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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORDS

2008 NOV 10 AM 9:00

MICHAEL A. BROWN
RECORDER

UPON RECORDATION RETURN TO:
VELOCITY COMMERCIAL CAPITAL, LLC
Attention: Commercial Services
5716 Corsa Avenue, Suite 102
Westlake Village, California 91362

1020085326CM

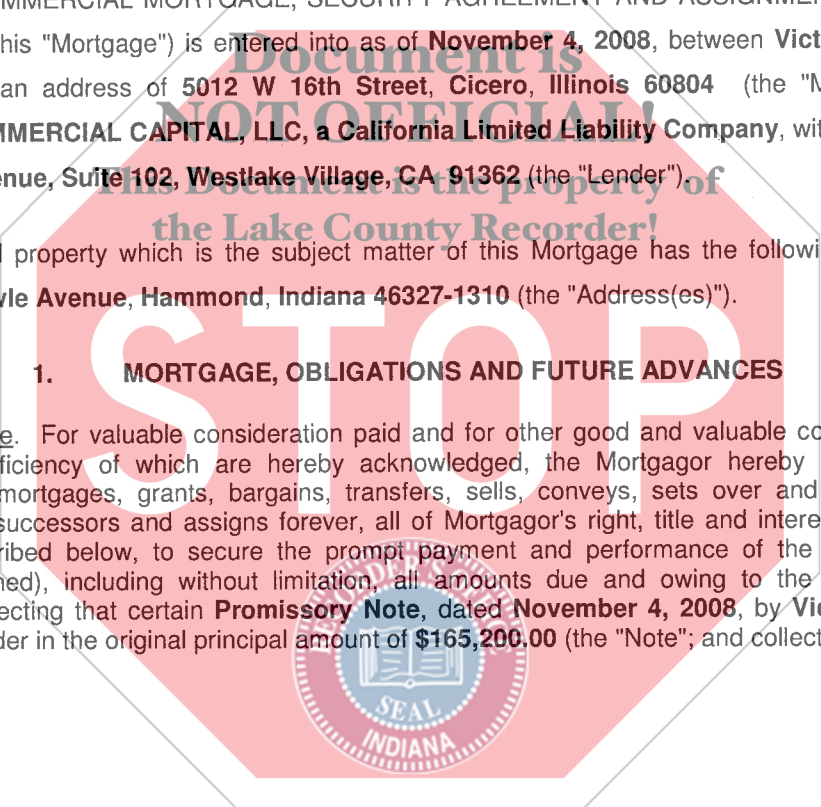
COMMERCIAL MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS

This COMMERCIAL MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS (this "Mortgage") is entered into as of **November 4, 2008**, between **Victor Arrocha**, an individual, with an address of **5012 W 16th Street, Cicero, Illinois 60804** (the "Mortgagor") and **VELOCITY COMMERCIAL CAPITAL, LLC, a California Limited Liability Company**, with an address of **5716 Corsa Avenue, Suite 102, Westlake Village, CA 91362** (the "Lender").

The real property which is the subject matter of this Mortgage has the following address(es): **4404 South Towle Avenue, Hammond, Indiana 46327-1310** (the "Address(es)").

1. MORTGAGE, OBLIGATIONS AND FUTURE ADVANCES

1.1 Mortgage. For valuable consideration paid and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor hereby irrevocably and unconditionally mortgages, grants, bargains, transfers, sells, conveys, sets over and assigns to the Lender and its successors and assigns forever, all of Mortgagor's right, title and interest in and to the "Property" described below, to secure the prompt payment and performance of the Obligations (as hereinafter defined), including without limitation, all amounts due and owing to the Lender and all obligations respecting that certain **Promissory Note**, dated **November 4, 2008**, by **Victor Arrocha** in favor of the Lender in the original principal amount of **\$165,200.00** (the "Note"); and collectively, along with



CHICAGO TITLE INSURANCE COMPANY

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Loan Number: 4045001716

all other agreements, documents, certificates and instruments delivered in connection therewith, the "Loan Documents"), and any substitutions, modifications, extensions or amendments to any of the Loan Documents.

The amount of principal obligations outstanding and evidenced by the Loan Documents and secured by this Mortgage total **\$165,200.00** as of the date of this Mortgage, but this Mortgage shall nevertheless secure payment and performance of all Obligations, including, without limitation, any other liabilities and future advances, direct or indirect, absolute or contingent, now existing or hereafter arising from Mortgagor to Lender up to an amount of **\$495,600.00**; which amount shall not be greater than Three Hundred Percent (300%) of the original principal amount, all without relief from valuation and appraisal laws. Pursuant to I.C. § 32-8-11-9, the lien of this Mortgage with respect to any future advances, modifications, extensions, and renewals referred to herein and made from time to time shall have the same priority to which this Mortgage otherwise would be entitled as of the date this Mortgage is executed and recorded without regard to the fact that any such future advance, modification, extension, or renewal may occur after this Mortgage is executed.

1.2 Security Interest in Property. As continuing security for the Obligations the Mortgagor hereby pledges, assigns and grants to the Lender, and its successors and assigns, a security interest in any of the Property (as hereinafter defined) constituting personal property or fixtures. This Mortgage is and shall be deemed to be a security agreement and financing statement pursuant to the terms of the Uniform Commercial Code of Indiana (the "Uniform Commercial Code") as to any and all personal property and fixtures and as to all such property the Lender shall have the rights and remedies of a secured party under the Uniform Commercial Code in addition to its rights hereunder. In addition, part of the Property is or may become fixtures. It is intended that, as to such fixtures, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of the filing of the Mortgage for record with the recorder of each county in Indiana where the Property is located. The information in this paragraph is provided in order that this Mortgage shall comply with the requirements of the Uniform Commercial Code for a mortgage instrument to be filed as a financing statement. Mortgagor is the "Debtor" and its name and mailing address are set forth in the preamble of this Mortgage. The "Secured Party" is the Lender and its name and mailing address from which information concerning the security interest granted herein may be obtained are as set forth in the preamble of this Mortgage. The record owner of the Property is Mortgagor.

1.3 Collateral Assignment of Leases and Rents. The Mortgagor hereby irrevocably and unconditionally assigns to the Lender, and its successors and assigns, as collateral security for the Obligations all of the Mortgagor's rights and benefits under any and all Leases (as hereinafter defined) and any and all rents and other amounts now or hereafter owing with respect to the Leases or the use or occupancy of the Property. This collateral assignment shall be absolute and effective immediately, but the Mortgagor shall have a license, revocable by the Lender, to continue to collect rents owing under the Leases until an Event of Default (as hereinafter defined) occurs and the Lender exercises its rights and remedies to collect such rents as set forth herein.

1.4 Conditions to Grant. The Lender shall have and hold the above granted Property unto and to the use and benefit of the Lender, and its successors and assigns, forever; provided, however, the conveyances, grants and assignments contained in this Mortgage are upon the express condition that, if Mortgagor shall irrevocably pay and perform the Obligations in full, including, without limitation, all principal, interest and premium thereon and other charges, if applicable, in accordance with the terms and conditions in the Loan Documents and this Mortgage, shall pay and perform all other Obligations as set forth in this Mortgage and shall abide by and comply with each and every covenant and condition set forth herein and in the Loan Documents, the conveyances, grants and assignments contained in this Mortgage shall be appropriately released and discharged.

1.5 Property. The term "Property," as used in this Mortgage, shall mean that certain parcel of land and the fixtures, structures and improvements and all personal property constituting fixtures, as that term is defined in the Uniform Commercial Code, now or hereafter thereon located at the Address(es), as more

Loan Number: 4045001716

particularly described in Exhibit A attached hereto, together with: (i) all rights now or hereafter existing, belonging, pertaining or appurtenant thereto; (ii) the following categories of assets as defined in the Uniform Commercial Code: goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, general intangibles (including payment intangibles and software), supporting obligations and any and all proceeds of any thereof, whether now owned or hereafter acquired, that are located on or used in connection with, or that arise in whole or in part out of the Mortgagor's use of or business conducted on or respecting, the Property and any substitutions, replacements, accessions and proceeds of any of the foregoing; (iii) all judgments, awards of damages and settlements hereafter made as a result or in lieu of any Taking, as hereinafter defined; (iv) all of the rights and benefits of the Mortgagor under any present or future leases and agreements relating to the Property, including, without limitation, rents, issues and profits, or the use or occupancy thereof together with any extensions and renewals thereof, specifically excluding all duties or obligations of the Mortgagor of any kind arising thereunder (the "Leases"); and (v) all contracts, permits and licenses respecting the use, operation or maintenance of the Property.

1.6 **Obligations.** The term "Obligation(s)," as used in this Mortgage, shall mean without limitation all loans, advances, indebtedness, prepayment premiums, notes, liabilities and amounts, liquidated or unliquidated, now or hereafter owing by the Mortgagor to the Lender at any time, of each and every kind, nature and description, whether arising under this Mortgage or otherwise, and whether secured or unsecured, direct or indirect (that is, whether the same are due directly by the Mortgagor to the Lender; or are due indirectly by the Mortgagor to the Lender as endorser, guarantor or other surety, or as obligor of obligations due third persons which have been endorsed or assigned to the Lender, or otherwise), absolute or contingent, due or to become due, now existing or hereafter contracted, including, without limitation, payment of all amounts outstanding when due pursuant to the terms of any of the Loan Documents. Said term shall also include all interest and other charges chargeable to the Mortgagor or due from the Mortgagor to the Lender from time to time and all advances, costs and expenses referred to in this Mortgage, including without limitation the costs and expenses (including reasonable attorney's fees) of enforcement of the Lender's rights hereunder or pursuant to any document or instrument executed in connection herewith.

1.7 **Cross-Collateral and Future Advances.** It is the express intention of the Mortgagor that this Mortgage secure payment and performance of all of the Obligations, whether now existing or hereinafter incurred by reason of future advances by the Lender or otherwise, and regardless of whether such Obligations are or were contemplated by the parties at the time of the granting of this Mortgage. Notice of the continuing grant of this Mortgage shall not be required to be stated on the face of any document evidencing any of the Obligations, nor shall such documents be required to otherwise specify that they are secured hereby.

2. REPRESENTATIONS, WARRANTIES, COVENANTS

2.1 **Representations and Warranties.** The Mortgagor represents and warrants that:

- (a) If the Mortgagor is a corporation, limited liability company, trust, limited partnership, general partnership or other entity then (i) the Mortgagor was duly formed, is validly existing and a) in good standing in its State of its formation or organization, b) is qualified to lawfully transact its current and contemplated business in any State where such business is transacted, and c) is qualified to lawfully transact business in the State where the Property is located, including but not limited to the transactions covered by the Loan Documents; (ii) each signatory of the Loan Documents is duly authorized to execute and deliver the Loan Documents and to bind the Mortgagor and all other parties thereto without any further signature, approval, consent or authorization; (iii) true, correct and complete copies of the Mortgagor's formation and operating documents have been delivered to the Lender and neither such formation

Loan Number: 4045001716

documents nor agreements to which Mortgagor is a party or is bound prohibit, limit or in any manner interfere with Mortgagor's full and timely performance of the Loan Documents and Mortgagor shall not permit the modification, or amendment of any such formation or operating documents; (iv) the execution, delivery and performance of the Loan Documents have been duly authorized by all necessary corporate, partnership, trust or other authority; and (v) so long as all or any part of the Obligations shall remain outstanding the Mortgagor shall not take or permit the Mortgagor to be in breach of any of the representations set forth in this Section 2.1(a);

- (b) This Mortgage has been duly executed and delivered by the Mortgagor and is the legal, valid and binding obligation of the Mortgagor enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally;
- (c) The Mortgagor is the sole legal owner of the Property, holding good and marketable fee simple title to the Property, subject to no liens, encumbrances, leases, security interests or rights of others, other than as set forth in detail in Exhibit B hereto (the "Permitted Encumbrances");
- (d) The Mortgagor is the sole legal owner of the entire lessor's interest in Leases, if any, with full power and authority to encumber the Property in the manner set forth herein, and the Mortgagor has not executed any other assignment of Leases or any of the rights or rents arising thereunder;
- (e) The Property and all buildings and improvements thereon are in full compliance with all applicable Federal, State and local laws, judicial rulings, codes, ordinances, rules and regulations and valid certificates of occupancy(ies), permit(s), and/or license(s) cover all of the Property and the buildings and improvements thereon as well as the use of such Property, buildings and improvements;
- (f) As of the date hereof, there are no Hazardous Substances (as hereinafter defined) in, on or under the Property, except as disclosed in writing to and acknowledged by the Lender, and the Mortgagor certifies and warrants to the Lender, based on Mortgagor's knowledge, that none of the Property is within the definition of the term "property" as defined in I.C. § 13-11-2-174 and used in the Indiana Responsible Property Transfer Law ("IRPTL") (I.C. § 13-25-3-1), including, without limitation, I.C. § 13-25-3-6, except as disclosed in environmental reports/Phase I or II reports; and
- (g) The Mortgagor is incurring the indebtedness solely for commercial or business purposes and this security instrument does not represent a loan used for personal, family, household or consumer purposes.

2.2 Recording; Further Assurances. The Mortgagor covenants that it shall, at its sole cost and expense and upon the request of the Lender, cause this Mortgage, and each amendment, modification or supplement hereto, to be recorded and filed in such manner and in such places, and shall at all times comply with all such statutes and regulations as may be required by law in order to establish, preserve and protect the interest of the Lender in the Property and the rights of the Lender under this Mortgage. Mortgagor will from time to time execute and deliver to the Lender such documents, and take or cause to be taken, all such other or further action, as the Lender may request in order to effect and confirm or vest more securely in the Lender all rights contemplated by this Mortgage (including, without limitation, to correct clerical errors) or to vest more fully in, or assure to the Lender the security interest in, the Property or to comply with applicable statute or law. To the extent permitted by applicable law, Mortgagor authorizes the Lender to file financing statements, continuation statements or amendments, and any such financing statements, continuation statements or amendments may be filed at any time in any jurisdiction. The Lender may at any time and from time to time file financing statements, continuation statements and

Loan Number: 4045001716

amendments thereto that describe the Property as defined in this Mortgage and which contain any other information required by Article 9 of the Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether Mortgagor is an organization, the type of organization and any organization identification number issued to Mortgagor; Mortgagor also authorizes the Lender to file financing statements describing any agricultural liens or other statutory liens held by the Lender. Mortgagor agrees to furnish any such information to the Lender promptly upon request. In addition, Mortgagor shall at any time and from time to time, take such steps as the Lender may reasonably request for the Lender (i) to obtain an acknowledgment, in form and substance satisfactory to the Lender, of any bailee having possession of any of the Property that the bailee holds such Property for the Lender, and (ii) otherwise to insure the continued perfection and priority of the Lender's security interest in any of the Property and the preservation of its rights therein. Mortgagor hereby constitutes the Lender its attorney-in-fact to execute and file all filings required or so requested for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, shall be irrevocable until this Mortgage terminates in accordance with its terms, all Obligations are paid in full and the Property is released.

2.3 Restrictions on the Mortgagor. The Mortgagor covenants that it will not, nor will it permit any other person to, directly or indirectly, without the prior written approval of the Lender in each instance:

- (a) Sell, convey, assign, transfer, mortgage, pledge, hypothecate, lease or dispose of all or any part of any legal or beneficial interest in the Mortgagor or the Property or any part thereof or permit any of the foregoing, except as expressly permitted by the terms of this Mortgage in addition to all other limits on secondary financing and/or junior mortgages are expressly prohibited;
- (b) In addition to the limitations regarding the Property as provided for in this Mortgage, Mortgagor shall not sell, convey, assign, transfer, mortgage, pledge, hypothecate, lease or dispose of all or any other assets or property owned by the Mortgagor except in connection with arms length transactions and for full and fair market consideration;
- (c) The Lender will consider, in its sole and absolute discretion, granting approval to a sale or transfer of an interest in the Mortgagor or of the Property (herein a "Transfer"), that would otherwise violate Section 2.3(a) and/or Section 2.3(b) (a Transfer shall not include the granting of a mortgage or other lien), without any adjustment to the interest rate or to any other economic terms of the Loan Documents, if prior to the Transfer, Mortgagor has satisfied each of the following requirements: (1) the submission to the Lender of all information required by the Lender to make the determination required by this Section 2.3(c); (2) the absence of any Event of Default; (3) the transferee (and any proposed guarantors) meets all of the eligibility, credit, FICO, net worth, loan to value, debt service coverage ratio, management and other standards (including any standards with respect to previous relationships between the Lender and the transferee and the organization of the transferee) customarily applied by the Lender at the time of the proposed Transfer in connection with the origination or purchase of similar mortgages; in no event shall the transferee be of a lesser standard than the original Mortgagor (the "Original Mortgagor") and if applicable the original guarantor(s) (the "Original Guarantors") as of the date of this Mortgage. Further, the Transfer must meet all of the requirements of the rating agencies, including Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. in order to assure that there shall be no likely negative rating impact as a consequence of the Transfer; (4) the Property, at the time of the proposed Transfer, meets all standards as to its physical condition that are customarily applied by the Lender to the approval of properties in connection with the origination or purchase of similar mortgages on comparable property types; (5) in the case of a Transfer of all or any part of the Property, or direct or indirect ownership interests in Mortgagor or any guarantor, the execution by the transferee or one or more individuals or entities acceptable to the Lender, in the Lender's sole discretion, of an assumption agreement, guaranty and other documents that is acceptable to the Lender and that, among other things, requires the transferee to perform all

Loan Number: 4045001716

obligations of transferor and any guarantors under the Loan Documents, and may require that the transferee comply with any provisions of this Mortgage or any other Loan Document which previously may have been waived by the Lender; (6) if a guaranty has been executed and delivered in connection with the Note, this Mortgage or any of the other Loan Documents, the Mortgagor causes one or more individuals or entities acceptable to the Lender to execute and deliver to the Lender a guaranty in a form acceptable to the Lender; and (7) the Lender's receipt of all of the following: (A) a non-refundable review fee (the "Review Fee") in the amount equal to \$1,500, and, a transfer fee equal to one (1) percent of the outstanding Obligations immediately prior to the Transfer (the "Transfer Fee"); and (B) in addition, Mortgagor shall be required to reimburse the Lender for all of the Lender's out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing the Transfer request, to the extent such expenses exceed the Review Fee. In no event shall this section 2.3(c) permit a voluntary or involuntary violation of Section 2.3, 2.4(f) or any other provision of this Mortgage. However, the occurrence of any of the following events shall not constitute an Event of Default under this Mortgage, notwithstanding any provision of Section 2.3(a) and Section 2.3(b) to the contrary: (A) a Transfer to which the Lender has consented; (B) a Transfer that occurs by devise, descent, or by operation of law upon the death of a natural person; (C) the grant of a leasehold interest which complies with Section 2.4(f) of this Mortgage; (D) a Transfer of obsolete or worn out personalty or fixtures that are contemporaneously replaced by items of equal or better function and quality, which are free of liens, encumbrances and security interests other than those created by the Loan Documents or consented to by the Lender; (E) the grant of an easement, if before the grant the Lender determines that the easement will not negatively affect the operation or value of the Property or the Lender's interest in the Property, and Mortgagor pays to the Lender, upon demand, all costs and expenses incurred by the Lender in connection with reviewing the Lender's request.

- (d) Permit the use, generation, treatment, storage, release or disposition of any oil or other material or substance constituting hazardous waste or hazardous materials or substances under any applicable Federal or state law, regulation or rule ("Hazardous Substances"); or
- (e) Permit to be created or suffer to exist any mortgage, lien, security interest, attachment or other encumbrance or charge on the Property or any part thereof or interest therein (except for the Permitted Encumbrances), including, without limitation, (i) any lien arising under any Federal, state or local statute, rule, regulation or law pertaining to the release or cleanup of Hazardous Substances and (ii) any mechanics' or materialmen's lien. The Mortgagor further agrees to give the Lender prompt written notice of the imposition, or notice, of any lien referred to in this Section and to take any action necessary to secure the prompt discharge or release of the same. The Mortgagor agrees to defend its title to the Property and the Lender's interest therein against the claims of all persons and, unless the Lender requests otherwise, to appear in and diligently contest, at the Mortgagor's sole cost and expense, any action or proceeding that purports to affect the Mortgagor's title to the Property or the priority or validity of this Mortgage or the Lender's interest hereunder.

2.4 Operation of Property. The Mortgagor covenants and agrees as follows:

- (a) The Mortgagor will not permit the Property to be used for any unlawful or improper purpose, will at all times comply with all Federal, state and local laws, ordinances and regulations, and the provisions of any Lease, easement or other agreement affecting all or any part of the Property, and will obtain and maintain all governmental or other approvals relating to the Mortgagor, the Property or the use thereof, including without limitation, any applicable zoning or building codes or regulations and any laws or regulations relating to the handling, storage, release or cleanup of Hazardous Substances, and will give prompt written notice to the Lender of (i) any violation of any such law, ordinance or regulation by the Mortgagor or relating to the Property, (ii) receipt of notice from any Federal, state or local authority alleging any such violation and (iii) the presence or release on the Property of any Hazardous Substances, and

Loan Number: 4045001716

the Mortgagor covenants that it shall observe, perform and comply with the requirements of IRPTL in connection with this Mortgage and the other Loan Documents;

- (b) The Mortgagor will at all times keep the Property insured for such losses or damage, in such amounts and by such companies as may be required by law and which the Lender may require, provided that, in any case, the Mortgagor shall maintain: (i) physical hazard insurance on an "all risks" basis in an amount not less than 100% of the full replacement cost of the Property; (ii) flood insurance if and as required by applicable Federal law and as otherwise required by the Lender; (iii) comprehensive commercial general liability insurance; (iv) rent loss and business interruption insurance; (v) environmental insurance and (vi) such other insurance as the Lender may require from time to time, including builder's risk insurance in the case of construction loans. All policies regarding such insurance shall be issued by companies licensed to do business in the state where the policy is issued and also in the state where the Property is located, be otherwise acceptable to the Lender, provide deductible amounts acceptable to the Lender, name the Lender as mortgagee, loss payee and additional insured, and provide that no cancellation or material modification of such policies shall occur without at least Thirty (30) days prior written notice to the Lender. Such policies shall include (i) a mortgage endorsement determined by the Lender in good faith to be equivalent to the "standard" mortgage endorsement so that the insurance, as to the interest of the Lender, shall not be invalidated by any act or neglect of the Mortgagor or the owner of the Property, any foreclosure or other proceedings or notice of sale relating to the Property, any change in the title to or ownership of the Property, or the occupation or use of the Property for purposes more hazardous than are permitted at the date of inception of such insurance policies; (ii) a replacement cost endorsement; (iii) an agreed amount endorsement; (iv) a contingent liability from operation endorsement; and (v) such other endorsements as the Lender may request. The Mortgagor will furnish to the Lender upon request such original policies, certificates of insurance or other evidence of the foregoing as are acceptable to the Lender. The terms of all insurance policies shall be such that no coinsurance provisions apply, or if a policy does contain a coinsurance provision, the Mortgagor shall insure the Property in an amount sufficient to prevent the application of the coinsurance provisions;
- (c) Mortgagor shall not make any alteration to the Property if (i) such alteration is structural in nature or effects any of the Property's building systems, or (ii) is in excess of the greater of (x) five thousand and 00/100 dollars or (y) one (1%) percent of the original principal balance of the Obligations secured by this Mortgage. With respect to those matters set forth in clause (i) the Lender may withhold its consent in its sole discretion, and with respect to those matters set forth in clause (ii) the Lender shall not unreasonably withhold or delay its consent.
- (d) Mortgagor shall not change the use of the Property in whole or in part without the prior written consent of the Lender.
- (e) Mortgagor will not enter into or modify the Leases in any material respect without the prior written consent of the Lender, execute any assignment of the Leases except in favor of the Lender, or accept any rentals under any Lease for more than one month in advance and will at all times perform and fulfill every term and condition of the Leases;
- (f) Mortgagor shall not lease any portion of the Property which is currently residential for non-residential use except with the prior written consent of the Lender and the Lender's prior written approval of the lease agreement. Residential leases shall not (i) exceed a term of one (1) year (including renewals), (ii) provide for less than fair market value rental, and (iii) shall include only usual and customary terms and conditions. Unless otherwise agreed to in writing by Mortgagor, if the lease is a non-residential lease, Mortgagor shall not provide for a term in excess of five (5) years (including extension rights) without Mortgagor's prior written approval; if a non-residential lease includes a term in excess of five (5) years, Mortgagor shall not modify the terms of, or extend or terminate, (including any lease in existence on the date of

Loan Number: 4045001716

this Mortgage) without the prior written consent of the Lender. Mortgagor shall, without request by the Lender, deliver an executed copy of each non-residential lease to the Lender promptly after such lease is signed. All leases, including renewals or extensions of existing leases, shall specifically provide that (1) such leases are subordinate to the lien of this Mortgage (unless such subordination is waived in writing by the Lender); (2) the tenant shall attorn to the Lender and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Property by any purchaser at a foreclosure sale or by the Lender in any manner; (3) the tenant agrees to execute such further evidences of attornment as the Lender or any purchaser at a foreclosure sale may from time to time request; (4) the lease shall not be terminated by foreclosure or any other transfer of the Property; (5) after a foreclosure sale of the Property, the Lender or any other purchaser at such foreclosure sale may, at the Lender's or such purchaser's option, accept or terminate such Lease; and (6) the tenant shall, upon receipt after the occurrence of an Event of Default of a written request from the Lender, pay all Rents payable under the lease to the Lender.

- (g) Mortgagor will at all times (i) maintain complete and accurate records and books regarding the Property in accordance with generally accepted accounting principles and (ii) permit the Lender and the Lender's agents, employees and representatives, at such reasonable times as the Lender may request, to enter and inspect the Property and such books and records; and
- (h) Mortgagor will at all times keep the Property in good and first-rate repair and condition (damage from casualty not excepted) and will not commit or permit any strip, waste, impairment, deterioration or alteration of the Property or any part thereof.

2.5 Payments/Imposition Deposits. (a) The Mortgagor covenants to pay when due: all Federal, state, municipal, real property and other taxes, betterment and improvement assessments and other governmental levies (herein collectively "Taxes"), water rates, sewer charges, insurance premiums and other charges on the Property, this Mortgage or any Obligation secured hereby that could, if unpaid, result in a lien on the Property or on any interest therein. If and when requested by the Lender, the Mortgagor shall deposit from time to time with the Lender sums determined by the Lender to be sufficient to pay when due the amounts referred to in this Section. The Mortgagor shall have the right to contest any notice, lien, encumbrance, claim, tax, charge, betterment assessment or premium filed or asserted against or relating to the Property; provided that it contests the same diligently and in good faith and by proper proceedings and, at the Lender's request, provides the Lender with adequate cash security, in the Lender's reasonable judgment, against the enforcement thereof. The Mortgagor shall furnish to the Lender the receipted real estate tax bills or other evidence of payment of real estate taxes for the Property within thirty (30) days prior to the date from which interest or penalty would accrue for nonpayment thereof. The Mortgagor shall also furnish to the Lender evidence of all other payments referred to above within fifteen (15) days after written request therefor by the Lender. If Mortgagor shall fail to pay such sums, the Lender may, but shall not be obligated to, advance such sums. Any sums so advanced by the Lender shall be added to the Obligations, shall bear interest at the highest rate specified in any note evidencing the Obligations, and shall be secured by the lien of this Mortgage.

(b) Mortgagor shall deposit with the Lender on the day monthly installments of principal or interest, or both, are due under the Note (or on another day designated in writing by the Lender), until the Obligations are paid in full, an additional amount sufficient to accumulate with the Lender the entire sum required to pay, when due (1) any water and sewer charges which, if not paid, may result in a lien on all or any part of the Property, (2) the premiums for fire and other hazard insurance, rent loss insurance and such other insurance as the Lender may require under Section 2.3(b), (3) Taxes, and (4) amounts for other charges and expenses which the Lender at any time reasonably deems necessary to protect the Property, to prevent the imposition of liens on the Property, or otherwise to protect the Lender's interests, all as reasonably estimated from time to time by the Lender. The amounts deposited under the preceding sentence are collectively referred to in this Mortgage as the "Imposition Deposits". The obligations of Mortgagor for which the Imposition Deposits are required are collectively referred to in this Instrument as "Impositions". The amount of the Imposition Deposits shall be sufficient to enable the Lender to pay each Imposition before the last date upon which such payment may be made

Loan Number: 4045001716

without any penalty or interest charge being added. The Lender shall maintain records indicating how much of the monthly Imposition Deposits and how much of the aggregate Imposition Deposits held by the Lender are held for the purpose of paying Taxes, insurance premiums and each other obligation of Mortgagor for which Imposition Deposits are required. Any waiver by the Lender of the requirement that Mortgagor remit Imposition Deposits to the Lender may be revoked by the Lender, in the Lender's discretion, at any time upon notice to Mortgagor.

(c) Imposition Deposits shall be held in an institution (which may be the Lender, if the Lender is such an institution) whose deposits or accounts are insured or guaranteed by a federal agency. The Lender shall not be obligated to open segregated accounts and shall be able to commingle Imposition Deposits with other borrowers, nor shall the Lender be obligated to open additional accounts or deposit Imposition Deposits in additional institutions when the amount of the Imposition Deposits exceeds the maximum amount of the federal deposit insurance or guaranty. The Lender shall apply the Imposition Deposits to pay Impositions so long as no Event of Default has occurred and is continuing. Unless applicable law requires, the Lender shall not be required to pay Mortgagor any interest, earnings or profits on the Imposition Deposits. Mortgagor hereby pledges and grants to the Lender a security interest in the Imposition Deposits as additional security for all of Mortgagor's obligations under this Instrument and the other Loan Documents. Any amounts deposited with the Lender under this Section 2.5 shall not be trust funds, nor shall they operate to reduce the Indebtedness, unless applied by the Lender for that purpose under Section 2.5(f).

(d) If the Lender receives a bill or invoice for an Imposition, the Lender shall pay the Imposition from the Imposition Deposits held by the Lender. The Lender shall have no obligation to pay any Imposition to the extent it exceeds Imposition Deposits then held by the Lender. The Lender may pay an Imposition according to any bill, statement or estimate from the appropriate public office or insurance company without inquiring into the accuracy of the bill, statement or estimate or into the validity of the Imposition.

(e) If at any time the amount of the Imposition Deposits held by the Lender for payment of a specific Imposition exceeds the amount reasonably deemed necessary by the Lender, the excess shall be credited against future installments of Imposition Deposits. If at any time the amount of the Imposition Deposits held by the Lender for payment of a specific Imposition is less than the amount reasonably estimated by the Lender to be necessary, Mortgagor shall pay to the Lender the amount of the deficiency within 15 days after notice from the Lender. The Lender reserves the right without obligation to fund any shortfalls, and to the extent permitted by law charge interest on such shortfall equal to the aggregate of 4.0% plus the rate of interest that the Mortgagor is paying at the time of default until the shortfall is repaid in full.

(f) If an Event of Default has occurred and is continuing, the Lender may apply any Imposition Deposits, in any amounts and in any order as the Lender determines, in the Lender's discretion, to pay any Impositions or as a credit against the Indebtedness. Upon payment in full of the Indebtedness, the Lender shall refund to Mortgagor any Imposition Deposits held by the Lender.

2.6 Notices: Notice of Default. The Mortgagor will deliver to the Lender, promptly upon receipt of the same, copies of all notices or other documents it receives that affect the Property or its use, or claim that the Mortgagor is in default in the performance or observance of any of the terms hereof or that the Mortgagor or any tenant is in default of any terms of the Leases. The Mortgagor further agrees to deliver to the Lender written notice promptly upon the occurrence of any Event of Default hereunder or event that with the giving of notice or lapse of time, or both, would constitute an Event of Default hereunder.

2.7 Takings. In case of any condemnation or expropriation for public use of, or any damage by reason of the action of any public or governmental entity or authority to, all or any part of the Property (a "Taking"), or the commencement of any proceedings or negotiations that might result in a Taking, the Mortgagor shall immediately give written notice to the Lender, describing the nature and extent thereof. The Lender may, at its option, appear in any proceeding for a Taking or any negotiations relating to a

Loan Number: 4045001716

Taking and the Mortgagor shall immediately give to the Lender copies of all notices, pleadings, determinations and other papers relating thereto. The Mortgagor shall in good faith and with due diligence and by proper proceedings file and prosecute its claims for any award or payment on account of any Taking. The Mortgagor shall not settle any such claim without the Lender's prior written consent. The Mortgagor shall hold any amounts received with respect to such awards or claims, by settlement, judicial decree or otherwise, in trust for the Lender and immediately pay the same to the Lender. The Mortgagor authorizes any award or settlement due in connection with a Taking to be paid directly to the Lender in amounts not exceeding the Obligations. The Lender may apply such amounts to the Obligations in such order as the Lender may determine.

2.8 Insurance Proceeds. The proceeds of any insurance resulting from any loss with respect to the Property shall be paid to the Lender and, at the option of the Lender, be applied to the Obligations in such order as the Lender may determine; provided, however, that if the Lender shall require repair of the Property, the Lender may release all or any portion of such proceeds to the Mortgagor for such purpose. Any insurance proceeds paid to the Mortgagor shall be held in trust for the Lender and promptly paid to it.

3. CERTAIN RIGHTS OF THE LENDER

3.1 Legal Proceedings. The Lender shall have the right, but not the duty, to intervene or otherwise participate in any legal or equitable proceeding that, in the Lender's reasonable judgment, might affect the Property or any of the rights created or secured by this Mortgage. The Lender shall have such right whether or not there shall have occurred an Event of Default hereunder.

3.2 Appraisals/Assessments. The Lender shall have the right, at the Mortgagor's sole cost and expense, to obtain appraisals, environmental site assessments or other inspections of the portions of the Property that are real estate at such times as the Lender deems necessary or as may be required by applicable law, or its prevailing credit or underwriting policies.

3.3 Credit Reports. The Mortgagor authorizes the Lender to obtain credit reports on Mortgagor at any time including without limitation so-called Fair Isaac & Co. ("FICO") scores and/or similar credit ratings.

3.4 Information Disclosure. The Lender shall have the right to disclose or share information regarding the Property, Mortgagor or any guarantor with other parties that may have an interest in the purchase, evaluation, performance, servicing, securitization or enforcement of the loan. The Mortgagor and any guarantor hereby waive all rights they may have under applicable law prohibiting such disclosure, including but not limited to any right of privacy.

3.5 Financial Statements. The Lender shall have the right, at the Mortgagor's sole cost and expense, to require delivery of financial statements in form and substance acceptable to the Lender from the Mortgagor or any guarantor of any of the Obligations and the Mortgagor hereby agrees to deliver such financial statements and/or cause any such guarantor to so deliver any such financial statement when required by the Lender.

3.6 Tax Return. Mortgagor shall provide the Lender with copies of Mortgagor's filed Federal and state tax returns for the prior year within 30 days after the date that Mortgagor's tax returns are required to be filed.

3.7 Leases and Rent Roll. The Mortgagor shall deliver to the Lender (i) during each calendar year and at such other times as the Lender shall request a rent roll for the Property, in form acceptable to the Lender, listing all tenants and occupants and describing all of the Leases; and (ii) at such times as the Lender shall request executed copies of all the Leases.

Loan Number: 4045001716

4. DEFAULTS AND REMEDIES

4.1 Events of Default. Event of Default shall mean the occurrence of any one or more of the following events:

- (a) default of any liability, obligation, covenant or undertaking of the Mortgagor or any guarantor of the Obligations to the Lender, hereunder or otherwise, including, without limitation, failure to pay in full and when due any installment of principal or interest or default of the Mortgagor or any guarantor of the Obligations under any other Loan Document or any other agreement with the Lender;
- (b) failure by the Mortgagor or any guarantor of the Obligations to perform, observe or comply with any of the covenants, agreements, terms or conditions set forth in this Mortgage or the Loan Documents;
- (c) the (i) occurrence of any material loss, theft, damage or destruction of, or (ii) issuance or making of any levy, seizure, attachment, execution or similar process on a material portion of the Property;
- (d) failure of the Mortgagor or any guarantor of the Obligations to maintain aggregate collateral security value satisfactory to the Lender;
- (e) default of any material liability, obligation or undertaking of the Mortgagor or any guarantor of the Obligations to any other party;
- (f) if any statement, representation or warranty heretofore, now or hereafter made by the Mortgagor or any guarantor of the Obligations in connection with this Mortgage or in any supporting financial statement of the Mortgagor or any guarantor of the Obligations shall be determined by the Lender to have been false or misleading in any material respect when made;
- (g) if the Mortgagor or any guarantor of the Obligations is a corporation, trust, partnership or limited liability company, the liquidation, termination or dissolution of any such organization, or the merger or consolidation of such organization into another entity, or its ceasing to carry on actively its present business or the appointment of a receiver for its property;
- (h) the death of the Mortgagor or any guarantor of the Obligations and, if the Mortgagor or any guarantor of the Obligations is a partnership or limited liability company, the death of any partner or member;
- (i) the institution by or against the Mortgagor or any guarantor of the Obligations of any proceedings under the Bankruptcy Code 11 USC §101 *et seq.* or any other law in which the Mortgagor or any guarantor of the Obligations is alleged to be insolvent or unable to pay its debts as they mature, or the making by the Mortgagor or any guarantor of the Obligations of an assignment for the benefit of creditors or the granting by the Mortgagor or any guarantor of the Obligations of a trust mortgage for the benefit of creditors;
- (j) the service upon the Lender of a writ in which the Lender is named as trustee of the Mortgagor or any guarantor of the Obligations;
- (k) a judgment or judgments for the payment of money shall be rendered against the Mortgagor or any guarantor of the Obligations, and any such judgment shall remain unsatisfied and in effect for any period of thirty (30) consecutive days without a stay of execution;

Loan Number: 4045001716

- (l) any levy, lien (including mechanics lien), seizure, attachment, execution or similar process shall be issued or levied on any of the property of the Mortgagor or any guarantor of the Obligations;
- (m) the failure of Mortgagor to execute and/or provide within 14 days any additional documents requested by the Lender to correct any document errors, perfect the Lender's lien, or Mortgagor's Obligations pertaining to the Loan Documents.
- (n) the termination or revocation of any guaranty of the Obligations; or
- (o) the occurrence of such a change in the condition or affairs (financial or otherwise) of the Mortgagor or any guarantor of the Obligations, or the occurrence of any other event or circumstance, such that the Lender, in its sole discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any obligation of the Mortgagor or any guarantor of the Obligations to the Lender has been or may be impaired.

4.2 Remedies. On the occurrence of any Event of Default the Lender may, at any time thereafter, at its option and, to the extent permitted by applicable law, without notice, exercise any or all of the following remedies:

- (a) Declare the Obligations due and payable, and the Obligations shall thereupon become immediately due and payable, without presentment, protest, demand or notice of any kind, all of which are hereby expressly waived by the Mortgagor except for Obligations due and payable on demand, which shall be due and payable on demand whether or not an event of default has occurred hereunder;
- (b) Enter, take possession of, manage and operate the Property (including all personal property and all records and documents pertaining thereto) and any part thereof and exclude the Mortgagor therefrom; take all actions it deems necessary or proper to preserve the Property and operate the Property as a mortgagee in possession with all the powers as could be exercised by a receiver or as otherwise provided herein or by applicable law; provided, however, the entry by the Lender upon the Property for any reason shall not cause the Lender to be a mortgagee in possession, except upon the express written declaration of the Lender;
- (c) With or without taking possession, receive and collect all rents, income, issues and profits ("Rents") from the Property (including all real estate and personal property and whether past due or thereafter accruing), including as may arise under the Leases, and the Mortgagor appoints the Lender as its true and lawful attorney with the power for the Lender in its own name and capacity to demand and collect Rents and take any action that the Mortgagor is authorized to take under the Leases. The Lender shall (after payment of all costs and expenses incurred) apply any Rents received by it to the Obligations in such order as the Lender determines, or in accordance with any applicable statute, and the Mortgagor agrees that exercise of such rights and disposition of such funds shall not be deemed to cure any default or constitute a waiver of any foreclosure once commenced nor preclude the later commencement of foreclosure for breach thereof. The Lender shall be liable to account only for such Rents actually received by the Lender. Lessees under the Leases are hereby authorized and directed, following notice from the Lender, to pay all amounts due the Mortgagor under the Leases to the Lender, whereupon such lessees shall be relieved of any and all duty and obligation to the Mortgagor with respect to such payments so made;
- (d) In the event this Mortgage shall include more than one parcel of property or subdivision (each hereinafter called a "portion"), the Lender shall, in its sole and exclusive discretion, be empowered to foreclose upon any such portion without impairing its right to foreclose subsequently upon any other portion or the entirety of the Property from time to time

Loan Number: 4045001716

thereafter. In addition, the Lender may in its discretion subordinate this Mortgage to one or more Leases for the sole purpose of preserving any such Lease in the event of a foreclosure;

- (e) If the Property shall consist of one or more parcels, whether or not contiguous and whether or not located in the same county, or if in addition to this Mortgage, the Lender shall now or hereafter hold one or more mortgages for the Obligations upon the Property or any additional property, then to the fullest extent permitted by law, the Lender may, at its election, commence or consolidate in a single foreclosure action all foreclosure proceedings against all such properties securing the Obligations (including the Property), which action may be brought or consolidated in the courts of any county in Indiana where the Property is located. The Mortgagor acknowledges that the right to maintain a consolidated foreclosure action is a specific inducement to the Lender to extend the Obligations secured by this Mortgage, and the Mortgagor expressly and irrevocably waives any objections to the commencement or consolidation of the foreclosure proceedings in a single action and any objections to the laying of venue or based on the grounds of forum non conveniens that it may now or hereafter have. The Mortgagor further agrees that if the Lender shall be prosecuting one or more foreclosure or other proceedings against a portion of the Property or any additional properties, or if the Lender shall have obtained a judgment of foreclosure and sale or similar judgment against such collateral, then, whether or not such proceedings are being maintained or judgments were obtained inside or outside the State of Indiana, the Lender may commence or continue foreclosure proceedings and exercise its other remedies granted in this Mortgage against all or any part of the Property and/or additional properties, and the Mortgagor waives any objections to the commencement or continuation of a foreclosure of this Mortgage or exercise of any other remedies hereunder based on such other proceedings or judgments, and waives any right to seek to dismiss, stay, remove, transfer or consolidate either any action under this Mortgage or such other proceedings on such basis. Neither the commencement nor continuation of proceedings to foreclose this Mortgage nor the exercise of any other rights hereunder nor the recovery of any judgment by the Lender in any such proceedings shall prejudice, limit or preclude the Lender's right to commence or continue one or more foreclosure or other proceedings or obtain a judgment against any additional properties or other collateral (either inside or outside the State of Indiana) that directly or indirectly secures the Obligations, and the Mortgagor expressly waives any objections to the commencement of, continuation of, or entry of a judgment in such other proceedings or exercise of any remedies in such proceedings based upon any action or judgment connected to this Mortgage, and the Mortgagor also waives any right to seek to dismiss, stay, remove, transfer or consolidate either such other proceedings or any action under this Mortgage on such basis. It is expressly understood and agreed that, to the fullest extent permitted by law, the Lender may, at its election, cause the sale of all Property and/or additional properties that are the subject of a single foreclosure action at either a single sale or at multiple sales conducted simultaneously and take such other measures as are appropriate in order to effect the agreement of the parties to dispose of and administer all collateral securing the Obligations (directly or indirectly) in the most economical and least time-consuming manner;
- (f) Upon, or at any time after, instituting any judicial foreclosure of the liens and security interests provided for herein or any other legal proceedings hereunder, the Lender may make application to a court of competent jurisdiction for appointment of a receiver for all or any part of the Property, as a matter of strict right and without notice to Mortgagor and without regard to the adequacy of the Property for the repayment of the Obligations or the solvency of Mortgagor or any person or persons liable for the payment of the Obligations secured hereby, and Mortgagor does hereby irrevocably consent to such appointment. Such receiver shall have all of the powers and duties of receivers pursuant to I.C. § 34-48-1-7;
- (g) Cause one or more environmental assessments to be taken, arrange for the cleanup of any Hazardous Substances or otherwise cure the Mortgagor's failure to comply with any statute, regulation or ordinance relating to the presence or cleanup of Hazardous Substances, and the Mortgagor shall provide the Lender or its agents with access to the Property for such

Loan Number: 4045001716

purposes; provided that the exercise of any of such remedies shall not be deemed to have relieved the Mortgagor from any responsibility therefor or given the Lender "control" over the Property or cause the Lender to be considered to be a mortgagee in possession, "owner" or "operator" of the Property for purposes of any applicable law, rule or regulation pertaining to Hazardous Substances; and

- (h) Take such other actions or proceedings as the Lender deems necessary or advisable to protect its interest in the Property and ensure payment and performance of the Obligations, including, without limitation, appointment of a receiver (and the Mortgagor hereby waives any right to object to such appointment) and exercise of any of the Lender's remedies provided herein or in any other document evidencing, securing or relating to any of the Obligations or available to a secured party under the Uniform Commercial Code or under other applicable law.

In addition, the Lender shall have all other remedies provided by applicable law, including, without limitation, the right to pursue a judicial sale of the Property or any portion thereof by deed, assignment or otherwise. Where any provision of this Mortgage is inconsistent with any provision of Indiana law regulating the creation or enforcement of a lien or security interest in real or personal property including, without limitation, I.C. § 32-15-6-1 et. seq. ("Foreclosure of Mortgages"), the provisions of Indiana law shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provisions of this Mortgage that can be construed in a manner consistent with Indiana law. To the extent the laws of Indiana limit (i) the availability of the exercise of any of the remedies set forth herein, including without limitation the remedies involving a power of sale on the part of the Lender and the right of the Lender to exercise self-help in connection with the enforcement of the terms of this Mortgage, or (ii) the enforcement of waivers and indemnities made by the Mortgagor, such remedies, waivers, or indemnities shall be exercisable or enforceable, any provisions in this Mortgage to the contrary notwithstanding, if, and to the extent, permitted by the laws in force at the time of the exercise of such remedies or the enforcement of such waivers or indemnities without regard to the enforceability of such remedies, waivers or indemnities at the time of the execution and delivery of this Mortgage.

The Mortgagor agrees and acknowledges that the acceptance by the Lender of any payments from either the Mortgagor or any guarantor after the occurrence of any Event of Default, the exercise by the Lender of any remedy set forth herein or the commencement, discontinuance or abandonment of foreclosure proceedings against the Property shall not waive the Lender's subsequent or concurrent right to foreclose or operate as a bar or estoppel to the exercise of any other rights or remedies of the Lender. The Mortgagor agrees and acknowledges that the Lender, by making payments or incurring costs described herein, shall be subrogated to any right of the Mortgagor to seek reimbursement from any third parties, including, without limitation, any predecessor in interest to the Mortgagor's title or other party who may be responsible under any law, regulation or ordinance relating to the presence or cleanup of Hazardous Substances.

From and after and Event of Default, to the extent permitted by law, and in addition to any other remedies of the Lender and only to the extent that other remedies of the Lender are not limited or impaired, if Mortgagor shall occupy all or any part of the Property, the Mortgagor shall pay to the Lender, if the Lender has taken possession of the Property as permitted by this Mortgage or a receiver of rents or other similar third party has been appointed to collect the rents or income from the Property, in advance on the first date of each month the fair market rental value for the space so occupied by the Mortgagor, and upon failure to pay such amounts the Lender or such receiver shall be entitled to remove the Mortgagor from the Property in accordance with applicable law.

Loan Number: 4045001716

4.3 Advances. If the Mortgagor fails to pay or perform any of its obligations respecting the Property, the Lender may in its sole discretion do so without waiving or releasing Mortgagor from any such obligation. Any such payments may include, but are not limited to, payments for taxes, assessments and other governmental levies, water rates, insurance premiums, maintenance, repairs or improvements constituting part of the Property. Any amounts paid by the Lender hereunder shall be, until reimbursed by the Mortgagor, part of the Obligations and secured by this Mortgage, and shall be due and payable to the Lender, on demand, together with interest thereon to the extent permitted by applicable law, at the highest rate permitted under any of the notes evidencing the Obligations.

4.4 Cumulative Rights and Remedies. All of the foregoing rights, remedies and options (including without limitation the right to enter and take possession of the Property, the right to manage and operate the same, and the right to collect Rents, in each case whether by a receiver or otherwise) are cumulative and in addition to any rights the Lender might otherwise have, whether at law or by agreement, and may be exercised separately or concurrently and none of which shall be exclusive of any other. The Mortgagor further agrees that the Lender may exercise any or all of its rights or remedies set forth herein without having to pay the Mortgagor any sums for use or occupancy of the Property.

4.5 Mortgagor's Waiver of Certain Rights. To the extent permitted by applicable law, the Mortgagor hereby waives the benefit of all present and future laws (i) providing for any appraisal before sale of all or any portion of the Property or (ii) in any way extending the time for the enforcement of the collection of the Obligations or creating or extending a period of redemption from any sale made hereunder.

5. MISCELLANEOUS

5.1 Costs and Expenses. To the extent permitted by applicable law, the Mortgagor shall pay to the Lender, on demand, all reasonable expenses (including attorneys' fees and expenses and reasonable consulting, accounting, appraisal, brokerage and similar professional fees and charges) incurred by the Lender in connection with the Lender's interpretation, recordation of this Mortgage, exercise, preservation or enforcement of any of its rights, remedies and options set forth in this Mortgage and in connection with any litigation, proceeding or dispute whether arising hereunder or otherwise relating to the Obligations (including without limitation any fees, expenses, charges or penalties imposed upon the Lender by any servicer), together with interest thereon to the extent permitted by applicable law, until paid in full by the Mortgagor at the highest rate set forth in any of the notes evidencing the Obligations. Any amounts owed by the Mortgagor hereunder shall be, until paid, part of the Obligations and secured by this Mortgage, and the Lender shall be entitled, to the extent permitted by law, to receive and retain such amounts in any action for a deficiency against or redemption by the Mortgagor, or any accounting for the proceeds of a foreclosure sale or of insurance proceeds.

5.2 Indemnification Regarding Leases. The Mortgagor hereby agrees to defend, and does hereby indemnify and hold the Lender and each of its directors, officers, employees, agents and attorneys (each an "Indemnitee") harmless from all losses, damages, claims, costs or expenses (including attorneys' fees and expenses) resulting from the assignment of the Leases and from all demands that may be asserted against such Indemnitees arising from any undertakings on the part of the Lender to perform any obligations under the Leases. It is understood that the assignment of the Leases shall not operate to place responsibility for the control or management of the Property upon the Lender or any Indemnitee or make them liable for performance of any of the obligations of the Mortgagor under Leases, respecting any condition of the Property or any other agreement or arrangement, written or oral, or applicable law.

5.3 Indemnification Regarding Hazardous Substances. The Mortgagor hereby agrees to defend, and does hereby indemnify and hold harmless each Indemnitee from and against any and all losses, damages, claims, costs or expenses, including, without limitation, litigation costs and attorneys' fees and expenses and fees or expenses of any environmental engineering or cleanup firm incurred by such Indemnitee and arising out of or in connection with the Property or resulting from the application of any current or future law, regulation or ordinance relating to the presence or cleanup of Hazardous Substances on or affecting the Property. The Mortgagor agrees its obligations hereunder shall be

Loan Number: 4045001716

continuous and shall survive termination or discharge of this Mortgage and/or the repayment of all debts to the Lender including repayment of all Obligations.

5.4 Indemnitee's Expenses. If any Indemnitee is made a party defendant to any litigation or any claim is threatened or brought against such Indemnitee concerning this Mortgage or the Property or any part thereof or therein or concerning the construction, maintenance, operation or the occupancy or use thereof by the Mortgagor or other person or entity, then the Mortgagor shall indemnify, defend and hold each Indemnitee harmless from and against all liability by reason of said litigation or claims, including attorneys' fees and expenses incurred by such Indemnitee in connection with any such litigation or claim, whether or not any such litigation or claim is prosecuted to judgment. The within indemnification shall survive payment of the Obligations, and/or any termination, release or discharge executed by the Lender in favor of the Mortgagor.

5.5 Waivers. The Mortgagor waives notice of nonpayment, demand, presentment, protest or notice of protest of the Obligations and all other notices, consents to any renewals or extensions of time of payment thereof, and generally waives any and all suretyship defenses and defenses in the nature thereof. No delay or omission of the Lender in exercising or enforcing any of its rights, powers, privileges, remedies, immunities or discretion (all of which are hereinafter collectively referred to as "the Lender's rights and remedies") hereunder shall constitute a waiver thereof; and no waiver by the Lender of any default of the Mortgagor hereunder or of any demand shall operate as a waiver of any other default hereunder or of any other demand. No term or provision hereof shall be waived, altered or modified except with the prior written consent of the Lender, which consent makes explicit reference to this Mortgage. Except as provided in the preceding sentence, no other agreement or transaction, of whatsoever nature, entered into between the Lender and the Mortgagor at any time (whether before, during or after the effective date or term of this Mortgage) shall be construed as a waiver, modification or limitation of any of the Lender's rights and remedies under this Mortgage (nor shall anything in this Mortgage be construed as a waiver, modification or limitation of any of the Lender's rights and remedies under any such other agreement or transaction) but all the Lender's rights and remedies not only under the provisions of this Mortgage but also under any such other agreement or transaction shall be cumulative and not alternative or exclusive, and may be exercised by the Lender at such time or times and in such order of preference as the Lender in its sole discretion may determine. Anything contained herein or in I.C. § 32-8-16-1.5 to the contrary notwithstanding, no waiver made by Mortgagor under this Mortgage or any or all of the other Loan Documents shall constitute the consideration for or be deemed to be a waiver or release by the Lender or any judgment holder of the Obligations or the right to seek a deficiency judgment against Mortgagor or any other person or entity who may be personally liable for the Obligations, which right to seek a deficiency judgment is hereby reserved, preserved and retained by the Lender for its own behalf and its successors and assigns.

5.6 Waiver of Homestead. To the maximum extent permitted under applicable law, the Mortgagor hereby waives and terminates any homestead rights and/or exemptions respecting the Property under the provisions of any applicable homestead laws, including without limitation, IC 34-55-10-2.

5.7 Joint and Several. If there is more than one Mortgagor, each of them shall be jointly and severally liable for payment and/or performance of all obligations secured by this Mortgage and the term "Mortgagor" shall include each as well as all of them.

5.8 Severability. If any part, provision, representation, warranty or covenant of this Mortgage or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the remainder of this Mortgage (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby. Any part, provision, representation, warranty or covenant of this Mortgage that is prohibited or unenforceable or is held to be void or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Further supplementing any other provision of this Mortgage, if any

Loan Number: 4045001716

payment of any amounts required to be paid hereunder shall exceed the amount permitted by applicable law, then such payment or amount required to be paid shall be deemed reduced to the maximum amount permitted by law; however to the maximum extent permitted by law, and in the Lender's sole discretion, any such excess amounts shall nevertheless be paid by the Mortgagor and applied to other amounts which have or may become due and payable pursuant to this Mortgage. To the extent permitted by applicable law, the parties hereto waive any provision of law which prohibits or renders void or unenforceable any provision hereof.

5.9 Complete Agreement. This Mortgage and the other Loan Documents constitute the entire agreement and understanding between and among the parties hereto relating to the subject matter hereof, and supersedes all prior proposals, negotiations, agreements and understandings among the parties hereto with respect to such subject matter.

5.10 Binding Effect of Agreement. This Mortgage shall run with the land and be binding upon and inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and the Lender shall be entitled to rely thereon) until all Obligations are fully and indefeasibly paid. The Lender may transfer and assign this Mortgage and deliver any collateral to the assignee, who shall thereupon have all of the rights of the Lender; and the Lender shall then be relieved and discharged of any responsibility or liability with respect to this Mortgage and such collateral. Except as expressly provided herein or in the other Loan Documents, nothing, expressed or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Mortgage or the other Loan Documents.

5.11 Notices. Any notices under or pursuant to this Mortgage shall be deemed duly received and effective if delivered in hand to any officer or agent of the Mortgagor or Lender, or if mailed by registered or certified mail, return receipt requested, addressed to the Mortgagor or Lender at the address set forth in this Mortgage or as any party may from time to time designate by written notice to the other party.

5.12 Governing Law. This Mortgage shall be governed by Indiana law.

5.13 Reproductions. This Mortgage and all documents which have been or may be hereinafter furnished by the Mortgagor to the Lender may be reproduced by the Lender by any photographic, photostatic, microfilm, xerographic or similar process, and any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business).

5.14 Jurisdiction and Venue. The Mortgagor irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Indiana, over any suit, action or proceeding arising out of or relating to this Mortgage. The Mortgagor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. The Mortgagor hereby consents to process being served in any such suit, action or proceeding (i) by the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the Mortgagor's address set forth herein or such other address as has been provided in writing to the Lender and (ii) in any other manner permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Mortgagor.

5.15 **SALE OF NOTE:CHANGE OF SERVICER.** The Note or a partial interest in the Note (together with this Mortgage and the other Loan Documents) may be sold in whole or in part one or more times without prior notice to Mortgagor. A sale may result in a change in the loan servicer. There also may be one or more changes of the loan servicer unrelated to a sale of the Note. If there is a change of the loan servicer, Mortgagor will be given notice of the change.

Loan Number: 4045001716

5.16 **JURY WAIVER.** THE MORTGAGOR AND THE LENDER EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A) WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS MORTGAGE, THE OBLIGATIONS, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND (B) AGREE NOT TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. THE MORTGAGOR CERTIFIES THAT NEITHER THE LENDER NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE LENDER WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

EXECUTED under seal as of the date first above written.

Witness:

Mortgagor:


Victor Arrocha, Individually



Loan Number: 4045001716

STATE OF INDIANA
COUNTY OF Lake

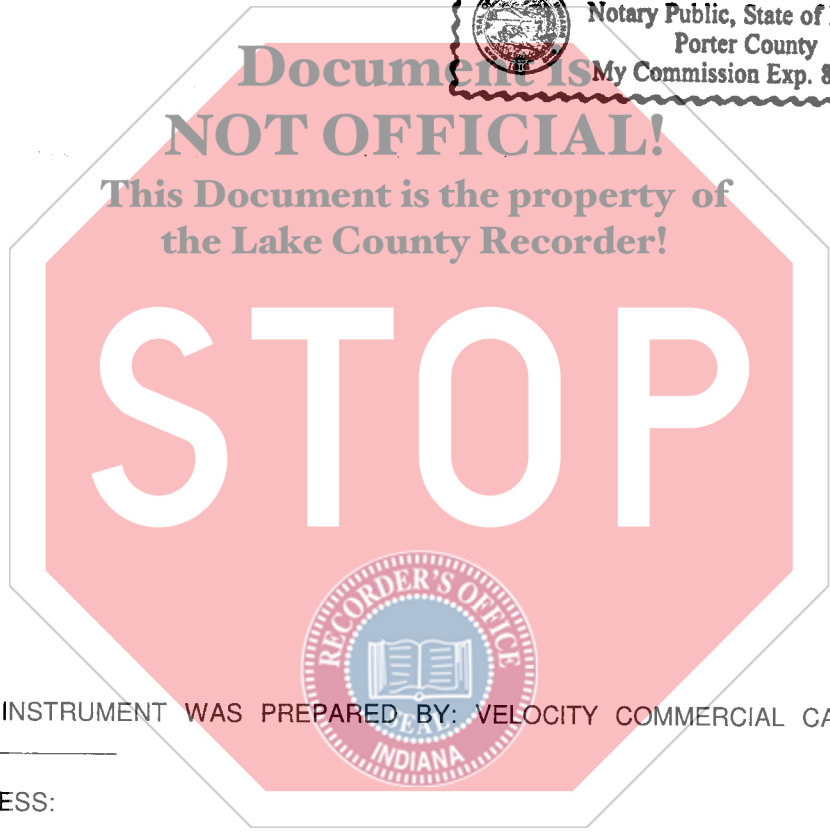
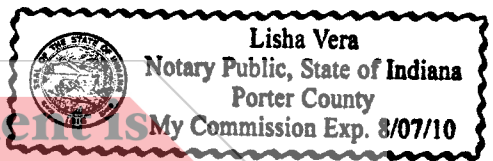
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SS.
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Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Victor Arrocha, known to me, who having been duly sworn under oath, acknowledges the execution of the foregoing instrument.

Witness my hand and Notarial Seal the 04 day of November, 2008

[Handwritten Signature]

_____, NOTARY PUBLIC
RESIDING IN _____ COUNTY, INDIANA



THIS INSTRUMENT WAS PREPARED BY: VELOCITY COMMERCIAL CAPITAL, LLC /

ADDRESS:
5716 Corsa Avenue, Suite 102
Westlake Village, California 91362

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. Lishalera

Loan Number: 4045001716

No: 620085326

LEGAL DESCRIPTION

Lot 1 in Huehn's Third Addition to the City of Hammond, as per Plat thereof, recorded in Plat Book 6, Page 11, in the Office of the Recorder of Lake County, Indiana.



EXHIBIT "A"

Property Description

See Legal Description attached hereto and made a part hereof.



Loan Number: 4045001716

EXHIBIT "B"

Permitted Encumbrances

None



Loan Number: 4045001716