

MORTGAGE

THIS MORTGAGE is made as of the 18th day of May, 2015, by **Alexi Development, LLC**, an Illinois limited liability company, whose address is 9349 Bull Rush Circle, Frankfort, IL 60423 (the "Mortgagor") in favor of **Cove Development Company, Inc.**, an Indiana corporation, whose address is 8900 Wicker Avenue, St. John, Indiana 46373 (the "Mortgagee").

WITNESSETH:

WHEREAS, Mortgagee and Mortgagor are parties to the certain Option Agreement dated June 20, 2014 (the "Option Agreement"), for the purchase and sale of residential lots in the Town of St. John, County of Lake, State of Indiana (the "Lots"); and

WHEREAS, capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Option Agreement; and

WHEREAS, the Option Agreement requires that when Alexi is desirous of beginning construction on a lot each closing as to Lots for which the Contingent Payment has not been determined as of the date of construction, Mortgagor shall grant a mortgage to Mortgagee securing Mortgagor's obligation to pay the Contingent Payment in respect of such Unit (the "Indebtedness").

NOW THEREFORE, in order to secure payment of the Indebtedness according to the terms of the Option Agreement, and the performance of the covenants and conditions hereof, and any and all extensions and renewals hereof, however evidenced, Mortgagor does hereby MORTGAGE and WARRANT to Mortgagee, its successors and assigns forever, certain real property situated in the State of Indiana as more particularly described as:

Lot 6 in Cardinal Cove, an Addition to the Town of St. John, as per plat thereof, recorded in Plat Book 102, page 10, and as amended by Plat of Correction recorded in Plat Book 103, page 21, in the Office of the Recorder of Lake County, Indiana.
Key No.: 45-11-29-152-009.000-035
Address: 8880 Cardinal Court, St. John, IN 46373

together with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, and all fixtures now or hereafter attached to the property covered by this Mortgage, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Mortgage; and all of the foregoing, together with said property are herein referred to as the "Property."

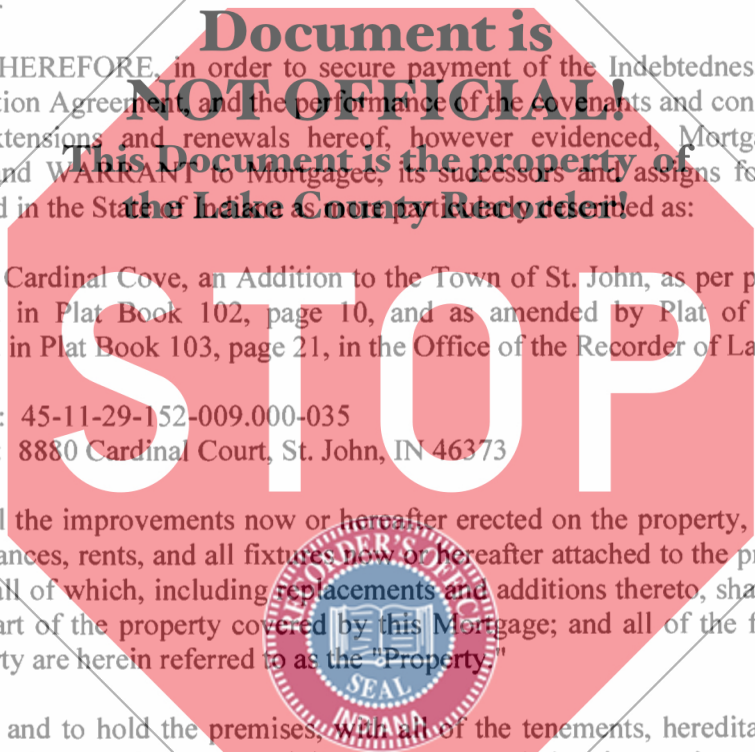
To have and to hold the premises, with all of the tenements, hereditaments, easements, appurtenances and other rights and privileges thereunto belonging or in any manner now or hereafter appertaining thereto, for the use and benefit of Mortgagee upon the conditions hereinafter set forth.

**FIDELITY NATIONAL
TITLE COMPANY**

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STATE OF INDIANA
LAKE COUNTY
RECORDER
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Mortgagor does hereby covenant, promise and agree to and with Mortgagee, which covenants, promises and agreements shall, to the extent permitted by law, be deemed to run with the land, as follows:

1. Mortgagor shall promptly pay the Indebtedness when due in accordance with the terms of the Option Agreement.

2. A default in Mortgagor's obligation to pay the Indebtedness shall be deemed to be a default under the Option Agreement. In addition, the termination of the Option Agreement as a result of an uncured default by Mortgagor thereunder or a default by Mortgagor under any other Mortgage granted by Mortgagor to Mortgagee pursuant to the Option Agreement shall also be deemed to be a default under this Mortgage.

3. Until the Indebtedness is fully paid, Mortgagor will pay all taxes, assessments, and all other charges or impositions on the Property that may have priority over the lien of this Mortgage and will deliver to Mortgagee without demand satisfactory receipts showing such payment. In the event a construction lien is filed against the Property, Mortgagor shall discharge or bond over such construction lien within thirty (30) days from the date of such construction lien. Until the Indebtedness is fully paid, Mortgagor will not further mortgage or encumber the Unit without Mortgagee's prior written consent.

4. Mortgagor shall keep the Property insured against loss by fire and such other hazards as are customarily insured against by Mortgagor. All premiums on insurance policies shall be paid by Mortgagor when due, directly to the insurance carrier.

5. Mortgagor shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property, and shall promptly comply with all laws, ordinances and governmental regulations affecting the Property.

6. Upon default by Mortgagor under this Mortgage, which default is not cured within fifteen (15) days from Mortgagor's receipt of written notice of default from Mortgagee, Mortgagee may, at its election, without further notice except as expressly required by law or this Mortgage, declare the sum secured hereby to be immediately due and payable, and if the same is not paid on demand, bring suit therefor, or commence judicial foreclosure proceedings, at Mortgagee's option, or institute any other proceeding or take any other action as may be available to Mortgagee at law or in equity because of Mortgagor's default hereunder. The commencement of judicial foreclosure proceedings hereunder shall be deemed an election by Mortgagee to exercise its option to accelerate the due date of the sum secured hereby. If the amount of the Contingent Payment has not been determined as of the date that Mortgagee elects to exercise its remedies as a result of a default hereunder, the sum secured hereby shall be Four Thousand and 00/100 (\$4,000.00) Dollars. For purposes of the foregoing, the declaration by Mortgagee that all sums secured hereby are due and payable shall not constitute the exercise of a remedy by Mortgagee unless and until Mortgagee also exercises its remedies under Paragraph 8 or otherwise commences legal action against Mortgagor.

7. Mortgagee or an escrow agent acting on behalf of the parties shall record a discharge

of this Mortgage within a reasonable time after: (a) the Indebtedness has been paid to Mortgagee or any escrow agent holding the same on behalf of Mortgagee, or (b) Mortgagee or any escrow agent acting on behalf of the parties receives from Mortgagor a HUD settlement statement for the sale of the Property by Mortgagor or its affiliate to a third party which reflects that, upon application of the formula for the Contingent Payment set forth in the Option Agreement, the Contingent Payment is zero (-0-) or a credit to Mortgagor.

8. If there shall occur a default under this Mortgage, and such default has not been cured within any applicable grace or cure period, then this Mortgage is subject to foreclosure as provided by law and Mortgagee may, at its option and by or through a trustee, nominee, assignee or otherwise, to the fullest extent permitted by law, exercise any or all available rights, remedies and recourses provided by law, successively or concurrently, including immediately commence an action to foreclose this Mortgage or to specifically enforce its provisions or any of the Indebtedness secured hereby pursuant to the statutes in such case made and provided and sell the Property or cause the Property to be sold in accordance with the requirements and procedures provided by said statutes in a single parcel or in several parcels at the option of Mortgagee. In the event foreclosure proceedings are filed by Mortgagee all expenses incident to such proceeding, including, but not limited to, attorneys' fees and costs, shall be paid by Mortgagor and secured by this Mortgage. The secured Indebtedness and all other obligations secured by this Mortgage, including, without limitation, attorneys' fees and any other amounts due and unpaid to Mortgagee under the Option Agreement, may be bid by Mortgagee in the event of a foreclosure sale hereunder. In the event of a judicial sale pursuant to a foreclosure decree, it is understood and agreed that Mortgagee or its assigns may become the purchaser of the Property or any part thereof.

9. Extension of the time for payment or modification of the sums secured by this Mortgage granted by Mortgagee to Mortgagor or to any successor in interest of Mortgagor shall not operate to release, in any manner, the liability of the original Mortgagor and Mortgagor's successors in interest. Mortgagee shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand by the original Mortgagor and Mortgagor's successors in interest.

10. Any forbearance by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be a waiver of Mortgagee's right to accelerate the maturity of the indebtedness secured by this Mortgage.

11. All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.

12. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Mortgagee and Mortgagor. All covenants and agreements of Mortgagor shall be joint and several.

13. Except for any notice required under applicable law to be given in another manner, (a) any notice to Mortgagor provided for in this Mortgage shall be given by mailing such notice by certified mail addressed to Mortgagor at the Property address or at such other address as Mortgagor may designate by notice to Mortgagee as provided herein, and (b) any notice to Mortgagee shall be given by certified mail, return receipt requested, to Mortgagee's address stated herein or to such other address as Mortgagee may designate by notice to Mortgagor as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Mortgagor or Mortgagee when given in the manner designated herein. Time is of the essence.

14. In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage which can be given effect without the conflicting provision.

15. If all or any part of the Property or any legal or equitable interest therein is sold, assigned or transferred by Mortgagor, including without limitation any sale by land contract or similar device, without Mortgagee's prior written consent, excluding a sale of the Property to a home buyer in the ordinary course of Mortgagor's business, Mortgagee may, at Mortgagee's option, declare all the sums secured by this Mortgage to be immediately due and payable. Notwithstanding the foregoing, Mortgagor shall cooperate with Mortgagee in providing a discharge of this Mortgage in escrow pursuant to instructions reasonably satisfactory to the parties, to facilitate the closing with the home buyer of the Property.

16. All of Mortgagor's obligations secured hereby shall in no event exceed an amount equal to two hundred percent (200%) of the Indebtedness.

17. In the event that any provision of this Mortgage shall be inconsistent with any provision of Indiana Mortgage Foreclosure Law, the provisions of Indiana law shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with Indiana Mortgage Foreclosure Law or materially increases the obligations of Mortgagor or decrease the rights of Mortgagor hereunder or under the Option Agreement.

18. In addition to any provision of this Mortgage authorizing Mortgagee to take or be placed in possession of the Property, or for the appointment of a receiver, Mortgagee shall have the right, in accordance with Sections 15-1701 and 15-1702 of IMFL, to be placed in possession of the Property or at its request to have a receiver appointed, and such receiver, or Mortgagor, if and when placed in possession, shall have, in addition to any other powers provided in this Mortgage, all powers, immunities, and duties as provided under Indiana law.

IN WITNESS WHEREOF, this Mortgage is executed and delivered by the undersigned on the date set forth on page 1 hereof.

Alex Development, LLC
an Illinois limited liability company

By: 
Anthony Vari, Member-Manager

