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**REAL ESTATE
MORTGAGE**

THIS MORTGAGE

("Mortgage") is given on

June 7, 2009.

The Mortgagor is:

**RES PROPERTIES, LLC,
3 N. Court Street, P.O. Box
335, Crown Point, IN 46307**

(FOR RECORDER'S USE ONLY)

2009 050157

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

2009 JUL 21 AM 9:03

MICHAEL A. BROWN
RECORDER

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This Mortgage is given by **RES PROPERTIES, LLC** ("Borrower" or "Mortgagor") to **JAMES M. STEHLIK** (hereinafter "Lender" or "Mortgagee") whose address is 10354 Randall Drive, Carmel, IN 46033. Borrower owes Lender the principal sum of Sixty Thousand Dollars (\$60,000.00). This debt is evidenced by Borrower's Note dated June 2009 ("Note") which provides for payment of all principal and interest, if not paid earlier, on June 30, 2012 plus an additional "exit interest bonus" due and payable on June 30, 2014. This Mortgage secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest as provided by the terms of the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 6 to protect the security of this Mortgage; and (c) the performance of the Borrower's covenants and agreements under this Mortgage and the Note. For these purposes Borrower does hereby mortgage and warrant to Lender and Lender's successors and assigns the following property:

Lot 6 and the West Half (1/2) of Lot 7, in Block 22, in Gary Land Company's 4th Subdivision, in the City of Gary, as per plat thereof, recorded in Plat Book 14, Page 15, in the Office of the Recorder of Lake County, Indiana.

Address: 2000 West 5th Avenue, Gary, Indiana 46404 ("Property Address")

TO HAVE AND TO HOLD this property unto Lender and Lender's successors and assigns, forever, together with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Mortgage. All of the foregoing is referred to in this Mortgage as the "Property".

BORROWER COVENANTS that Borrower is the lawful owner of the estate hereby conveyed and has the right to mortgage and warrant the Property and that the Property is unencumbered, except for prior encumbrances currently of record and disclosed to Lender. Borrower warrants and will defend generally the title to the Property against all claims and demands subject to any prior encumbrances of record.

Borrower and Lender covenant and agree as follows:

Chicago Title Insurance Company

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(4)

1. Payment of Principal, Interest and Other Charges. Subject to paragraph 10, Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any late charges, repayment charges, collection costs and expenses and dishonored check charges as provided in the Note.

2. Application of Payments. Unless applicable law provides otherwise, Lender will apply each of Borrower's payments under the Note first to accrued and unpaid interest under the Note to the date of payment and the remainder, if any, to the unpaid principal balance under the Note. Any late charges, prepayment charges, collection costs and expenses, dishonored check charges and payments made by Lender to enforce the Note and/or protect Lender's interests under this Mortgage will be assessed separately.

3. Prior Mortgage; Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property including any obligations, which may attain priority over this Mortgage, and leasehold payments or ground rents, if any. Borrower shall pay these obligations on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph, and receipts evidencing such payments.

Borrower shall perform all of Borrower's obligations under any mortgage, deed or trust or other security instrument with, creating or having a priority over this Mortgage, including but not limited to, Borrower's covenant to make payments when due. Borrower shall promptly discharge any lien which has priority over this Mortgage (other than a senior mortgage, deed of trust, or other security instrument that is existing of record at the time of origination of this Mortgage and with respect to which Borrower complies with the provisions of the immediately preceding sentence) unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Mortgage. If Lender determines that any part of the Property is subject to a lien, which may attain priority over this Mortgage, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

4. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire and any other hazards. This insurance shall be maintained in the amounts and for the periods that Lender requires, not to exceed the full replacement cost of the buildings and improvements on the Property. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval, which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 6.

All insurance policies and renewals must be acceptable to Lender and must include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall

promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restore or repair the Property damages, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Mortgage, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraph 1 or change the amount of the payments. If under paragraph 15 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Mortgage immediately prior to the acquisition.

5. Occupancy, Preservation, Maintenance and Protection of the Property. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall not permit, or be alleged to have permitted, the Property to be used in connection with any illegal activity. In that regard, Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Mortgage or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statement to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note.

6. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if Borrower has made any material misrepresentations hereunder, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority of this Mortgage, paying insurance premiums, appearing in court, paying reasonable attorney's fees to an attorney not a salaried employee of Lender and entering on the Property to make repairs. Although Lender may take action under this paragraph 6, Lender does not have to do so.

Any amount disbursed by Lender under this paragraph 6 shall become additional debt of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other

terms of payment, these amounts shall bear interest from the date of disbursement at the rate set forth in the Note (or, if the rate is an adjustable rate, at the rate then in effect under the Note as such rate may change from time to time) if permitted by law or, if not, at the highest lawful rate and shall be payable, together with such interest, upon notice from Lender to Borrower requesting payment.

7. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

8. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender and applied to the amount secured by this Mortgage, subject to the terms of any senior mortgage, deed of trust or other security instrument. Any excess will be paid to the persons legally entitled to it.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Mortgage, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application or proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraph 1 or change the amount of such payments.

9. Borrower Not Released; Forbearance by Lender, Not a Waiver. Extensions of the time for payment or modifications of amortization of the sums secured by this Mortgage granted by Lender to Borrower or to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

10. Successor and Assigns Bound; Joint and Several Liability; Co-Signers. The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of Lender and Borrower subject to the provisions of paragraph 15(B). Borrower's covenants hereunder shall be joint and several.

11. Notices. Any notice to Borrower provided for in this Mortgage shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the address at the top of page one or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address

Lender designates by notice to Borrower. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph 11.

12. Governing Law: Severability. This Mortgage shall be governed by federal law, Indiana law and any local law that applies in the place in which the Property is located. If any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision. To this end the provisions of this Mortgage and the Note are declared to be severable.

13. Sale of Note; Change of Loan Servicer. Borrower of note has first right of refusal to purchase note on the same terms and conditions should Lender elect to sell or assign the note to any third party prior to maturity.

14. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property. To the best of Borrower's knowledge, there are currently no environmental problems or hazardous environmental conditions relating to the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 14, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, lead-based paint, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 14, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

15. Lender's Rights if Borrower Fails to Keep Promises and Agreements. If any of the events or conditions described in subparagraphs (A), (B), (C), (D), (E) or (F) of this paragraph 15 shall occur, Lender may require that Borrower pay immediately the entire amount remaining unpaid under the Note and this Mortgage. This requirement will be called "Immediate Payment in Full."

If Lender requires Immediate Payment in Full, Lender may bring a lawsuit to take away all of Borrower's remaining rights in the Property and to have the Property sold. At this sale Lender or another person may acquire the Property. This is known as "foreclosure and sale". If the proceeds of this sale are insufficient to repay Lender the amounts due to Lender from Borrower under the Note and under this Mortgage, Lender may, to the extent not limited or prohibited by law, obtain a court judgment against Borrower personally for the difference between all amounts due from Borrower under the Note and this Mortgage and the sale proceeds. In any lawsuit for foreclosure and sale, Lender will have the right to collect all costs and expenses of the foreclosure and sale allowed by law. This includes reasonable attorney's fees and costs of title evidence. All such sums as may come due will be secured by the lien of this Mortgage.

Lender may require Immediate Payment in Full under this paragraph 15 if:

(A) Borrower fails to make any payment required by the Note or this Mortgage when it is due; or

(B) Except in those circumstances in which federal law otherwise provides, all or any part of the Property, or any right in the Property, is sold or transferred without Lender's prior written consent (or, if Borrower is not a natural person, if a beneficial interest in Borrower is sold or transferred); or

(C) On application of Lender, two or more insurance companies licensed to do business in the State in which the Property is located refuse to issue policies insuring the buildings and improvements on the Property; or

(D) Borrower fails to make any payment required by any senior mortgage, deed of trust or other security instrument encumbering or affecting the Property, or Borrower fails to keep any other promise or agreement in any senior mortgage, deed of trust or other security instrument encumbering or affecting the Property; or

(E) Borrower fails to keep any other promise or agreement in this Mortgage within the time set forth, or if no time is set forth in this Mortgage, then within the time set forth in the notice sent to Borrower by Lender; or

(F) Any representation made or information given to Lender by Borrower in connection with Borrower's application for the loan evidenced by the Note is false or misleading in any material respect.

16. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property to the extent that rents are not being collected by the holder of an assignment or rents which has priority over this Mortgage, provided that prior to acceleration hereof or abandonment of the Property, Borrower shall have the right to collect and retain such rents as they become due and payable. Upon acceleration hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the

receiver shall be applied to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Mortgage. Lender and any receiver shall be liable to account only for those rents actually received.

17. Substitution of Collateral. Borrower may, at Borrower's option and Borrower's expense, substitute the Property held as Collateral for this Mortgage at some point in the future by executing and recording a mortgage on another property, providing that at the time of the substitution that the equity of the substituted property can support the debt and principle of the Note, and that the cash flow is equal to, or in excess of, the payment on the Promissory Note.

18. Release. Upon payment and discharge of all sums secured by this Mortgage, this Mortgage shall become null and void and Lender shall release this Mortgage without charge to Borrower. Borrower shall pay all costs or recordation, if any.

BY SIGNING BELOW, Borrower (A) accepts and agrees to the terms and covenants contained in this Mortgage and in any rider(s) executed by Borrower and recorded with it, and (B) acknowledges receipt, without charge, of a true copy of this Mortgage.

BORROWER:

RES PROPERTIES, LLC

RES PROPERTIES, LLC


By: *Douglas A. Holok*
Douglas A. Holok, Member

By: *Jennifer L. Holok*, member
Jennifer L. Holok, Member

STATE OF INDIANA, COUNTY OF LAKE) SS:

Before me, a Notary Public in and for said County and State, on July 7th, 2009, **RES PROPERTIES, LLC**, by **Douglas A. Holok** and **Jennifer L. Holok**, as **Members**, acknowledged the execution of the foregoing Mortgage.

Witness my hand and Notarial Seal the day and year last above written.

 Lisha Vera
Notary Public, State of Indiana
Porter County
My Commission Exp. 8/07/10

Lisha Vera
SIGNATURE OF NOTARY PUBLIC
Printed Name

My Commission Expires:
Resident of _____ County

This instrument prepared by: **Kent A. Jeffirs, Attorney at Law**, 104 W. Clark Street, Crown Point, IN 46307. I affirm, under the penalties of perjury, that I have taken reasonable care to redact each Social Security number on this document, unless required by law.