mortgagee first in payment of amounts payable to Mortgagee by Mortgagor under Section 2 hereof, then to interest payable on the Loan, then to principal of the Loan, and then to interest and principal on any Future Advances in such order as Mortgagee, at Mortgagee's sole discretion, shall determine. Upon the occurrence of an Event of Default, Mortgagee may apply, in any amount and in any order as Mortgagee shall determine in Mortgagee's sole discretion, any payments received by Mortgagee under the Loan Agreement or this Instrument. Any partial payment received by Mortgagee shall, at Mortgagee's option, be held in a non-interest bearing account until Mortgagee receives funds sufficient to equal a complete installment payment.

4. CHARGES, LIENS. Mortgagor shall promptly discharge or bond off any lien which has, or may have, priority over or equality with, the lien of this Instrument, and Mortgagor shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Property. Without Mortgagee's prior written permission, Mortgagor shall not allow any lien inferior to this Instrument to be perfected against the Property. If any lien inferior to this Instrument is filed against the Property without Mortgagee's prior written permission and without the consent of Mortgagor, Mortgagor shall, within thirty (30) days after receiving notice of the filing of such lien, cause such lien to be released of record or bonded off and deliver evidence of such release or bonding to Mortgagee. Mortgagor may contest any such lien by appropriate proceedings in good faith, timely filed, provided that enforcement of the lien is stayed pending such contest. Mortgagee may require that Mortgagor post security for payment of such lien.

5. INSURANCE. Mortgagor shall obtain and maintain the types of insurance upon and relating to the Property as required under the Loan Agreement.

6. PRESERVATION AND MAINTENANCE OF PROPERTY LEASEHOLD. The estate of the Mortgagor in the Property is derived under Leasehold Estate as created by a Lease dated June 28, 2005 made by and between City of Gary, Indiana, a municipal corporation, and Lighthouse Academies of Indiana, Inc., as evidenced in Real Estate Lease With Option to Purchase, dated June 28, 2005 and recorded May 30, 2007 as Document No. 2007 043859 (the "City Lease").

Mortgagor shall (i) pay all rents, additional rents and other sums required to be paid by Mortgagor, as tenant under and pursuant to the provisions of the City Lease, (ii) diligently perform and observe all of the terms, covenants and conditions of the City Lease on the part of Mortgagor, as tenant thereunder, and (iii) promptly notify Mortgagee of the giving of any notice by the landlord under the City Lease to Mortgagor of any default by Mortgagor, as tenant thereunder, and deliver to Mortgagee a true copy of each such notice. Mortgagor shall not, without the prior consent of Mortgagee, surrender the leasehold estate created by the City Lease or terminate or cancel the City Lease or modify, change, supplement, alter or amend the City Lease, in any respect, either orally or in writing, and if Mortgagor shall default in the performance or observance of any term, covenant or condition of the City Lease on the part of Mortgagor, as tenant thereunder, Mortgagee shall have the right, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all of the terms, covenants and conditions of the City Lease on the part of Mortgagor to be performed or observed on behalf of Mortgagor, to the end that the rights of Mortgagor in, to and under the City Lease shall be kept unimpaired and free from default. If the landlord under the City Lease shall deliver to Mortgagee a copy of any notice of default under the City Lease, such notice shall constitute full protection to Mortgagee for any action taken or omitted to be taken by Mortgagee, in good faith, in reliance thereon. Mortgagor shall exercise each individual option, if any, to extend or renew the term of the City Lease upon demand by Mortgagee made at any time within one (1) year prior to the last day upon which any such option may be exercised, and Mortgagor hereby expressly authorizes and appoints Mortgagee its attorney-in-fact to exercise any such option in the name of and upon behalf of Mortgagor, which power of attorney shall be irrevocable and shall be deemed to be coupled with an interest.

Mortgagor (a) shall not commit waste or permit impairment or deterioration of the Property, (b) shall not abandon the Property, (c) shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Mortgagee may approve in writing, in the event of any damage,

injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair. (d) shall keep the Property, including all Improvements thereon, in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, (e) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property, (f) if all or part of the Property is for rent or lease, at Mortgagee's option after the occurrence of an Event of Default, shall provide for professional management of the Property by a property manager satisfactory to Mortgagee pursuant to a contract approved by Mortgagee in writing, unless such requirement shall be waived by Mortgagee in writing, and (g) shall give notice in writing to Mortgagee of and, unless otherwise directed in writing by Mortgagee, appear in and defend any action or proceeding purporting to affect the Property, the security of this Instrument or the rights or powers of Mortgagee hereunder. Neither Mortgagor nor any tenant or other person, without the written approval of Mortgagee, shall remove, demolish or alter any Improvement now existing or hereafter erected on the Premises or any Property, except when incident to the replacement of fixtures, equipment, machinery and appliances with items of like kind.

Mortgagor represents, warrants and covenants that the Property is and shall be in substantial compliance with the Americans with Disabilities Act of 1990 and all of the regulations promulgated thereunder, as the same may be amended from time to time.

7. **USE OF PROPERTY.** Unless required by applicable law or unless Mortgagee has otherwise agreed in writing, Mortgagor shall not allow changes in the use for which all or any part of the Property was intended at the time this Instrument was executed. Mortgagor shall not, without Mortgagee's prior written consent, (i) initiate or acquiesce in a change in the zoning classification (including any variance under any existing zoning ordinance applicable to the Property), (ii) permit the use of the Property to become a non-conforming use under applicable zoning ordinances, (iii) file any subdivision or parcel map affecting the Property, or (iv) amend, modify or consent to any easement or covenants, conditions and restrictions pertaining to the Property.

8. **PROTECTION OF MORTGAGEE'S SECURITY.** If an Event of Default shall have occurred and be continuing, or if any action or proceeding is commenced which affects the Property or title thereto or the interest of Mortgagee therein, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Mortgagee at Mortgagee's option may make such appearances, disburse such sums and take such action as Mortgagee deems necessary, in its sole discretion, to protect Mortgagee's interest, including, but not limited to, (i) disbursement of attorneys' fees, (ii) entry upon the Property to make repairs, and (iii) procurement of satisfactory insurance as provided in Section 5 hereof.

Any amounts disbursed by Mortgagee pursuant to this Section 8, with interest thereon, shall become additional Indebtedness of Mortgagor secured by this Instrument. Unless Mortgagor and Mortgagee agree to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the lesser of (i) 18% and (ii) the maximum rate permitted under applicable law (the "Default Rate"). Mortgagor hereby covenants and agrees that Mortgagee shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the Indebtedness. Nothing contained in this Section 8 shall require Mortgagee to incur any expense or take any action hereunder.

9. **INSPECTION.** Mortgagee may make or cause to be made reasonable entries upon the Property to inspect the interior and exterior thereof. Except in case of emergency, such inspection shall be with reasonable prior notice and shall in any case be with due regard to rights of tenants.

10. **RESERVED.**

11. **CONDEMNATION.** If the Property, or any part thereof, shall be condemned for any reason, including without limitation fire or earthquake damage, or otherwise taken for public or quasi-public use under the power of eminent domain, Mortgagee shall apply all such proceeds thereof as set forth in the Loan Agreement.

12. **MORTGAGOR AND LIEN NOT RELEASED.** From time to time, Mortgagee may, at Mortgagee's option, without giving notice to or obtaining the consent of Mortgagor, Mortgagor's successors or assigns or of any junior lienholder or guarantors, without liability on Mortgagee's part and notwithstanding the occurrence of an Event of Default, extend the time for payment of the Indebtedness or any part thereof, reduce the payments thereon, release anyone liable on any of the Indebtedness (including but not limited to any guarantor), accept an extension or modification or renewal note or

notes therefor, modify the terms and time of payment of the Indebtedness, enter into a loan modification agreement with Mortgagor, release from the lien of this Instrument any part of the Property, take or release other or additional security, reconvey any part of the Property, consent to any map or plan of the Property, consent to the granting of any easement, join in any extension or subordination agreement, and agree in writing with Mortgagor to modify the rate of interest or period of amortization of the Loan or change the amount of the monthly installments payable thereunder. Any actions taken by Mortgagee pursuant to the terms of this Section 12 shall not affect the obligation of Mortgagor or Mortgagor's successors or assigns to pay the sums secured by this Instrument and to observe the covenants of Mortgagor contained herein, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the Indebtedness, and shall not affect the lien or priority of the lien hereof on the Property. Mortgagor shall pay Mortgagee a service charge (based on Mortgagee's then-current fee schedule for each matter), together with such title insurance premiums and attorneys' fees as may be incurred at Mortgagee's option, for any such action if taken at Mortgagor's request or for other servicing requests, including but not limited to name changes, prepayments of the Indebtedness, and loan pay off statement requests. Such service charge is exclusive of any legal fees which may be incurred by Mortgagee in connection with Mortgagor's request.

13. **FORBEARANCE BY MORTGAGEE NOT A WAIVER.** Any forbearance by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy. The acceptance by Mortgagee of payment of any sum secured by this Instrument after the due date of such payment shall not be a waiver of Mortgagee's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be a waiver of Mortgagee's right to accelerate the maturity of the Indebtedness secured by this Instrument, nor shall Mortgagee's receipt of any awards, proceeds or damages under Sections 5 and 11 hereof operate to cure or waive Mortgagor's default in payment of sums secured by this Instrument.

14. **UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.** This Instrument is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code and Mortgagor hereby grants and conveys to Mortgagee a first and prior security interest in all of the Property that constitutes personal property ("Collateral", for purposes of this Section 14), whether now owned or hereafter acquired. Mortgagor agrees that Mortgagee may file this Instrument, or a reproduction thereof, in the real estate records or other appropriate index, as a financing statement for any of the items specified above as part of the Collateral. Any reproduction of this Instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Mortgagee may submit for filing any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Instrument in such form as Mortgagee may deem appropriate to perfect a security interest with respect to the foregoing items. Mortgagor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all costs and expenses of any record searches for financing statements Mortgagee may require.

Mortgagor expressly warrants and covenants:

- (a) Except for the security interest granted hereby, Mortgagor is the owner of the Collateral free from any lien, security interest or encumbrance. Mortgagor understands that any further encumbrance of the Collateral is prohibited. Mortgagor shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.
- (b) The Collateral is used or bought primarily for use in the business of Mortgagor and not for consumer purposes.
- (c) Mortgagor's business address is as stated above. The Collateral is located at or on or is used or owned for or in connection with the Premises and other Property.
- (d) Mortgagor shall promptly notify Mortgagee of any change in the location of the Collateral or any change in Mortgagor's principal place of business.
- (e) Mortgagor shall pay when due, prior to delinquency, all taxes and assessments of every nature which may be levied or assessed against the Collateral.

(f) Except for liens in favor of Mortgagee and the Permitted Exceptions, without Mortgagee's prior written consent, Mortgagor shall not permit or allow any lien, security interest or encumbrance whatsoever upon the Collateral and shall not permit the Collateral to be attached or replevied. Mortgagee's consent to a junior lien by an entity owned by, or under common control with, Mortgagee shall not be unreasonably withheld.

(g) The Collateral is in good condition and Mortgagor shall keep the Collateral in good condition (reasonable wear and tear excepted) and from time to time, forthwith, replace and repair all such parts of the Collateral as may be broken, worn out, or damaged without allowing any lien to be created upon the Collateral on account of such replacement or repairs. Mortgagee may examine and inspect the Collateral at any time, wherever located, subject to reasonable prior notice.

(h) Mortgagor will not use the Collateral in violation of any applicable statutes, regulations or ordinances.

(i) Notwithstanding anything else contained herein to the contrary, if any personal property for use on the Property will be leased to Mortgagor, Mortgagee's interest therein shall be subordinate to lessor's interest therein.

Until the occurrence of an Event of Default, Mortgagor may have possession of the Collateral and use it in any lawful manner, and upon the occurrence of an Event of Default Mortgagee shall have the immediate right to the possession of the Collateral.

Upon the occurrence of an Event of Default, Mortgagee shall have the remedies of a secured party under the Uniform Commercial Code, and Mortgagee may also invoke the remedies provided in Section 26 of this Instrument as to such items. In exercising any of said remedies Mortgagee may proceed against the items of real property and any items of Collateral specified above separately or together and in any order whatsoever, without in any way affecting the availability of Mortgagee's remedies under the Uniform Commercial Code or of the remedies provided in Section 26 of this Instrument. Within ten (10) days following any request therefor by Mortgagee, Mortgagor shall prepare and deliver to Mortgagee a written inventory specifically listing all of the Collateral covered by the security interest herein granted, which inventory shall be certified by Mortgagor as being true, correct, and complete.

Addresses and Other Information for Fixture Filing. The following information is provided in order that this Instrument shall comply with the requirements of the Uniform Commercial Code, as enacted in the State of Indiana for instruments to be filed as financing statements and with other requirements of applicable law:

(a)	Name & Address of Mortgagor (Debtor):	Gary Lighthouse Facility, LLC c/o Lighthouse Academies, Inc. 1661 Worcester Road, Suite 207 Framingham, Massachusetts 01701
	Type of Organization:	Limited Liability Company
(b)	Name & Address of Mortgagee (Secured Party):	Harris N.A. 5243 Hohman Avenue Hammond, IN 46320
(c)	Record Owner of Real Estate Described on Exhibit A hereto:	Mortgagor
(d)	Jurisdiction of Organization of Mortgagor:	Indiana
(e)	Organizational ID No. of Mortgagor:	2008020500098

15. LEASES OF THE PROPERTY. Mortgagor shall comply with and observe Mortgagor's obligations as landlord under all Leases of the Property or any part thereof. All Leases now or hereafter entered into will be in form and substance subject to the approval of Mortgagee. Mortgagor shall pay all attorneys' fees incurred by Mortgagee in reviewing any Lease or proposed Lease. All Leases of the Property shall specifically provide that such Leases are subordinate to this

Instrument; that the tenant attorns to Mortgagee, such attornment to be effective upon Mortgagee's acquisition of title to the Property; that the tenant agrees to execute such further evidences of attornment as Mortgagee may from time to time request; that the attornment of the tenant shall not be terminated by foreclosure; and that Mortgagee may, at Mortgagee's option, accept or reject such attornments (except as to third-party credit tenants unrelated to Mortgagor, as to which Mortgagee shall grant a non-disturbance provision). Mortgagor shall not, without Mortgagee's written consent, request or consent to the subordination of any Lease of all or any part of the Property to any lien subordinate to this Instrument. If Mortgagor becomes aware that any tenant proposes to do, or is doing, any act or thing which may give rise to any right of set-off against rent, Mortgagor shall (i) take such steps as shall be reasonably calculated to prevent the accrual of any right to a set-off against rent, (ii) immediately notify Mortgagee thereof in writing and of the amount of said set-offs, and (iii) within ten (10) days after such accrual, reimburse the tenant who shall have acquired such right to set-off or take such other steps as shall effectively discharge such setoff and as shall assure that Rents thereafter due shall continue to be payable without set-off or deduction. Upon Mortgagee's receipt of notice of the occurrence of any default or violation by Mortgagor of any of its obligations under the Leases beyond applicable periods for notice and cure, Mortgagee shall have the immediate right, but not the duty or obligation, without prior written notice to Mortgagor or to any third party (but with due regard for rights of tenants under Leases), to enter upon the Property and to take such actions as Mortgagee may deem necessary to cure the default or violation by Mortgagor under the Leases. The costs incurred by Mortgagee in taking any such actions pursuant to this paragraph shall become part of the Indebtedness, shall bear interest at the rate provided in the Loan Agreement, and shall be payable by Mortgagor to Mortgagee on demand. Mortgagee shall not have any liability to Mortgagor or to any third party for any actions taken by Mortgagee or not taken pursuant to this paragraph.

16. REMEDIES CUMULATIVE. Each remedy provided in this Instrument is distinct and cumulative to all other rights or remedies under this Instrument or afforded by law or equity, and may be exercised concurrently, independently, or successively, in any order whatsoever.

17. TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN MORTGAGOR PROHIBITED; SUBORDINATE FINANCING PROHIBITED. Mortgagee may, at its option, declare all sums secured by this Instrument to be immediately due and payable, and Mortgagee may invoke any remedies permitted by Section 26 of this Instrument, if title to the Property is changed without the prior written consent of Mortgagee, which consent shall be at Mortgagee's sole discretion. Any transfer of any interest in the Property or in the income therefrom, by sale, lease (except for Leases to tenants in the ordinary course of managing income property which are approved by Mortgagee pursuant to Section 15 of this Instrument), contract, mortgage, deed of trust, further encumbrance or otherwise (including any such transfers as security for additional financing of the Property), and any change in the ownership interests in Mortgagor (including any transfer, pledge, assignment, or hypothecation of, or other change in, the ownership interests in Mortgagor or any legal entities which comprise or control Mortgagor), shall be considered a change of title. Leasehold mortgages and collateral assignments of any Lease of the Property given by tenants of the Property are prohibited without the prior written consent of Mortgagee, which consent may be withheld in Mortgagee's sole discretion. Notwithstanding the foregoing, additional but subordinate deeds of trust may be granted to Mortgagee and, subject to the prior written consent of Mortgagee, which consent may be withheld in Mortgagee's sole discretion, may be granted to entities owned by or under common control with Mortgagee.

18. NOTICE. Except for any notice required under applicable law to be given in another manner, any and all notices, elections, demands, or requests permitted or required to be made under this Instrument or under the other Loan Documents shall be in writing, signed by the party giving such notice, election, demand or request, and shall be delivered personally, or sent by registered, certified, or Express United States mail, postage prepaid, or by Federal Express or similar nationally recognized delivery service requiring a receipt, to the other party at the address stated above, or to such other party and at such other address within the United States of America as any party may designate in writing as provided herein. The date of receipt of such notice, election, demand or request shall be the earliest of (i) the date of actual receipt, (ii) three (3) business days after the date of mailing by registered or certified mail, (iii) one (1) business day after the date of sending by Express Mail, Federal Express or another similar service requiring a receipt, or (iv) the date of personal delivery (or refusal by or on behalf of the addressee upon presentation for delivery of a properly addressed notice).

19. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; AGENTS; CAPTIONS. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, successors and assigns of Mortgagee and Mortgagor, subject to the provisions of Section 17 hereof. If Mortgagor is comprised of more than one person or entity, whether as individuals, partners, partnerships, limited liability

companies, or corporations, each such person or entity shall be jointly and severally liable for Mortgagor's obligations hereunder. In exercising any rights hereunder or taking any actions provided for herein, Mortgagee may act through its employees, agents or independent contractors as authorized by Mortgagee. The captions and headings of the sections of this Instrument are for convenience only and are not to be used to interpret or define the provisions hereof.

20. **WAIVER OF STATUTE OF LIMITATIONS.** Mortgagor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Instrument or to any action brought to enforce the Loan Agreement or any other obligation secured by this Instrument.

21. **WAIVER OF MARSHALLING.** Notwithstanding the existence of any other security interests in the Property held by Mortgagee or by any other party, Mortgagee shall have the right to determine the order in which any or all of the Property shall be subjected to the remedies provided herein. Mortgagee shall have the right to determine the order in which any or all portions of the Indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Mortgagor, any party who consents to this Instrument and any party who now or hereafter acquires a security interest in the Property and who has actual or constructive notice hereof hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein. Anything contained herein or in Indiana Code 32-29-7-5 to the contrary notwithstanding, no waiver made by Mortgagor in this Instrument shall constitute the consideration for or be deemed to be waiver or release by Mortgagee or any judgment holder of the Indebtedness hereby secured of the right to seek a deficiency judgment against the Mortgagor or any other person or entity who may be personally liable for the obligations hereby secured, which right to seek a deficiency judgment is hereby reserved, preserved and retained by Mortgagee for its own behalf and its successors and assigns, subject to the exculpation provisions of the Loan Agreement.

22. **HAZARDOUS WASTE.** Mortgagee has obtained a reliance letter, and Mortgagor has reviewed, a Phase I Environmental Site Assessment, prepared by Weaver Boos Consultants, LLC, (the "Reports"). Except as disclosed to Mortgagee in the Reports, Mortgagor has received no notification of any kind suggesting that the Property or any adjacent property is or may be contaminated with any hazardous waste or materials or is or may be required to be cleaned up in accordance with any applicable law or regulation, and Mortgagor further represents and warrants that, except as previously disclosed to Mortgagee in writing, to the best of its knowledge as of the date hereof, there are no hazardous waste or materials located in, on or under the Property or any adjacent property, or incorporated in any Improvements, nor has the Property or any adjacent property ever been used as a landfill or a waste disposal site, or a manufacturing, handling, storage, distribution or disposal facility for hazardous waste or materials, except for reasonable quantities of ordinary office supplies, cleaning supplies, insecticides, pesticides, and paint used in the normal operation and maintenance of the Property, provided that the same are used, stored, handled, and disposed of in accordance with applicable laws ("Permitted Substances"). As used herein, the term "hazardous waste or materials" includes any substance or material defined in or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance, or other similar term, by any federal, state or local statute, regulation or ordinance now or hereafter in effect. Mortgagor shall promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, treatment, disposal, storage, control, removal or cleanup of hazardous waste or materials in, on or under the Property or any adjacent property, or incorporated in any Improvements, at Mortgagor's expense. In the event that Mortgagee at any time has reason to believe that the Property is not free of all hazardous waste or materials other than Permitted Substances or that Mortgagor has violated any applicable environmental law with respect to the Property, then immediately upon request by Mortgagee, Mortgagor shall promptly order, diligently pursue obtaining and furnish to Mortgagee, at Mortgagor's sole cost and expense, an environmental audit and inspection of the Property from an expert satisfactory to Mortgagee. In the event that Mortgagor fails to immediately obtain such audit or inspection, Mortgagee or its agents may perform or obtain such audit or inspection at Mortgagor's sole cost and expense. Mortgagee may, but is not obligated to, enter upon the Property and take such actions and incur such costs and expenses to effect such compliance as it deems advisable to protect its interest in the Property; and whether or not Mortgagor has actual knowledge of the existence of hazardous waste or materials on the Property or any adjacent property as of the date hereof, Mortgagor shall reimburse Mortgagee as provided in Section 23 below for the full amount of all costs and expenses incurred by Mortgagee prior to Mortgagee acquiring title to the Property through foreclosure or acceptance of a deed in lieu of foreclosure, in connection with such compliance activities. Neither this provision nor any of the other Loan Documents shall operate to put Mortgagee in the position of an owner of the Property prior to any acquisition of the Property by Mortgagee. The rights granted to Mortgagee herein and in the other Loan Documents are granted solely for the protection of Mortgagee's

lien and security interest covering the Property, and do not grant to Mortgagee the right to control Mortgagor's actions, decisions or policies regarding hazardous waste or materials.

23. **ADVANCES, COSTS AND EXPENSES.** Mortgagor shall pay within ten (10) days after written demand from Mortgagee all sums advanced by Mortgagee and all costs and expenses incurred by Mortgagee in taking any actions pursuant to the Loan Documents including attorneys' fees and disbursements, accountants' fees, appraisal and inspection fees and the costs for title reports and guaranties, together with interest thereon at the rate applicable under the Loan Agreement after an Event of Default from the date such costs were advanced or incurred. All such costs and expenses incurred by Mortgagee, and advances made, shall constitute advances under this Instrument to protect the Property and shall be secured by and have the same priority as the lien of this Instrument. If Mortgagor fails to pay any such advances, costs and expenses and interest thereon, Mortgagee may apply any undisbursed loan proceeds to pay the same, and, without foreclosing the lien of this Instrument, may at its option commence an independent action against Mortgagor for the recovery of the costs, expenses and/or advances, with interest, together with costs of suit, costs of title reports and guaranty of title, disbursements of counsel and reasonable attorneys' fees incurred therein or in any appeal therefrom. If any check delivered by or on behalf of Mortgagor in payment of any monthly installment due on the Indebtedness or any other payment due hereunder shall be returned on account of insufficient funds, or if Mortgagee is unable to debit Mortgagor's account for such payment in accordance with previously agreed automated funds withdrawal mechanism, Mortgagor shall pay a service charge in accordance with Mortgagee's current fee schedule.

24. **ASSIGNMENT OF RENTS AND LEASES.** Mortgagor, for good and valuable consideration, the receipt of which is hereby acknowledged, to secure the Indebtedness, does hereby absolutely and unconditionally grant, bargain, sell, transfer, assign, convey, set over and deliver unto Mortgagee all right, title and interest of Mortgagor in, to and under the Leases of the Property, whether now in existence or hereafter entered into, and all guaranties, amendments, extensions and renewals of said Leases and any of them, and all Rents which may now or hereafter be or become due or owing under the Leases, and any of them, or on account of the use of the Property.

Mortgagor represents, warrants, covenants and agrees with Mortgagee as follows:

(a) The sole ownership of the entire lessor's interest in the Leases is vested in Mortgagor, and Mortgagor has not, and shall not, perform any acts or execute any other instruments which might prevent Mortgagee from fully exercising its rights with respect to the Leases under any of the terms, covenants and conditions of this Instrument.

(b) The Leases are and shall be valid and enforceable in accordance with their terms and have not been and shall not be altered, modified, amended, terminated, canceled, renewed or surrendered except as approved in writing by Mortgagee, which approval shall not be unreasonably withheld, subject to Mortgagee's then-current underwriting criteria for similar properties and transactions. The terms and conditions of the Leases have not been and shall not be waived in any manner whatsoever except as approved in writing by Mortgagee, which approval shall not be unreasonably withheld or delayed, subject to Mortgagee's then-current underwriting criteria for similar properties and transactions.

(c) Mortgagor shall not decrease the term or the amount of rent payable under any Lease without prior written notice to Mortgagee and Mortgagee's consent.

(d) There are no defaults now existing under any of the Leases and, to the best of Mortgagor's knowledge, there exists no state of facts which, with the giving of notice or lapse of time or both, would constitute a default under any of the Leases.

(e) Mortgagor shall give prompt written notice to Mortgagee of any notice received by Mortgagor claiming that a default has occurred under any of the Leases on the part of Mortgagor, together with a complete copy of any such notice.

(f) Each of the Leases shall remain in full force and effect irrespective of any merger of the interest of lessor and any lessee under any of the Leases.

(g) Mortgagor will not permit any Lease to become subordinate to any lien other than the lien of this Instrument.

(h) Mortgagor shall not permit the assignment of the lessee's interest under any Lease without Mortgagee's prior written consent, which consent shall not be unreasonably withheld, subject to Mortgagee's then-current underwriting criteria for similar properties and transactions.

The assignment made hereunder is an absolute, present assignment from Mortgagor to Mortgagee, effective immediately, and is not merely an assignment for security purposes but is irrevocable by Mortgagor so long as the Indebtedness remains outstanding. Notwithstanding the foregoing, until a notice is sent to the Mortgagor in writing that an Event of Default (as defined below) has occurred under the terms and conditions of the Loan Agreement or any instrument constituting security for the Loan (which notice is hereafter called a "Notice"), Mortgagor is granted a license to receive, collect and enjoy the Rents accruing from the Property.

If an Event of Default shall occur, Mortgagee may, at its option, after service of a Notice, receive and collect all such Rents as they become due, from the Property. Mortgagee shall thereafter continue to receive and collect all such Rents, until Mortgagee shall otherwise agree in writing. All sums received by Mortgagor after service of such Notice shall be deemed received in trust and shall be immediately turned over to Mortgagee.

Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney-in-fact with power of substitution and with full power for Mortgagee in its own name and capacity or in the name and capacity of Mortgagor, from and after an Event of Default, to demand, collect, receive and give complete acquittances for any and all Rents accruing from the Property, either in its own name or in the name of Mortgagor or otherwise, which Mortgagee may deem necessary or desirable in order to collect and enforce the payment of the Rents and to demand, collect, receive, endorse, and deposit all checks, drafts, money orders or notes given in payment of such Rents. Such appointment is coupled with an interest and is irrevocable. Mortgagee shall not be liable for or prejudiced by any loss of any note, checks, drafts, etc., unless such loss shall have been found by a court of competent jurisdiction to have been due to the gross negligence or willful misconduct of Mortgagee.

Mortgagee shall apply the Rents received from Mortgagor's lessees, to accrued interest and principal under the Loan Agreement. If no Event of Default remains uncured, amounts received in excess of the aggregate monthly payment due under the Loan Agreement shall be remitted to Mortgagor in a timely manner. Nothing contained herein shall be construed to constitute Mortgagee as a mortgagee-in-possession in absence of its physically taking possession of the Property.

Mortgagor also hereby irrevocably appoints Mortgagee from and after an Event of Default as its true and lawful attorney-in-fact to appear in any state or federal bankruptcy, insolvency, or reorganization proceeding in any state or federal court involving any of the tenants of the Leases. Lessees of the Property are hereby expressly authorized and directed, from and after service of a Notice to pay any and all amounts due Mortgagor pursuant to the Leases to Mortgagee or such nominee as Mortgagee may designate in writing delivered to and received by such lessees who are expressly relieved of any and all duty, liability or obligation to Mortgagor in respect of all payments so made.

If an Event of Default shall occur, Mortgagee is hereby vested with full power from and after an Event of Default to use all measures, legal and equitable, deemed by it necessary or proper to enforce the assignment granted hereunder and to collect the Rents assigned hereunder, including the right of Mortgagee or its designee, to enter upon the Property, or any part thereof, and take possession of all or any part of the Property together with all personal property, fixtures, documents, books, records, papers and accounts of Mortgagor relating thereto, and may exclude the Mortgagor, its agents and servants, wholly therefrom. Mortgagor hereby grants full power and authority to Mortgagee to exercise all rights, privileges and powers herein granted at any and all times after service of a Notice, with full power to use and apply all of the Rents and other income herein assigned to the payment of the costs of managing and operating the Property and of any indebtedness or liability of Mortgagor to Mortgagee, including but not limited to the payment of taxes, special assessments, insurance premiums, damage claims, the costs of maintaining, repairing, rebuilding and restoring the Improvements on the Premises or of making the same rentable, reasonable attorneys' fees incurred in connection with the enforcement of the assignment granted hereunder, and of principal and interest payments due from Mortgagor to Mortgagee on the Loan and this Instrument, all in such order as Mortgagee may determine. Mortgagee shall be under no obligation to exercise or prosecute any of the rights or claims assigned to it hereunder or to perform or carry out any of the obligations of the lessor under any of the Leases

and does not assume any of the liabilities in connection with or arising or growing out of the covenants and agreements of Mortgagor in the Leases. It is further understood that the assignment granted hereunder shall not operate to place responsibility for the control, care, management or repair of the Property, or parts thereof, upon Mortgagee, nor shall it operate to make Mortgagee liable for the performance of any of the terms and conditions of any of the Leases, or for any waste of the Property by any lessee under any of the Leases or any other person, or for any dangerous or defective condition of the Property or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any lessee, licensee, employee or stranger, unless the same shall have been found by a court of competent jurisdiction to have been due to the gross negligence or willful misconduct of Mortgagee.

The foregoing assignment shall constitute an assignment of rents as set forth in Indiana Code 32-21-4-2 and thereby creates a security interest in the rents that will be perfected upon the recording hereof.

25. DEFAULT. The following shall each constitute an event of default ("Event of Default"):

- (a) The occurrence of an "Event of Default" under the Loan Agreement.
- (b) Failure of Mortgagor within the time required by this Instrument to make any payment for taxes, insurance or for reserves for such payments, or any other payment necessary to prevent filing of or discharge of any lien, and such failure shall continue for a period of ten (10) days after written notice is given to Mortgagor by Mortgagee specifying such failure.
- (c) Failure by Mortgagor or any guarantor of the Loan to observe or perform its obligations to Mortgagee on or with respect to any transactions, debts, undertakings or agreements other than the transaction evidenced by the Loan Agreement, following the giving of any notice required thereunder and/or the expiration of any applicable period of grace provided thereby.
- (d) Failure of Mortgagor to make any payment or perform any obligation under any superior liens or encumbrances on the Property, within the time required thereunder, or commencement of any suit or other action to foreclose any superior liens or encumbrances.
- (e) Failure by Mortgagor to observe or perform any of its obligations under any of the Leases, following the giving of any notice required thereunder and/or the expiration of any applicable period of grace provided thereby.
- (f) The Property is transferred or any agreement to transfer any part or interest in the Property in any manner whatsoever is made or entered into without the prior written consent of Mortgagee, except as specifically allowed under this Instrument, including without limitation creating or allowing any subordinate liens on the Property or leasing any portion of the Property.
- (g) Failure of Mortgagor to observe or perform any other covenant or condition contained herein and such default shall continue for thirty (30) days after notice is given to Mortgagor specifying the nature of the failure, or if the default cannot be cured within such applicable cure period, Mortgagor fails within such time to commence and pursue curative action with reasonable diligence or fails at any time after expiration of such applicable cure period to continue with reasonable diligence all necessary curative actions.
- (h) Failure of Mortgagor to observe or perform any other obligation under any other Loan Document or the Indemnity when such observance or performance is due, and such failure shall continue beyond the applicable cure period set forth in such Loan Document, or if the default cannot be cured within such applicable cure period, Mortgagor fails within such time to commence and pursue curative action with reasonable diligence or fails at any time after expiration of such applicable cure period to continue with reasonable diligence all necessary curative actions.
- (i) There shall occur any default by Mortgagor, as tenant under the city Lease, in the observance or performance of any term, covenant or condition of the City Lease on the part of Mortgagor to be observed or performed and said default is not cured following the expiration of any applicable grace and notice periods therein

provided, or if the leasehold estate created by the City Lease shall be surrendered or the City Lease shall be terminated or cancelled for any reason or under any circumstances whatsoever, or if any of the terms, covenants or conditions of the city Lease shall in any manner be modified, changed, supplemented, altered, or amended without the consent of Mortgagee

26. RIGHTS AND REMEDIES ON DEFAULT.

26.1 Remedies. Upon the occurrence of any Event of Default and at any time thereafter, Mortgagee or Mortgagee may exercise any one or more of the following rights and remedies:

(a) Mortgagee may declare all sums secured by this Instrument immediately due and payable, including any Prepayment Fee which Mortgagor would be required to pay.

(b) Mortgagee shall have the right to foreclose this Instrument in accordance with applicable law.

(c) In the event of any foreclosure, to the extent permitted by applicable law, Mortgagee will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for any amount by which the unpaid balance of the obligations secured by this Instrument exceeds the net sale proceeds payable to Mortgagee.

(d) With respect to all or any part of the Property that constitutes personal property, Mortgagee shall have all rights and remedies of secured party under the Uniform Commercial Code. Mortgagor acknowledges and agrees that the Indebtedness is secured by other collateral including, without limitation, at the time of execution of this Instrument, certain personal property of Mortgagor described in the Loan Documents. Mortgagor specifically acknowledges and agrees that the Premises, Improvements and Leases, in and of themselves, if foreclosed or realized upon would not be sufficient to satisfy the outstanding amount of the Indebtedness. Accordingly, Mortgagor acknowledges that it is in Mortgagor's contemplation that the other collateral included as "Property" within the definition in this Instrument pledged to secure the Indebtedness may be pursued by Mortgagee in separate proceedings in other states and other counties in the State of Indiana where such collateral may be located and additionally that Mortgagor will remain liable for any deficiency judgment in excess of any amounts Mortgagee may realize on sales of other property or any other collateral given as security for the Indebtedness. Specifically, and without limitation of the foregoing, it is agreed that it is the intent of the parties hereto that in the event of a foreclosure of this Instrument, that the Indebtedness evidencing the obligations shall not be deemed merged into any judgment of foreclosure, but shall rather remain outstanding to the fullest extent permitted by applicable law. It is the further intent and understanding of the parties that Mortgagee, following an Event of Default, may pursue all of its collateral for collection of the Indebtedness remaining outstanding and in full force and effect notwithstanding any judgment of foreclosure or any other judgment which Mortgagee may obtain.

(e) Mortgagee shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, to collect all the Rents from the Property and apply the proceeds, over and above cost of the receivership, against the sums due under this Instrument, and to exercise all of the rights with respect to the Property described in Section 24 above. The receiver may serve without bond if permitted by law. To the extent permitted by law, Mortgagee's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the sums due under this Instrument by a substantial amount. Employment by Mortgagee shall not disqualify a person from serving as a receiver. Such receiver shall have all of the usual powers and duties of receivers pursuant to Indiana Code 32-30-5 as amended and modified from time to time.

(f) In the event Mortgagor remains in possession of the Property after the Property is sold as provided above or Mortgagee otherwise becomes entitled to possession of the Property upon default of Mortgagor, Mortgagor shall become a tenant at will of Mortgagee or the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Mortgagor's possession.

(g) Mortgagee shall have any other right or remedy provided in this Instrument, the Loan Agreement, or any other Loan Document or instrument delivered by Mortgagor in connection therewith, or available at law, in equity or otherwise.

(h) Mortgagee shall have all the rights and remedies set forth in Sections 23 and 24.

(i) Where any provision of this Instrument or the other Loan Documents is inconsistent with any provision of Indiana law regulating the creation, perfection, enforcement or priority of a lien on or security interest in, and the warranties of title to, real or personal property including, but not by way of limitation, Indiana Code 32-30-10 Mortgage Foreclosure Actions, the provisions of such Indiana law, as amended from time to time, shall take precedence over the provisions of this Instrument, but shall not invalidate or render unenforceable any other provisions of this Instrument that can be construed in a manner consistent with Indiana law.

(j) If an Event of Default shall occur under this Instrument, then in addition to having any other right or remedy available under this Instrument, at law or in equity, Mortgagee shall have the option pursuant to Indiana Code 26-1-9.1-604 of the UCC of either (i) proceeding under the UCC and exercising such rights and remedies as may be provided to a secured party by the UCC with respect to all or any portion of the Property which is personal property (including, without limitation, taking possession of and selling such personal property) or (ii) treating such personal property as real property and proceeding with respect to both the real and personal property constituting the Property in accordance with Mortgagee's rights, powers and remedies with respect to the real property (in which event the default provisions of the UCC shall not apply).

(k) Anything contained herein or in Indiana Code 32-29-7-5 to the contrary notwithstanding, no waiver made by Mortgagor in this Instrument shall constitute the consideration for or be deemed to be waiver or release by Mortgagee of any judgment holder of the Indebtedness hereby secured of the right to seek a deficiency judgment against the Mortgagor or any other person or entity who may be personally liable for the obligations hereby secured, which right to seek a deficiency judgment is hereby reserved, preserved and retained by Mortgagee for its own behalf and its successors and assigns, subject to the excemption provisions of the Loan Agreement.

26.2 Sale of the Property. In exercising its rights and remedies, Mortgagee may, at Mortgagee's sole discretion, cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Mortgagee may bid at any public sale on all or any portion of the Property.

26.3 Notice of Sale. Mortgagee shall give Mortgagor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the personal property is to be made. Reasonable notice shall mean notice given in accordance with applicable law, including notices given in the manner and at the times required for notices in a nonjudicial foreclosure.

26.4 Waiver: Election of Remedies. A waiver by any party of a breach of a provision of this Instrument shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Mortgagee to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Mortgagee under this Instrument are cumulative and not exclusive. An election to make expenditures or take action to perform an obligation of Mortgagor shall not affect Mortgagee's right to declare a default and exercise its remedies under this Instrument.

27. SATISFACTION OF MORTGAGE. Upon payment of all sums secured by this Instrument, Mortgagee shall execute a satisfaction (or at Mortgagor's option, an assignment) of this Instrument and shall surrender this Instrument and all notes evidencing Indebtedness secured by this Instrument to the person or persons legally entitled thereto. Such person or persons shall pay Mortgagee's costs incurred in connection with satisfaction or assignment of this Instrument. Mortgagee will change a service fee in accordance with its then-current schedule or servicing fees if an assignment is requested.

28. FUTURE ADVANCES. Upon request of Mortgagor, Mortgagee, at Mortgagee's option so long as this Instrument secures Indebtedness held by Mortgagee, may make Future Advances to Mortgagor. The Indebtedness as it is modified or amended and all Such Future Advances, with interest thereon, shall be secured by this Instrument when

evidenced by written agreements stating that said notes are secured hereby in accordance with Ind. Code 32-29-1-10 with a lien priority established as of the recording of this Instrument without regard to the fact that any Future Advances or any modification, extension or renewal may occur after this Instrument is recorded. The maximum amount of Future Advances to be secured by this Mortgage is \$6,600,000.00..

29. USE OF PROPERTY. The Property is not currently used for agricultural, farming, timber or grazing purposes. Mortgagor warrants that this Instrument is and will at all times constitute a commercial mortgage, as defined under appropriate state law.

30. IMPOSITION OF TAX BY STATE.

30.1 State Taxes Covered. The following constitute state taxes to which this Section applies:

- (a) A specific tax upon mortgages or upon all or any part of the indebtedness secured by a mortgage.
- (b) A specific tax on a mortgagor which the taxpayer is authorized or required to deduct from payments on the indebtedness secured by a mortgage.
- (c) A tax on a mortgage chargeable against the mortgagee or the holder of the note secured.
- (d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a mortgagor.

30.2 Remedies. If any state tax to which this Section applies is enacted subsequent to the date of this Instrument, this shall have the same effect as an Event of Default, and Mortgagee may exercise any or all of the remedies available to it unless the following conditions are met:

- (a) Mortgagor may lawfully pay the tax or charge imposed by state tax, and
- (b) Mortgagor pays the tax or charge within thirty (30) days after notice from Mortgagee that the tax has been levied.

31. ATTORNEYS' FEES. In the event suit or action is instituted to enforce or interpret any of the terms of this Instrument (including, without limitation, efforts to modify or vacate any automatic stay or injunction), the prevailing party shall be entitled to recover all expenses reasonably incurred at, before and after trial and on appeal whether or not taxable as costs, or in any bankruptcy proceeding including, without limitation, attorneys' fees, witness fees (expert and otherwise), deposition costs, copying charges and other expenses. Whether or not any court action is involved, all reasonable expenses, including but not limited to the costs of searching records, obtaining title reports, surveyor reports, and title insurance, incurred by Mortgagee that are necessary at any time in Mortgagee's opinion for the protection of its interest or enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the interest rate as provided in the Loan Agreement. The term "attorneys' fees" as used in the Loan Documents shall be deemed to mean such fees as are reasonable and are actually incurred.

32. GOVERNING LAW; SEVERABILITY. This Instrument shall be governed by the law of the State of Indiana applicable to contracts made and to be performed therein (excluding conflict-of-laws principles). In the event that any provision or clause of this Instrument or the Loan Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Instrument or the Loan Agreement which can be given effect without the conflicting provision, and to this end the provisions of this Instrument and the Loan Agreement are declared to be severable.

33. TIME OF ESSENCE. Time is of the essence of this Instrument.

34. CHANGES IN WRITING. This Instrument and any of its terms may only be changed, waived, discharged or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement subsequently made by Mortgagor and Mortgagee relating to this Instrument shall be superior to the rights of the holder of any intervening lien or encumbrance.

35. NO OFFSET. Mortgagor's obligation to make payments and perform all obligations, covenants and warranties under this Instrument and under the Loan Agreement shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation any setoff, counterclaim, abatement, suspension, recoupment, deduction, defense or other right that Mortgagor or any guarantor may have or claim against Mortgagee or any entity participating in making the loan secured hereby. The foregoing provisions of this Section, however, do not constitute a waiver of any claim or demand which Mortgagor or any guarantor may have in damages or otherwise against Mortgagee or any other person, or preclude Mortgagor from maintaining a separate action thereon; provided, however, that Mortgagor waives any right it may have at law or in equity to consolidate such separate action with any action or proceeding brought by Mortgagee.

36. AFTER-ACQUIRED PROPERTY. If, after the date of this Instrument, Mortgagor acquires any property located on and used in connection with the Property and that by the terms of this Instrument is required or intended to be encumbered by this Instrument, the property shall become subject to the lien and security interest of this Instrument immediately upon its acquisition by Mortgagor and without any further mortgage, conveyance, assignment or transfer. Nevertheless, upon Mortgagee's request at any time, Mortgagor will execute, acknowledge and deliver any additional instruments and assurances of title and will do or cause to be done anything further that is reasonably necessary for carrying out the intent of this Instrument.

37. INDIANA RESPONSIBLE PROPERTY TRANSFER LAW. To the best of Mortgagor's knowledge, none of the Property is within the definition of the term "property" as such term is used in the Indiana Responsible Property Transfer Law ("IRPTL") (Indiana Code 13-25-3-1 et. seq.) and the transaction evidenced by this Instrument is not subject to the provisions of IRPTL.

38. WAIVER OF JURY TRIAL. MORTGAGOR HEREBY KNOWINGLY, VOLUNTARILY AND INTELLIGENTLY WAIVES ANY AND ALL RIGHTS THAT MORTGAGOR MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR THE STATE OF INDIANA, TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING RELATING TO THIS INSTRUMENT, THE LOAN DOCUMENTS OR ANY TRANSACTIONS CONTEMPLATED THEREBY OR RELATED THERETO. IT IS INTENDED THAT THIS WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, CLAIMS AND/OR COUNTERCLAIMS IN ANY SUCH ACTION OR PROCEEDING.

MORTGAGOR UNDERSTANDS THAT THIS WAIVER IS A WAIVER OF A CONSTITUTIONAL SAFEGUARD, AND EACH PARTY INDIVIDUALLY BELIEVES THAT THERE ARE SUFFICIENT ALTERNATE PROCEDURAL AND SUBSTANTIVE SAFEGUARDS, INCLUDING A TRIAL BY AN IMPARTIAL JUDGE, THAT ADEQUATELY OFFSET THE WAIVER CONTAINED HEREIN.

39. MAXIMUM INTEREST CHARGES. Notwithstanding anything contained herein or in any of the Loan Documents to the contrary, in no event shall Mortgagee be entitled to receive interest on the Loan in amounts which, when added to all of the other interest charged, paid to or received by Mortgagee on the Loan, causes the rate of interest on the Loan to exceed the highest lawful rate. Mortgagor and Mortgagee intend to comply with the applicable law governing the highest lawful rate and the maximum amount of interest payable.

If the applicable law is ever judicially interpreted so as to render usurious any amount called for under the Loan Documents, or contracted for, charged, taken, reserved or received with respect to the Loan, or if acceleration of the final maturity date of the Loan or if any prepayment by Mortgagor results in Mortgagor having paid or demand having been made on Mortgagor to pay, any interest in excess of the amount permitted by applicable law, then all excess amounts theretofore collected by Mortgagee shall be credited on the principal balance of the Loan (or, if the Loan have been or would thereby be paid in full, such excess amounts shall be refunded to Mortgagor), and the provisions of the Loan Agreement, this Instrument and any demand on Mortgagor shall immediately be deemed reformed and the amounts thereafter collectible thereunder and hereunder shall be reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder and hereunder. The right to accelerate the final maturity date of the Loan does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Mortgagee does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Mortgagee for the use, forbearance or detention of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread through the full term of the Loan until

payment in full so that the rate or amount of interest on account of the Loan does not exceed the applicable usury ceiling. By execution of this Instrument, Mortgagor acknowledges that it believes the Loan to be nonusurious and agrees that if, at any time, Mortgagor should have reason to believe that the Loan is in fact usurious, it will give Mortgagee and Mortgagee written notice of its belief and the reasons why Mortgagor believes the Loan to be usurious, and Mortgagor agrees that Mortgagee and Mortgagee shall have ninety (90) days following its receipt of such written notice in which to make appropriate refund or other adjustment in order to correct such condition if it in fact exists.



IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS INSTRUMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS INSTRUMENT ONLY BY ANOTHER WRITTEN INSTRUMENT.

IN WITNESS WHEREOF, Mortgagor has executed this Instrument or has caused the same to be executed under seal by its duly authorized officer as of the day and year first written above.

GARY LIGHTHOUSE FACILITY, LLC

By: LIGHTHOUSE FACILITIES MANAGEMENT, LLC (Its sole member)

By: LIGHTHOUSE ACADEMIES, INC. (Its sole member and manager)

By: 
Michael Ronan, President

STATE OF MA)
) ss.
COUNTY OF WORCESTER)

On the 1 day of MAY in the year 2008 before me, the undersigned, personally appeared Michael Ronan, the President of Lighthouse Academies, Inc., a Delaware nonprofit corporation, which in turn is the sole member of Lighthouse Facilities Management, LLC, a Delaware limited liability company which in turn is the sole member and manager of Gary Lighthouse Facility, LLC, an Indiana limited liability company, and acknowledged the execution of the foregoing document as the authorized act and deed of such companies as their authorized act and deed.



SHARON ANN LEPIRE
Notary Public
Commonwealth of Massachusetts
My Commission Expires
June 1, 2012


Notary Public

Printed Name - Notary Public

My commission expires: _____

My county of residence: WORCESTER

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 (Paul J. Dunne)

Prepared by, recording requested by, and after recording, return to:

Paul J. Dunne
Krieg DeVault LLP
One Indiana Square, Suite 2800
Indianapolis, IN 46204

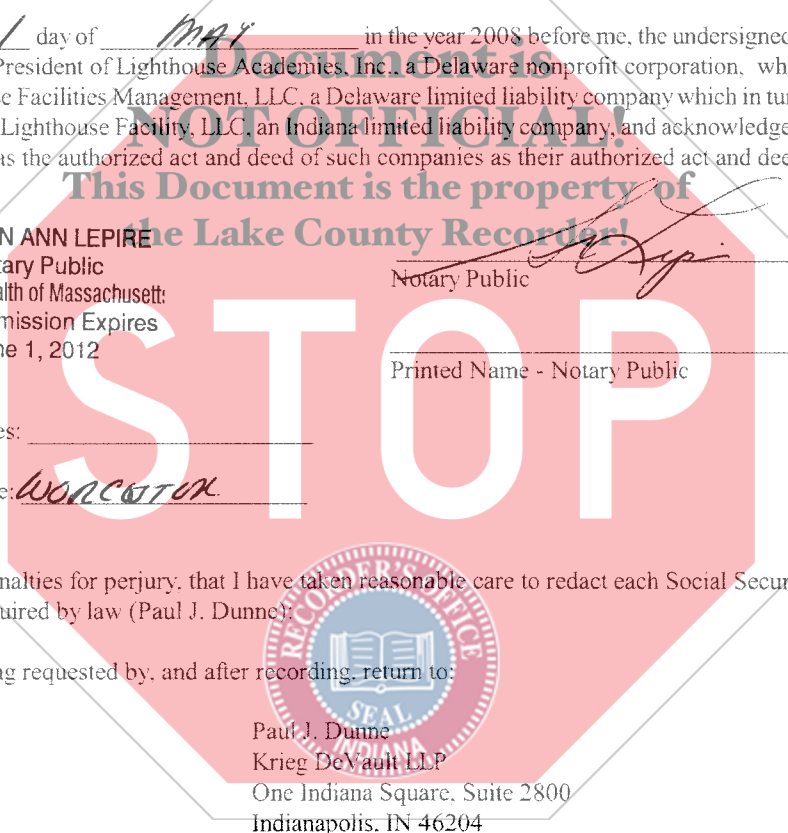


EXHIBIT A

LEGAL DESCRIPTION



SCHEDULE 1

PERMITTED EXCEPTIONS

1. The lien of current taxes not delinquent.
2. Special Exceptions notes as items _____ on Part II, Schedule B of the commitment for title insurance designated as file No. _____ issued by Ticor Title Insurance Corporation, last endorsed as of the date hereof.
3. Junior mortgage given to Local Initiatives Support Corporation to secure a loan in the principal amount of \$1,843,756.00, subject to the terms of a Subordination Agreement.
4. Lease in favor of Lighthouse Academies of Indiana, Inc. d/b/a Gary Lighthouse Charter School so long as the interest of the lessee are subordinated to the rights of the Mortgagee under the Mortgage.
5. Existing leases of personal property incurred by the Mortgagor.

