

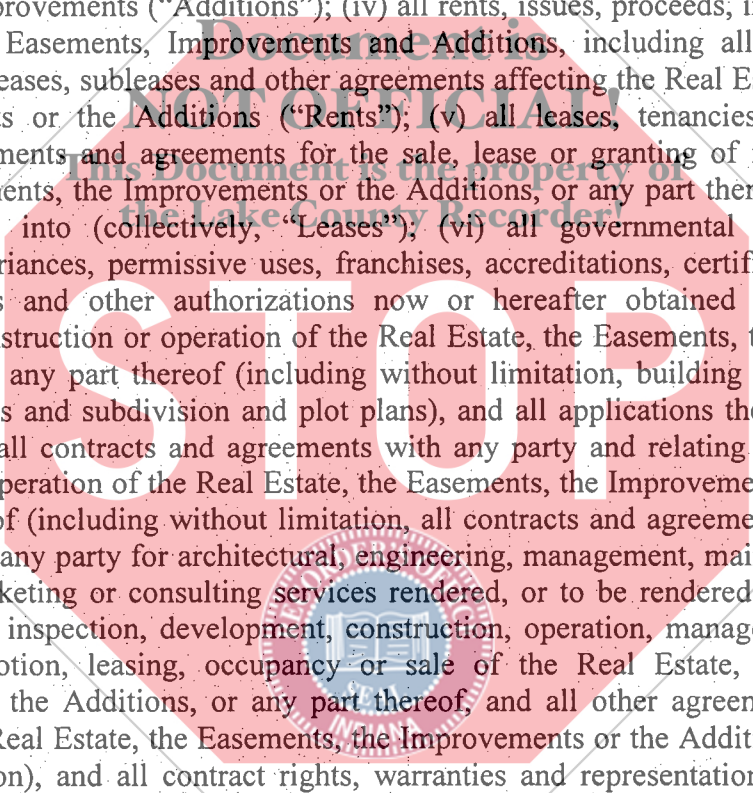
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MORTGAGE, SECURITY AGREEMENT,  
FIXTURE FILING AND ASSIGNMENT OF RENTS  
(Community Development Block Grant - Disaster Relief II Program Funds)

2011-11-10 10:07

THIS MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF RENTS ("Mortgage") WITNESSES: that NWI Veterans Village, LP, an Indiana limited partnership ("Mortgagor"), in consideration of One and No/100 Dollars (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged hereby MORTGAGES, ASSIGNS and WARRANTS to Broadway Area Community Development Corporation, an Indiana nonprofit corporation ("Mortgagee"), the real estate and property located in Lake County, State of Indiana ("Real Estate"), more particularly described on Exhibit A attached hereto and made a part hereof, together with all rights, title and interests of Mortgagor in and to: (i) all rights, privileges, interests, tenements, hereditaments, easements and appurtenances in any way now or hereafter pertaining to the Real Estate ("Easements"); (ii) all buildings and other improvements of every kind and description now or hereafter placed on the Real Estate, together with all fixtures, attached to or regularly used in connection with the Real Estate, and all replacements thereof ("Improvements"); (iii) all extensions, improvements, betterments, substitutes, replacements, renewals, additional and appurtenances of or to the Easements or Improvements ("Additions"); (iv) all rents, issues, proceeds, income and profits of the Real Estate, Easements, Improvements and Additions, including all payments made in connection with leases, subleases and other agreements affecting the Real Estate, the Easements, the Improvements or the Additions ("Rents"); (v) all leases, tenancies, occupancy rights, occupancy agreements and agreements for the sale, lease or granting of interests in the Real Estate, the Easements, the Improvements or the Additions, or any part thereof, now existing or hereafter entered into (collectively, "Leases"); (vi) all governmental licenses, approvals, qualifications, variances, permissive uses, franchises, accreditations, certificates, certifications, consents, permits and other authorizations now or hereafter obtained and relating to the development, construction or operation of the Real Estate, the Easements, the Improvements or the Additions, or any part thereof (including without limitation, building permits, subdivision and plat approvals and subdivision and plot plans), and all applications therefore (collectively, "Permits"); (vii) all contracts and agreements with any party and relating to the development, construction, or operation of the Real Estate, the Easements, the Improvements or the Additions, or any part thereof (including without limitation, all contracts and agreements now or hereafter entered into with any party for architectural, engineering, management, maintenance, brokerage, promotional, marketing or consulting services rendered, or to be rendered, with respect to the planning, design, inspection, development, construction, operation, management, maintenance, marketing, promotion, leasing, occupancy or sale of the Real Estate, the Easements, the Improvements or the Additions, or any part thereof, and all other agreements relating to the operation of the Real Estate, the Easements, the Improvements or the Additions or the provision of services thereon), and all contract rights, warranties and representations, now or hereafter issued by, entered into with, or made by, any governmental authority or other third party (collectively, "Contracts"); (viii) all of the plans, specifications and drawings heretofore or hereafter prepared by any architect, engineer or other contractor with respect to the Real Estate, the Easements, the Improvements or the Additions, or any part thereof (including without limitation, subdivision and plot plans, foundation plans, utilities facilities plans, floor plans, elevations, framing plans, cross-sections of walls, mechanical plans, electrical plans and

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architectural and engineering plans and specifications and architectural and engineering studies and analyses) (collectively, "Plans"); (ix) any completion bond, performance bond, labor and material payment bond and any other bond (and the proceeds therefrom) relating to the Real Estate, the Easements, the Improvements or the Additions, or any part thereof, or to any contract providing for development, construction or operation of any of the Real Estate, the Easements, the Improvements or the Additions, or any part thereof; (x) all of the books and records pertaining to the Real Estate, the Easements, the Improvements or the Additions, or any part thereof, or to the development, construction or operation of the Real Estate, the Easements, the Improvements or the Additions, or any part thereof; (xi) all of the accounts and accounts receivable of Mortgagor (including without limitation, checking and savings accounts and accounts receivable from the operation of the Real Estate, the Easements, the Improvements or the Additions and the provision of services thereon); (xii) to the extent permitted by any such commitment, any commitment (and the proceeds therefrom) issued by any lender or investor to finance or invest in the Real Estate, the Easements, the Improvements or the Additions, or any part thereof, or in Mortgagor; (xiii) all rights or awards due to Mortgagor arising out of any eminent domain proceedings for the taking, or for loss of value of, the Real Estate, the Easements, the Improvements or the Additions, or any part thereof; (xiv) all additions and accessions to any of the foregoing, all replacements and renewals of all or any part of the foregoing, and the proceeds of any of the foregoing (including without limitation, insurance and tort claims and payments with respect to any of the foregoing); and (xv) all awards, payments or proceeds of conversion, whether voluntary or involuntary, of any of the foregoing, including, without limitation, all insurance, condemnation and tort claims ("Proceeds").

Hereinafter, the Real Estate, the Easements, the Improvements, the Additions, the Rents, the Leases, the Permits, the Contracts, the Plans, the Proceeds and the remainder of the foregoing are referred to collectively as the "Mortgaged Property."

Mortgagor also grants a security interest to Mortgagee in and to and collaterally assigns to Mortgagee all of its interest in, all assets of Mortgagor used in connection with the Real Estate, wherever located, including, without limitation all furnishings, equipments, inventory, fixtures and other articles of personal property which now or hereafter constitute a part of or are located or used in connection with the operation of the Real Estate ("Personal Property") and all additions and accessions thereto, all replacements and renewals of any part thereof, and the proceeds of any of such items.

This Mortgage is given to secure payment of: (i) all obligations, indebtedness and accounts payable to Mortgagee pursuant to the terms and provisions of the Promissory Note (Community Development Block Grant - Disaster Relief II Program Funds) dated of even date herewith, executed and delivered by Mortgagor to Mortgagee in the principal sum of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) (the "Note"), with interest computed on the unpaid balance from time to time at the rate set forth therein and with a stated maturity date of December 31, 2043, and any other amounts payable to Mortgagee pursuant to the terms and provisions of the Note (together, "Primary Debt"); (ii) all sums advanced and costs and expenses incurred by Mortgagee which are made or incurred pursuant to, or allowed by, the terms of this Mortgage, plus interest thereon at five percent (5%) per annum from the date paid or incurred until reimbursement ("Advancements"); (iii) all costs of repossession, collection, disposition and reasonable attorneys' fees incurred by Mortgagee ("Costs"); (iv) all other indebtedness, obligations and liabilities of Mortgagor to Mortgagee, now existing or hereafter arising, whether

fixed or contingent, direct or indirect, primary or secondary, joint or several, and regardless of how created or evidenced ("Additional Liabilities"); and (v) any and all extensions or renewals of any of the foregoing indebtedness ("Extensions"). (Hereinafter, the Primary Debt, Advancements, Costs, Additional Liabilities and Extensions are referred to together as the "Indebtedness").

In any action or proceeding brought on this Mortgage or the indebtedness evidenced hereby, no deficiency or other money judgment shall be enforced against Mortgagor or its partners, personally, the indebtedness evidenced hereby constituting a nonrecourse obligation, except that foreclosure actions (or similar proceedings) may be maintained. However, any judgment obtained shall be enforced only against this Mortgage or the indebtedness evidenced hereby, provided that nothing contained herein shall be deemed to prejudice the rights of Mortgagee to recover from Mortgagor all funds, damages or costs (including, without limitation, attorneys' fees) incurred by Mortgagee as a result of fraud or material misrepresentation by or on behalf of Mortgagor.

This Mortgage shall be subject and subordinate to the terms and provisions of (i) the mortgage on the Mortgaged Property to be executed by Mortgagor to secure repayment of a \$6,926,000.00 construction loan to be made by BMO Harris Bank N.A. ("BMO") for the benefit of Mortgagor and the development of the Mortgaged Property (the "BMO Mortgage"), and (ii) the mortgage on the Mortgaged Property to be executed by Mortgagor to secure repayment of a \$200,000.00 loan (the "City Loan") to be made by the City of Gary, Indiana ("City") for the benefit of Mortgagor and the development of the Mortgaged Property (the "City Mortgage" and together with the BMO Mortgage, the "Other Mortgage Liens"). Mortgagor shall also be permitted to execute and deliver (i) a Lien and Extended Use Agreement in connection with the Mortgaged Property; and (v) a Lien and Restrictive Covenant Agreement in connection with the Primary Debt (collectively, the "Subordinate Liens").

Mortgagor hereby further covenants with Mortgagee as follows:

1. Payment of Sums Due. Mortgagor covenants and agrees to pay promptly the principal of and interest on the Primary Debt and the other indebtedness, as and when the payment(s) thereof become due, all without relief from valuation and appraisal laws and with reasonable attorneys' fees.

2. Care and Condition of Mortgaged Property. Mortgagor shall (a) promptly repair, restore or rebuild any part of the Mortgaged Property which may become damaged or be destroyed subject to the availability of sufficient insurance proceeds; (b) keep the Mortgaged Property in good condition and thorough repair (normal wear and tear excepted), without waste, and free from encroachments and mechanic's or materialman's lien or claims for lien not expressly subordinated to the lien of this Mortgage except for the Other Mortgage Liens; (c) pay any indebtedness when due which may be secured by a lien or charge on the Mortgaged Property, whether or not superior, equal or junior to the lien of this Mortgage; (d) complete, or cause to be completed, within a reasonable time and in a good and workmanlike manner, any Improvements now or at any time hereafter in the process of erection, construction or installation; (e) comply, and cause any lessees and sublessees of the Mortgaged Property to comply with all requirements of law, municipal ordinances, restrictions of record or insurance covenants with respect to the Mortgaged Property and its use; (f) except as contemplated in the

Plans, permit no removal or demolition of the Mortgaged Property (other than items of the Mortgaged Property which have become obsolete or are being replaced) without the prior written consent of Mortgagee; (g) observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, without limitation, all uses), privileges, franchises and concessions which are applicable to any part of the Mortgaged Property or which have been granted to or contracted for by Mortgagor in connection with any existing or contemplated use of any part of the Mortgaged Property; (h) permit Mortgagee to enter upon and inspect the Mortgaged Property at all reasonable times and from time to time; and (i) promptly notify Mortgagee of the assertion of any claim, or the filing of any action or proceeding affecting the Mortgaged Property, of the occurrence of any damage to the Mortgaged Property, or of any act or default under any contract, mortgage, lease, license or federal, state or local law or regulation in connection with or affecting in any way, the Mortgaged Property.

3. Warranties. Mortgagor covenants and warrants that: (a) Mortgagor is lawfully seized of the Real Estate in fee simple, has valid and indefeasible title to the Mortgaged Property and has a good and legal right to convey and mortgage the Mortgaged Property; (b) the Mortgaged Property is and will remain free from all liens and encumbrances except only mortgages and liens in favor of Mortgagee and the Other Mortgage Liens and the Subordinate Liens, if any, and Mortgagor will warrant and defend title to the Mortgaged Property against all claims made thereon; (c) the Real Estate is properly zoned and its present development and uses comply in all respects with all applicable zoning and other ordinances, laws and legal restrictions regulating development and use of the Real Estate; (d) no approval or consent of any regulatory or administrative commission or authority, of any other governmental body or of any other third party (other than that which has already been obtained) is necessary to authorize the execution, delivery or recording of this Mortgage or to authorize the observance and performance by Mortgagor of the covenants and agreements contained in this Mortgage; (e) all information contained in statements furnished or to be furnished to Mortgagee by or on behalf of Mortgagor in connection with the Indebtedness is and will be complete and accurate; (f) there is no litigation or proceeding pending or, to the knowledge of Mortgagor, threatened against or involving Mortgagor in any court, or before or by any agency or regulatory body which could result in a judgment or liability against Mortgagor, or which could adversely affect any material assets of Mortgagor, including, without limitation, the Mortgaged Property, or Mortgagor's earnings or the right of Mortgagor to carry on Mortgagor's business and operations as now conducted, nor is Mortgagor in default with respect to any order, writ, injunction, decree or demand of any court or regulatory body; and (g) the execution, delivery and performance of this Mortgage, and any other instruments or documents made or entered into in connection herewith will not conflict with, result in a breach of, or constitute a default under any of the terms, conditions or provisions of (i) any agreement, lease or other instrument to which Mortgagor is a party or by which Mortgagor is bound or to which Mortgagor is subject, or (ii) any law, regulations, order, writ, injunction or decrees of any court or agency or regulatory body having jurisdiction.

4. Insurance. Mortgagor will keep the Mortgaged Property insured against loss by fire, extended casualty, vandalism, malicious mischief and such other hazards as reasonably may be required from time to time by Mortgagee for the benefit and protection of Mortgagee, including comprehensive and contractual liability insurance and, during the course of all construction or repair, (A) workers' compensation insurance (including employer's liability insurance) for all persons engaged on or with respect to the Mortgaged Property in such amounts

as are reasonably satisfactory to Mortgagee or, if such limits are established by law, in such amounts, and (B) builder's completed value risk insurance against "all risks of physical loss" during construction, covering the total value of work performed and equipment, supplies and materials furnished (together, the "Required Insurance"). The Required Insurance shall be written in forms, amounts, and by companies reasonably satisfactory to Mortgagee, and losses thereunder shall be payable to Mortgagee pursuant to standard non-contributing mortgage endorsements in favor of Mortgagee. Unless otherwise agreed by Mortgagee, copies of all policies of Required Insurance, including additional and renewal policies, shall be deposited with and held by Mortgagee. Any monies received as payments for any loss under any of the Required Insurance subject to the rights of senior lienholders, shall be used for the restoration or repair of the Mortgaged Property. Proceeds paid or payable to Mortgagor of the Required Insurance shall be applied to restoration of the Mortgaged Property in such fashion as Mortgagee reasonably may require.

5. Taxes. Mortgagor will pay and discharge or cause to be paid and discharged when due, and before any penalty attaches, all taxes (including real and personal property taxes), general and special assessments, water and sewer rents or assessments, and all other governmental and municipal charges and impositions of any kind imposed upon or assessed against Mortgagor or the Mortgaged Property, or any part thereof, or arising in respect of the occupancy, use or possession thereof, if any; provided, however, Mortgagor shall have the right to contest in good faith any such taxes, assessments, rents, charges or impositions by appropriate proceedings. Mortgagor will deliver to Mortgagee, not later than 30 days after the delinquency date, duplicate receipts evidencing the payment of all such taxes, charges and assessments.

Mortgagor shall also pay prior to delinquency all taxes, assessments, levies and charges imposed by any governmental authority upon the Mortgagee by reason of its interest in any indebtedness or in any of the Mortgaged Property or by reason of any payment made to Mortgagee hereunder; but Mortgagor shall have no obligation to pay or discharge taxes which may be imposed from time to time upon this Mortgage and which are measured by and imposed upon the income of Mortgagee.

6. Protection of Security by Mortgagee. Mortgagee may, at Mortgagee's option, but without any duty or obligation of any sort to do so and without in any way waiving or relieving any default by Mortgagor, make any payment and perform any act required of Mortgagor by this Mortgage, including but not limited to, payment of insurance premiums, taxes, assessments, repair expenses and prior liens and encumbrances. All expenses so incurred, including reasonable attorneys' fees, and any other reasonable expenses incurred by Mortgagee to protect the Mortgaged Property shall constitute Advancements and shall be immediately due and payable by Mortgagor together with interest thereon, from the date of expenditure until payment in full, at the rate of five percent (5%) per annum ("Default Rate").

7. Transfer of Mortgaged Property. Except for the Other Mortgage Liens and the Subordinate Liens, residential leases, and incidental licenses and easements for utilities, and as permitted under Mortgagor's Partnership Agreement (as defined below) in effect on the date hereof, unless otherwise permitted by Mortgagee, Mortgagor shall not, without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld, directly or indirectly (whether voluntarily, involuntarily or by operation of law) sell (whether outright or by land contract, conditional sales contract or any other such agreement), lease (except residential

leases), convey, transfer or in any way further encumber, mortgage, pledge or assign the Mortgaged Property or any of Mortgagor's rights, title or interests therein or grant a security interest therein (each of such actions or events being hereinafter called a "Transfer"). Notwithstanding anything herein to the contrary, Mortgagee's consent shall not be necessary for the execution and delivery of the purchase option and right of first refusal agreement described in Mortgagor's Partnership Agreement. Notwithstanding any other provision of this Mortgage to the contrary, Mortgagee's consent is not required for any transfer of a partnership interest permitted pursuant to the Mortgagor's Partnership Agreement.

8. Condemnation. If all or any part of the Mortgaged Property is taken or damaged pursuant to an exercise or threat of exercise of the power of eminent domain, the entire proceeds of the award or compensation payable in respect of the part so taken or damaged shall be applied to restore the Mortgaged Property, if feasible, then to satisfy all existing mortgage liens against the Mortgaged Property in accordance with their priority, then to satisfy any judgment liens against the Mortgaged Property, with the residual, if any, being then provided to Mortgagor; provided, however, that the proceeds shall be first applied toward the replacement of the condemned portion of the Mortgaged Property, but only if, and to the extent that, the value of the Mortgagee's lien is not impaired.

9. Default and Acceleration. Mortgagor expressly agrees that time is of the essence of this Mortgage. If an Event of Default (as hereinafter defined) occurs and is continuing for thirty (30) days (or one hundred twenty (120) days in the event that such Event of Default cannot be cured within thirty (30) days) and Mortgagor promptly initiates and diligently pursues such cure within such thirty (30) days) after Mortgagee delivers written notice to Mortgagor and its limited partner of such Event of Default (which Event of Default may be cured by Mortgagor), then, in any and every such case, all principal of, and interest on, the Indebtedness and any fee, charge and amount owing to Mortgagee hereunder or under any other loan instrument between Mortgagor and Mortgagee ("Loan Instrument") shall, at the option of Mortgagee, become immediately due and payable, and, subject to the terms and conditions of Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended, Mortgagee shall have the right immediately to (i) foreclose the lien of this Mortgage against the Mortgaged Property, (ii) to enforce every security interest granted by this Mortgage and any other Loan Instrument, (iii) institute any action, suit or other proceeding which Mortgagee may deem necessary or proper for the protection of its interests (including without limitation, an action, suit or proceeding for specific performance of the terms and conditions of this Mortgage and the other Loan Instruments), and (iv) cure the Event of Default for the account of Mortgagor (including without limitation, paying any delinquent taxes, assessments and premiums for the policies of insurance required to be maintained by Mortgagor). Each of the following shall constitute an "Event of Default" for purposes of this Mortgage:

(a) Any representation or warranty made in this Mortgage or in any other Loan Instrument shall be false in any material respect at the time made or deemed to be made.

(b) Any Transfer without the prior written consent of Mortgagee or any failure to maintain any policy of insurance required to be maintained by Mortgagor under this Mortgage or to pay the premiums for any such policy, as the same become payable.

(c) Any default under the Note or any other Loan Instrument, or any default under any other document between or among Mortgagor, Mortgagee, and/or IHEDA (the "City") relating to the CDBG-D funds granted to the Mortgaged Property, which is not cured within any cure period set forth therein

(d) The condemnation, seizure, taking or appropriation of, or the occurrence of uninsured loss, damage, destruction or casualty with respect to, any material portion of the Mortgaged Property, as determined by Mortgagee.

(e) The actual or threatened demolition or removal of any of the Improvements or the Additions, except as expressly permitted by the terms and conditions of this Mortgage.

(f) The liquidation or the conveyance of substantial assets of Mortgagor out of the ordinary course of business.

(g) Mortgagor (i) institutes or consents to any proceedings in insolvency or bankruptcy, or for the adjustment, liquidation, extension or composition or arrangement of debts or for any other relief under any bankruptcy or insolvency law, statute, ordinance, rule or regulation relating to the relief or reorganization of debtors, (ii) is adjudicated a bankrupt, files an answer admitting bankruptcy or insolvency or in any manner is adjudged insolvent, (iii) makes an assignment for the benefit of creditors or (iv) admits in writing an inability to pay debts as they become due.

(h) Any proceedings in insolvency or bankruptcy, or for the adjustment, liquidation, extension or composition or arrangement of debts or for any other relief under any bankruptcy or insolvency law, statute, ordinance, rule or regulation relating to the relief or reorganization of debtors, is instituted against Mortgagor, and such proceeding is not discharged or dismissed within ninety (90) days after the proceeding is commenced.

(i) Any portion of the Mortgaged Property or any substantial portion of the other property or assets of Mortgagor is placed in the hands of any receiver, trustee or other officer or representative of any court, or Mortgagor consents, agrees or acquiesces to the appointment of any such receiver or trustee.

(j) Mortgagor's title to the Mortgaged Property, or any material portion thereof, becomes the subject matter of litigation which, as determined by Mortgagee with due consideration of any policy or policies of title insurance insuring the same, will result in substantial impairment or loss of the security intended to be provided by the lien of this Mortgage.

(k) Mortgagor shall assign or delegate any of its rights or obligations hereunder or Mortgagor shall assign or delegate any of its rights or obligations under any other Loan Instrument without the prior written consent of Mortgagee.

Any cure of any default or Event of Default made or tendered by the investor limited partner of the Mortgagor shall be deemed to be a cure by the Mortgagor and shall be accepted or rejected

on the same basis as if made or tendered by the Mortgagor. It is understood and agreed that the investor limited partner of the Mortgagor is under no obligation to tender a cure. Copies of all notices which are sent to the Mortgagor under the terms of the Mortgage shall also be sent to the Mortgagor's investor limited partner at the following address: Great Lakes Capital Fund For Housing Limited Partnership XXVIII, 1000 South Washington, Lansing, MI 48910.

All costs and expenses incurred by Mortgagee in exercising or enforcing any of its rights or remedies hereunder shall (i) be paid by Mortgagor, promptly upon demand by Mortgagee, together with interest thereon, from the date of expenditure until payment in full, at the Default Rate and (ii) constitute a part of the Indebtedness. Any cure of any default made or tendered by the Limited Partner (as such party is defined in Mortgagor's First Amended and Restated Limited Partnership Agreement dated December 13, 2013, which is referred to herein as the "Partnership Agreement") of Mortgagor shall be deemed to be a cure by the Mortgagor and shall be accepted or rejected on the same basis as if made or tendered by the Mortgagor.

Notwithstanding anything set forth in this Section 9 to the contrary, from the date hereof until the expiration of the Compliance Period (as defined in Mortgagor's Partnership Agreement), Mortgagee agrees that so long as it or any of its affiliates (i) is a general partner of Mortgagor or (ii) any of its affiliates owns a Controlling Interest (as defined below) in a general partner, managing member or controlling shareholder of Mortgagor, Mortgagee shall forbear from accelerating the amounts due under the Note and from exercising any remedies, including its right to foreclose on the Mortgaged Property following an Event of Default, unless such an Event of Default is caused solely by the actions of the Limited Partner. "Controlling Interest" as used in this Section 9 means any interest of a general partner, managing member or controlling shareholder. Notwithstanding the forgoing, the withdrawal, removal, replacement, and/or addition of a general partner of the Partnership pursuant to the terms of Mortgagor's Partnership Agreement, shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Lender (unless it is an affiliate of the Limited Partner) and is selected with reasonable promptness.

10. Possession of Mortgaged Property During Default.

(a) During the continuance of any Event of Default that continues beyond any applicable notice and cure periods, Mortgagee (or any person, firm or corporation designated to act on behalf of Mortgagee), with the irrevocable consent of Mortgagor herein given, (i) may enter into and upon all or any part of the Mortgaged Property, may exclude Mortgagor therefrom and may hold, use, administer, operate, manage and control the Mortgaged Property, exercise all rights, privileges and powers of Mortgagor with respect thereto and conduct the business thereof, all to the same extent Mortgagor could do so, and (ii) at the expense of Mortgagor and from time to time, may maintain and restore or complete the Improvements and in the course of completion may make such changes in the Improvements as Mortgagee deems desirable. Mortgagee shall be entitled to collect and receive all the Rents, and at the option of Mortgagee (without any obligation to do so) to deduct therefrom the expenses of operating and conducting the business of the Mortgaged Property and of all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and amounts necessary to pay for taxes, assessments, insurance and prior or other proper charges upon



the Mortgaged Property, as well as reasonable compensation for the services of Mortgagee.

(b) Any costs and expenses of operating and conducting the business of the Mortgaged Property or as are otherwise incurred by Mortgagee pursuant to the provisions of this Section 10 which remain unpaid after application of such Rents shall constitute Indebtedness secured by this Mortgage and shall be immediately due and payable by Mortgagor, without notice and with interest thereon at the Default Rate. If Mortgagee shall exercise its rights as stated in this Section 10, Mortgagee shall apply the net amounts received or collected by it, after payment of expenses as aforesaid, to the payment of the Indebtedness in accordance with the terms and conditions of the Note.

11. Expenses. All reasonable costs, expenses and other liabilities (including without limitation, reasonable attorneys' fees) which Mortgagee may incur ("Expenses") (a) in enforcing, defending, construing or administering this Mortgage (or its priority), (b) for any inspection, evaluation, appraisal, survey or other service in connection with any of the Mortgaged Property, (c) for any title examination or title insurance policy relating to the title to any of the Mortgaged Property, (d) in connection with any environmental cleanup or decontamination, or any other cost, expense, fines, penalties or other liability incurred by Mortgagee with respect to the Mortgaged Property under or pursuant to any state or federal environmental law, statute, ordinance, rule or regulation or in an attempt to comply with the same, or (e) in the exercise by Mortgagee of any rights or remedies granted by this Mortgage, in any and every such case, all Expenses shall be paid by Mortgagor promptly upon demand by Mortgagee, together with interest thereon, from the date of expenditure until payment in full, at the Default Rate and shall constitute a part of the Indebtedness secured by this Mortgage.

12. Foreclosure and Application of Proceeds. All expenses which may be paid or incurred by or on behalf of Mortgagee in connection with the foreclosure of this Mortgage for reasonable attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and cost of procuring all title searches, policies and examinations and similar data and assurances with respect to title as Mortgagee reasonably may deem necessary to prosecute such suit shall constitute Advancements, shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate, and shall be allowed and included as Indebtedness in the judgment for sale. The proceeds of any foreclosure sale of the Mortgaged Property shall be distributed and applied in the following order or priority, first, on account of all Advancements incident to the foreclosure proceedings and all Costs; second, to the satisfaction of all superior lien interests; third, all other items which under the terms of this Mortgage constitute Indebtedness additional to the Primary Debt; fourth, all principal, interest and other amounts remaining unpaid on the Primary Debt; and fifth, any remainder to the person or persons entitled thereto as determined by the court in the foreclosure proceedings.

13. Foreclosure Proceedings and Receiver. Upon the commencement of any proceedings to foreclose this Mortgage, Mortgagee shall be entitled forthwith to the appointment of a receiver or receivers, as a matter of right, without the giving of notice to any other party, without regard to the adequacy or inadequacy of any security for the Indebtedness and without the requirement of any bond. Mortgagee shall be entitled to recover judgment either before or after or during the pendency of any proceedings for the enforcement of this Mortgage. The right of Mortgagee to recover such judgment shall not be affected by the exercise of any other right,

power or remedy for the enforcement of this Mortgage, or the foreclosure of the lien of this Mortgage.

14. Assignment of Leases and Rents.

(a) To secure payment of the Indebtedness and performance by Mortgagor, Mortgagor hereby grants, transfers and assigns to Mortgagee all of Mortgagor's rights, title and interests in, to and under all Leases, and all rents, issues, income and profits of the same including, without limitation, all rentals reserved in any of the Leases now or hereafter due and any amendments, modifications, extensions and renewals thereof.

(b) Until the occurrence of an Event of Default that continues beyond any applicable notice and cure periods, Mortgagor shall have the right to collect and receive, and use for its own purposes upon but not prior to accrual, all rents, issues and profits under and from the Leases and with respect to the Mortgaged Property. Subject to the rights of tenants in possession, the rights of lenders under the Other Mortgage Liens and the Subordinate Liens and the terms set forth in Section 9, upon or at any time after the occurrence of an Event of Default that continues beyond any applicable notice and cure periods, Mortgagee may enter upon, take possession of and operate the Mortgaged Property, as lessor, enforce, modify, and accept the surrender of any or all of the Leases, obtain and evict any of the lessees or sublessees under any of the Leases, fix or modify rents, and do any acts which Mortgagee deems reasonably proper to protect the security hereof, and, in its own name, sue for or otherwise collect and receive all rents, issues and profits due to Mortgagor under or pursuant to the Leases, including those past due and unpaid. Such rights may be exercised by Mortgagee without regard to other security, if any, for payment of the Indebtedness and without releasing Mortgagor or any guarantor of any of the Indebtedness.

(c) All rents, profits and income collected by Mortgagee or a receiver shall be applied, in such amounts and in such order as Mortgagor shall determine in its sole discretion, against the outstanding Indebtedness secured hereby, and if Mortgagee so elects (without any obligation to do so), against the costs of taking control of, and managing and operating the Mortgaged Property and collecting the rents, including, but not limited to, reasonable attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Mortgaged Property, premiums on insurance policies, taxes, assessments and other charges on the Mortgaged Property, and the costs of discharging any obligation or liability of Mortgagor as lessor or landlord of the Mortgaged Property ("Operating Expenses"). Any and all rents, profits and income applied against Operating Expenses shall not reduce or be deemed to reduce the amount of outstanding Indebtedness secured hereby. Mortgagee shall not be liable to anyone claiming under or through Mortgagor or anyone having an interest in the Mortgaged Property by reason of anything done or left undone by Mortgagee under the assignment made hereunder.

(d) If the rents of the Leases are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the rents in the event Mortgagee elects to take such action, any funds expended by Mortgagee for such purposes shall become Indebtedness of Mortgagor to Mortgagee secured by this

Mortgage, and such amounts shall be payable promptly upon notice from Mortgagee to Mortgagor requesting payment thereof.

(e) Mortgagor shall, at Mortgagor's sole cost and expense, appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the Leases or the obligations, duties or liabilities of Mortgagor or the lessees or sublessees under the Leases, and shall pay all reasonable costs and expenses, including reasonable attorneys' fees incurred by Mortgagee in any such action or proceeding in which Mortgagee may appear, all such expenses being indebtedness secured by this Mortgage.

(f) Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge any obligation, duty or liability of Mortgagor under the Leases or otherwise. Mortgagee shall not be liable for any loss sustained by Mortgagor resulting from Mortgagee's failure to let the Mortgaged Property after an Event of Default or from any other act or omission of the Mortgagee in managing the Mortgaged Property, unless such loss is caused by the gross negligence, willful misconduct or bad faith of Mortgagee. Mortgagor agrees to indemnify Mortgagee against and hold it harmless from any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this assignment and of and from any and all claims and demands whatsoever which may be asserted against Mortgagee by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases, except liability, loss, or damage caused by the failure of Mortgagee to perform any obligation or duty under any Lease which originates after Mortgagee takes actual possession of the Mortgaged Property. This assignment shall not operate to place responsibility for the control, care, management or repair of the Mortgaged Property upon Mortgagee, nor shall it operate to make the Mortgagee responsible or liable for any waste committed on the Mortgaged Property or for any dangerous or defective condition of the Mortgaged Property unless and until Mortgagee, in person or by agent, assumes actual possession of the Mortgaged Property.

(g) Subject to the terms set forth in Section 9, Mortgagor hereby authorizes and directs each and every tenant and occupant of the Mortgaged Property, or any part hereof, to pay directly to Mortgagee all rents, income and profits arising or accruing from the Mortgaged Property upon receipt by such tenant or occupant from Mortgagee of a written notice which states that an Event of Default exists ("Default Notice") and to continue to pay all such rents, income and profits directly to Mortgagee after receipt of such Default Notice until otherwise notified by the Mortgagee. Upon the payment in full of all of the Indebtedness, this assignment shall terminate.

15. No Exclusive Remedy. Each and every right, power and remedy conferred upon or reserved to Mortgagee in this Mortgage is cumulative and shall be in addition to every other right, power and remedy given in this Mortgage or now or hereafter existing at law or in equity. No delay or omission of Mortgagee in the exercise of any right, power or remedy shall be construed to be a waiver of any Event of Default or any acquiescence therein.

16. Reserved.

17. Notices. All notices pursuant to this Mortgage shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified United States mail, addressed to the applicable party at the following addresses:

MORTGAGOR: NWI Veterans Village, LP  
201 East 5<sup>th</sup> Street, Suite E4  
Gary, Indiana 47402  
Attn: Vernita Leslie

WITH A COPY TO: Great Lakes Capital Fund for Housing Limited Partnership  
XXVIII  
1000 South Washington  
Lansing, Michigan 48910  
Attn: Asset Management

MORTGAGEE: Broadway Area Community Development Corporation  
201 East 5<sup>th</sup> Street, Suite E4  
Gary, Indiana 47402  
Attn: Vernita Leslie

or at such other place as either party may, by notice in writing, designate as a place for service of notice.

18. Successors and Assigns. This Mortgage shall (a) run with the land, (b) apply and extend to, be binding upon and inure to the benefit of Mortgagor, Mortgagor's heirs, administrators, successors and assigns and all persons claiming under or through Mortgagor, and the word "Mortgagor" shall include all such persons, and (c) apply and extend to, be binding upon and inure to the benefit of Mortgagee and Mortgagee's successors and assigns. The word "Mortgagee" shall include the successors and assigns of Mortgagee, and the holder or holders, from time to time, of the Note and any other Indebtedness instruments. Except as provided herein, this Mortgage may not be assigned, hypothecated, pledged, sold or otherwise transferred without the prior written consent of Mortgagor and Mortgagor's general and limited partners, and any such transfer without such consent shall be null and void.

19. Miscellaneous. The captions in this Mortgage are for convenience only and do not define or limit the provisions of this Mortgage. All changes to this Mortgage must be in writing signed by the Mortgagee and Mortgagor and, if this Mortgage is recorded, shall not be effective until being recorded. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

20. Subordination to Other Mortgage Liens. Mortgagee agrees to subordinate this Mortgage to the Other Mortgage Liens. Mortgagee agrees that no further documentation is necessary to evidence the subordination of this Mortgage to the Other Mortgage Liens; however, Mortgagee agrees to execute and deliver all documents or instruments necessary or appropriate to subordinate this Mortgage to the Other Mortgage Liens.

21. Environmental Matters. Mortgagor represents and warrants to Mortgagee that (a) Mortgagor has not used Hazardous Materials (as defined below), on, from or affecting the Mortgaged Property in any manner which violates any Governmental Regulation (as defined below) governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and, to the best of the Mortgagor's knowledge, no prior owner of the Mortgaged Property or any existing or prior tenant, or occupant has used Hazardous Materials on, from or affecting the Mortgaged Property in any manner which violates any Governmental Regulation governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials; (b) Mortgagor has never received any notice of any violations (and is not aware of any existing violations) of Governmental Regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials at the Mortgaged Property and, to the best of the Mortgagor's knowledge, there have been no actions commenced or threatened by any party for non-compliance which affects the Mortgaged Property; (c) Mortgagor shall keep or cause the Mortgaged Property to be kept free of Hazardous Materials except to the extent that such Hazardous Materials are stored and/or used in compliance with applicable Governmental Regulations and, without limiting the foregoing, Mortgagor shall not cause or permit the Mortgaged Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce, or process Hazardous Materials, except in compliance with all applicable Governmental Regulations, nor shall Mortgagor cause or permit, as a result of any intentional or unintentional act or omission on the part of Mortgagor or any tenant, subtenant or occupant, a release, spill, leak or emission of Hazardous Materials onto the Mortgaged Property or onto any other contiguous property; (d) Mortgagor shall conduct and complete all investigations, including a comprehensive environmental audit, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials on, under, from or affecting the Mortgaged Property as required by all applicable Governmental Regulation, to the satisfaction of Mortgagee, and in accordance with the orders and directives of all federal, state, and local governmental authorities. If Mortgagor fails to conduct an environmental audit required by such governmental authorities, then Mortgagee may at its option and at the expense of Mortgagor, conduct such an audit. Any such audit conducted by Mortgagee shall be conducted solely for the benefit of and to protect the interests of Mortgagee and shall not be relied upon by Mortgagor or any third party for any purpose whatsoever, including, but not limited to Mortgagor or any third party's obligations, if any, to conduct an independent environmental investigation of its own. By conducting any such audit, Mortgagee does not assume any control over the environmental affairs or operations of Mortgagor nor assume any obligation or liability to Mortgagor or any third party.

Mortgagor shall unconditionally, absolutely and irrevocably indemnify and save Mortgagee and any holder of either this Mortgage or the Primary Debt, together with their respective affiliates, successors, assigns, officers, directors, agents and employees (individually, "Indemnified Party" and collectively, "Indemnified Parties") harmless from any and all claims, liabilities, judgments, injuries, losses, damages, costs, expenses, fines, penalties and reasonable attorneys' fees and costs of defense (including without limitation, costs associated with cleanup, abatement, removal, remediation or implementation of corrective action at, on or under the Mortgaged Property or any other real property, encapsulation or treatment of any Hazardous Materials, the discharge of any lien on the Mortgaged Property and all costs and expenses associated, or incurred in connection with, inspecting and/or conducting tests at, on and under

the Mortgaged Property to confirm compliance or noncompliance with this Agreement or laws, statutes, ordinances, rules and regulations concerning Releases or Hazardous Materials) ("Losses") which may be incurred by, asserted against, or imposed on, any Indemnified Party, whether direct or indirect and regardless of whether caused by, or within the control of, Mortgagor or any other party, by reason of (i) any action, suit, proceeding, inquiry or investigation to which Mortgagee is made a party on account of, or in connection with, this Mortgage, or any other Loan Instruments, (ii) any representation or warranty in this Mortgage, or any other Loan Instruments, which is not true, correct and accurate in all regards at all times, (iii) any breach or default by Mortgagor of any of its covenants, agreements or obligations under this Mortgage, or any other Loan Instruments, (iv) any Release of any Hazardous Materials at, on or from the Mortgaged Property, any contamination or pollution of the Mortgaged Property or any other real property by any Hazardous Materials and any underground storage tanks on the Mortgaged Property, (v) any violations at, on or under the Mortgaged Property of any law, statute, ordinance, rule, regulation concerning Releases or Hazardous Materials, and (vi) any manufacturing, processing, distributing, use, treatment, storage, disposal of, transportation to or from or otherwise handling of any Hazardous Materials at or on the Mortgaged Property, other than such as is caused by the willful, wanton or reckless misconduct and bad faith of Mortgagee. The foregoing indemnity shall not extend to Losses originating prior to the date of this Mortgage.

For purposes of this Mortgage, "Hazardous Materials" means any materials or substance: (i) which is or becomes defined as a "hazardous substance," "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 *et seq.*) and amendments thereto and regulations promulgated thereunder; (ii) containing gasoline, oil, diesel fuel or other petroleum products; (iii) which is or becomes defined as a "hazardous waste" pursuant to the federal Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*) and amendments thereto and regulations promulgated thereunder; (iv) containing polychlorinated byphenyls (PCBs); (v) containing asbestos; (vi) which is radioactive; (vii) the presence of which requires investigation or remediation under any Governmental Regulation; or (viii) which is or becomes defined as a "hazardous waste," "hazardous substance," "pollutant," "contaminant," or biologically hazardous material under any Governmental Regulation.

"Release" shall have the meaning given to such term in Section 101(22) of CERCLA and shall include any presence of any Hazardous Materials at, on or under any Mortgaged Property, or any part thereof, or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Materials at on or from any Mortgaged Property or any part thereof.

"Government Regulation(s)" means any law, regulation, rule, policy, ordinance or similar requirement of the United States, any state, and any county, city or other agency or subdivision of the United States or any state.

Mortgagor agrees that in the event this Mortgage is foreclosed or Mortgagor tenders a deed in lieu of foreclosure, Mortgagor shall deliver the Mortgaged Property to Mortgagee free of any and all Hazardous Materials which are then required to be removed (whether over time or immediately) pursuant to applicable federal, state and local laws, ordinances, rules or regulations affecting the Mortgaged Property except for any Hazardous Materials which existed on the Mortgaged Property prior to the date of this Mortgage.

22. Security Agreement-Financing Statement.

(a) This Mortgage is intended to be a security agreement pursuant to the Indiana Uniform Commercial Code ("UCC") for (i) any and all items of personal property specified above as part of the Mortgaged Property and all Personal Property which, under applicable law, may be subject to a security interest pursuant to the UCC and which are not herein effectively made part of the real property, and (ii) any and all items of property specified above as part of the Mortgaged Property which, under applicable law, constitute fixtures and may be subject to a security interest under Article 9.1 of the UCC, and Mortgagor hereby grants Mortgagee a security interest in said property, and in all additions thereto, substitutions therefor and proceeds thereof, for the purpose of securing all Indebtedness now or hereafter secured by this Mortgage. Mortgagor agrees to execute, if required, and deliver financing and continuation statements covering said property from time to time and in such form as Mortgagee may require to perfect and continue the perfection of Mortgagee's lien or security interest with respect to said property. Mortgagor shall pay (i) all costs of filing such statements and renewals and releases thereof and (ii) all costs and expenses of any record searches for financing statements Mortgagee may require. Upon the occurrence of any default under this Mortgage, Mortgagee shall have the rights and remedies of a secured party under the UCC, as well as all other rights and remedies available at law or in equity, and, at Mortgagee's option, Mortgagee may also invoke the rights and remedies provided elsewhere in this Mortgage as to such property.

(b) This Mortgage constitutes a financing statement filed as a fixture filing under the UCC in the real estate records of the county in which the Mortgaged Property is located with respect to any and all fixtures included within the term "Mortgaged Property" and with respect to any goods or other personal property that may now be or hereafter become such a fixture. PARTS OF THE MORTGAGED PROPERTY ARE, OR ARE TO BECOME, FIXTURES ON THE REAL ESTATE. THIS MORTGAGE IS A "CONSTRUCTION MORTGAGE" AS SUCH TERM IS DEFINED AT SUBSECTION 9.1-334(h) OF THE UCC AND SECURES, AMONG OTHER THINGS, AN OBLIGATION INCURRED FOR THE CONSTRUCTION OF IMPROVEMENTS ON LAND, INCLUDING THE ACQUISITION COST OF THE LAND. The Mortgagor shall be deemed the debtor, whose address is set forth in Section 17, and the Mortgagee shall be deemed the Secured Party, whose address is set forth in Section 17.

23. Governing Law. This Mortgage shall be governed by and construed in accordance with the laws of the State of Indiana.

24. Provisions Severable. In the event any one or more of the terms or conditions of this Mortgage shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of Mortgagee, not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein. The invalidity of any provision of this Mortgage in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

25. Further Assurances and Fees. Mortgagor will, at the cost of Mortgagor and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further act, deed, conveyance, mortgage, security agreement, assignment, notice of assignment, transfer and assurance as Mortgagee shall from time to time reasonably require, for (a) the better assuring, conveying, assigning, transferring, securing and confirming unto Mortgagee the property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Mortgagor may be, or may hereafter become, bound to convey or assign to Mortgagee, (b) carrying out the intention or facilitating the performance of the terms and conditions of this Mortgage or (c) filing, registering or recording this Mortgage. Mortgagor shall pay for (a) filing, registration or recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any financing statement and continuation statement and any instrument of further assurance, and (b) all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of, or in connection with, the execution and delivery of this Mortgage, any mortgage supplemental hereto, or any instrument of further assurance. Such amounts shall be (i) payable promptly upon demand, with interest thereon from the date paid or incurred at the Default Rate, and (ii) Indebtedness secured by this Mortgage.

26. Defense of Claims - Indemnification. Mortgagor promptly shall (a) notify Mortgagee in writing of the commencement, or threat of institution, of any legal proceedings affecting, or which may affect, Mortgagee's interest in the Mortgaged Property, or any part thereof, and (b) take such action, employing attorneys reasonably satisfactory to Mortgagee, as may be necessary to fully preserve, protect and defend Mortgagor's and Mortgagee's rights affected thereby. Upon notice to Mortgagor, Mortgagee may take such independent action in connection therewith as Mortgagee in its reasonable discretion may deem proper. Mortgagor shall indemnify and save Mortgagee harmless from any loss, damage, cost, expense or reasonable attorney fees which may be incurred by Mortgagee by reason of any suit or proceeding to which Mortgagee is made a party on account of this Mortgage, and any loss, damage, expense or attorney fees so incurred by Mortgagee shall be a part of the Indebtedness secured by this Mortgage and shall be immediately due and payable by Mortgagor, without notice and with interest thereon at the Default Rate. In the event Mortgagee pays, discharges or satisfies, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property, or any part thereof, Mortgagee shall be subrogated to the rights of the holder of such lien as fully as if such lien had been assigned to Mortgagee.

27. Standstill. Notwithstanding anything contained herein to the contrary, for a period of seventeen (17) years from the date hereof, Mortgagee shall not (i) commence foreclosure proceedings with respect to the Mortgaged Property under this Mortgage or exercise any other rights or remedies it may have under the said Note or this Mortgage, including, but not limited to, accelerating sums due under the said Note, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies hereunder and (ii) join with any other creditor in commencing any bankruptcy reorganization arrangement, insolvency or liquidation proceedings with respect to the Mortgagor.

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**EXHIBIT A**

**LEGAL DESCRIPTION OF REAL ESTATE**

LOTS 1 THROUGH 30 (INCLUSIVE) AND ALSO THE 20-FOOT WIDE ALLEY BEING VACATED PER DOCUMENT 2013074816, ALL IN BLOCK 13 IN GARY LAND COMPANY'S FIRST ADDITION, ACCORDING TO THE PLAT THEREOF RECORDED IN PLAT BOOK 6, PAGE 15, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA, ALL IN THE CITY OF GARY, LAKE COUNTY, INDIANA.

