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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

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MICHAEL B. STOW
RECORDER

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

**MORTGAGE, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

**THE PROMISSORY NOTE SECURED BY THIS SECURITY INSTRUMENT CONTAINS PROVISIONS FOR
A VARIABLE INTEREST RATE**

This Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (this "**Security Instrument**") is executed as of October 20, 2015, by HSRE SCHERERVILLE, LLC, a Delaware limited liability company ("**Borrower**"), whose mailing address is c/o Ryan Companies US, Inc., 50 South Tenth Street, Suite 300, Minneapolis, Minnesota 55403, Attn: Timothy M. Gray, and whose organizational number is 5829642, in favor of BOKF, NA dba Bank of Texas ("**Lender**", which term shall also refer to any subsequent holders of the Note, as hereinafter defined, or any part thereof or any interest therein or any of the "**Indebtedness**", as hereinafter defined), whose address is 5906 Sherry Lane, Suite 600, Dallas, Texas 75225, Attention: Matt McCord and Wendy Helms



FOR GOOD AND VALUABLE CONSIDERATION, including the Indebtedness, the receipt of which is hereby acknowledged, and in order to secure the payment of the Indebtedness and the performance of the obligations, covenants, agreements and undertakings of Borrower hereinafter described, Borrower does hereby MORTGAGE and WARRANT to Lender, its successors in title and assigns, the land (the "**Land**") situated in the County of Lake and State of Indiana (the "**State**") described in Exhibit A attached hereto and made a part hereof, together with (i) all the buildings and other improvements now on or hereafter located on the Land; (ii) all materials, equipment, fixtures or other property whatsoever now or hereafter attached or affixed to or installed in said buildings and other improvements, including, but not limited to, all heating, plumbing, lighting, water heating, cooking, laundry, refrigerating, incinerating, ventilating and air conditioning equipment, disposals, dishwashers, refrigerators and ranges, recreational equipment and apparatus, utility lines and equipment (whether owned individually or jointly with others), sprinkler systems, fire extinguishing apparatus and equipment, water tanks, swimming pools, engines, machines, elevators, motors, cabinets, shades, blinds, partitions, window screens,

705679-1

406513 000045 15957695.3
Loan Number 371487

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AMOUNT \$ 52-
CASH _____ CHARGE _____
CHECK # 047677
OVERPAGE _____
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CLERK RM E

screen doors, storm windows, awnings, drapes, and rugs and other floor coverings, and all fixtures, accessions and appurtenances thereto, and all renewals or replacements of or substitutions for any of the foregoing, all of which materials, equipment, fixtures and other property are hereby declared to be permanent fixtures and accessions to the freehold and part of the realty conveyed herein as security for the Indebtedness; (iii) all easements and rights of way now and at any time hereafter used in connection with any of the foregoing property or as a means of ingress to or egress from said property or for utilities to said property including, without limitation, any easements described on Exhibit A; (iv) all interests of Borrower in and to any streets, ways, alleys and/or strips of land adjoining said land or any part thereof; (v) all water and water rights and shares of stock evidencing the same; and (vi) all rights, estates, powers and privileges appurtenant or incident to the foregoing.

TO HAVE AND TO HOLD the foregoing property (the “**Real Property**”) unto Lender and its successors and assigns, forever, free from all rights and benefits under and by virtue of the homestead exemption laws of the State of Indiana (which rights and benefits are hereby expressly released and waived), upon the terms, provisions and conditions herein set forth.

In order to secure the payment of the Indebtedness and the performance of the obligations, covenants, agreements and undertakings of Borrower hereinafter described, Borrower hereby grants to Lender a security interest in all goods, equipment, furnishings, fixtures, furniture, chattels and personal property of whatever nature owned by Borrower now or hereafter located or used in and about the building or buildings or other improvements now erected or hereafter to be erected on the lands described in Exhibit A attached hereto and made a part hereof, or otherwise located on said lands, and all fixtures, accessions and appurtenances thereto, and all renewals or replacements of or substitutions for any of the foregoing, all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein, all security deposits (whether cash, one or more letters of credit, bonds or other form of security) and advance rentals under lease agreements now or at any time hereafter covering or affecting any of the Property (as hereinafter defined) and held by or for the benefit of Borrower, all monetary deposits which Borrower has been required to give to any public or private utility with respect to utility services furnished to the Property, all rents and other amounts from and under leases of all or any part of the Property, all issues, profits and proceeds from all or any part of the Property, all proceeds (including premium refunds) of each policy of insurance relating to the Property, including, without limitation any Net Proceeds, Rent Loss Proceeds and any Additional Funds, all proceeds from the taking of the Property or any part thereof or any interest therein or right or estate appurtenant thereto by eminent domain or by purchase in lieu thereof, all amounts deposited in the Tax and Insurance Escrow Account, all amounts payable under any interest rate protection or hedge agreement entered into by Borrower with respect to the Loan, all amounts deposited in the Default Deposit Account, all amounts deposited in Borrower’s operating accounts, all contracts related to the Property, all money, funds, accounts, instruments, documents, general intangibles (including trademarks, trade names and symbols owned by Borrower and used in connection therewith), all accounts arising from the operation of the Property, all rights to payment from state or federal programs, boards, bureaus or agencies and rights to payment from residents, patients, private insurers and others arising from the operation of the Property to the extent assignable or that a security interest therein may be granted as a matter of applicable law and under the terms thereof, all beds, linen, televisions, telephones, cash registers, computers, lamps, glassware, rehabilitation equipment, restaurant and kitchen

equipment, all inventories of food, beverage and other comestibles held by Borrower for sale or use at or from the Property, soap, paper supplies, medical supplies, drugs and all other such goods, wares and merchandise held by Borrower for sale to or for consumption by residents, guests or patients of the Property and all such other goods returned to or repossessed by Borrower, all rights of Borrower arising from the operation of the Property for the payment of goods sold or leased or for services rendered, all rent and other payments of whatever nature from time to time payable pursuant to all present and future leases, license agreements, service agreements, resident agreements and other occupancy or use agreements now or hereafter in force covering all or any portion of the Property, all notes or chattel paper arising from or related to the Property, all permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Property, all plans, specifications, maps, surveys, reports, architectural, engineering and construction contracts, books of account, insurance policies and other documents, of whatever kind or character, relating to the use, construction upon, occupancy, leasing, sale or operation of the Property, all proceeds and other amounts paid or owing to Borrower under or pursuant to any and all contracts and bonds relating to the construction, erection or renovation of the Property, all oil, gas and other hydrocarbons and other minerals produced from or allocated to the Property and all products processed or obtained therefrom, the proceeds thereof, and all accounts and general intangibles under which such proceeds may arise, together with any sums of money that may now or at any time hereafter become due and payable to Borrower by virtue of any and all royalties, overriding royalties, bonuses, delay rentals and any other amount of any kind or character arising under any and all present and future oil, gas and mining leases covering the Property or any part thereof (collectively, the "Collateral") and all proceeds of the Collateral. The term Collateral does not include personal property owned by tenants and purchased at their own expense. The Real Property and the Collateral are collectively called the "Property".

Borrower will warrant and forever defend the title to the Property against the claims of all Persons whomsoever lawfully claiming or to claim the same or any part thereof, subject to the Permitted Encumbrances.

ARTICLE I.

Indebtedness

1.1 Indebtedness. This Security Instrument is made to secure and enforce the payment of the following note, obligations, indebtedness and liabilities: (a) one certain promissory note of even date herewith in the principal amount of Twenty-Six Million Seven Hundred Ninety-Six Thousand Two Hundred Three and No/100 Dollars (\$26,796,203.00), made by Borrower, and payable to the order of BOKE, NA dba Bank of Texas, including, without limitation, all principal, interest, fees and charges, attorneys' fees and legal expenses, and interest at the Post-Default Rate (as such term is defined in the Note), both principal and interest being payable as therein provided and being finally due and payable on October 20, 2020 (subject to being extended or accelerated as provided therein), together with all amendments, modifications and extensions thereof, and all other notes given in substitution therefor or in modification, increase, renewal or extension thereof, in whole or in part, such note and all amendments, modifications and extensions thereof and all other notes given in substitution therefor or in

modification, increase, renewal or extension thereof, in whole or in part, being included in the defined term “**Note**”; and (b) all loans and future advances made by Lender to Borrower and all other debts, obligations and liabilities of every kind and character of Borrower now or hereafter existing in favor of Lender (including all indebtedness incurred or arising pursuant to the provisions of this Security Instrument or any loan agreement relating to the above described indebtedness or any other instrument now or hereafter evidencing, governing or securing the above described indebtedness or any part thereof) whether such debts, obligations or liabilities be direct or indirect, primary or secondary, joint or several, fixed or contingent, and whether originally payable to Lender or to a third party and subsequently acquired by Lender and whether such debts, obligations and liabilities are evidenced by note, open account, overdraft, endorsement, surety agreement, guaranty or otherwise, it being contemplated that Borrower may hereafter become indebted to Lender in further sum or sums; and (c) all obligations of Borrower under any Specified Swap Agreement. The indebtedness referred to in this Section is herein called the “**Indebtedness**”.

1.2 Loan Agreement. The Note, this Security Instrument and certain other documents were executed and delivered pursuant to the Loan Agreement of even date herewith (the “**Loan Agreement**”) between Borrower and Lender. Terms used, but not defined, herein are defined in the Loan Agreement and shall have the meaning given such terms in the Loan Agreement. The representations, covenants, terms and provisions of the Loan Agreement are incorporated herein by reference as though fully set forth herein. All of the covenants in the Loan Agreement, together with the covenants set forth in this Security Instrument, shall constitute covenants running with the land. The covenants set forth in the Loan Agreement include, among other provisions: (a) the obligation to pay when due all taxes on the Property or assessed against Lender with respect to the Property, (b) the obligation to pay all taxes on the Property, (c) the obligation to keep the Property insured as Lender may require, (d) the obligation to comply with all Requirements, maintain the Property in good condition and promptly repair any damage or casualty, and (e) except as otherwise permitted in the Loan Agreement, the obligation of Borrower to obtain Lender’s consent prior to entering into, modifying or taking other actions with respect to Leases, each as more particularly set forth in the Loan Agreement and subject to the exceptions and conditions set forth therein.

1.3 Construction Loan. This Security Instrument is a construction mortgage (as that term is defined in the Uniform Commercial Code as enacted in the State and as amended from time to time) in that it secures an obligation incurred for the construction of an improvement on land.

ARTICLE II

Assignment of Leases and Rents

2.1 Assignment. In order to secure payment of the Indebtedness, Borrower does hereby absolutely, irrevocably, and unconditionally assign, transfer and set over to Lender the following:

(a) all rights, title, interests, estates, powers, privileges, options and other benefits of Borrower in, to and under the lease agreements, resident agreements, service agreements, license agreements and other occupancy or use agreements which now or hereafter cover or affect all or any portion of the Property, together with all renewals, extensions, modifications, amendments, subleases and assignments thereof (the “Leases”); and

(b) all of the rents, income, receipts, revenues, issues, profits and other sums of money (the “Rent”) that are now and/or at any time hereafter become due and payable to Borrower under the terms of the Leases or arising or issuing from or out of the Leases or from or out of the Property or any part thereof, including but not limited to minimum rents, additional rents, percentage rents, deficiency rents and liquidated damages following default, payments in consideration for cancellation of a Lease, security deposits (whether cash, one or more letters of credit, bonds or other form of security), advance rents, all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the Property and all of Borrower’s rights to recover monetary amounts from any lessee in bankruptcy including, without limitation, rights of recovery for use and occupancy and damage claims arising out of lease defaults, including rejections, disaffirmances, repudiations, and similar actions, under the Federal Bankruptcy Code and other statutes governing the rights of creditors, including specifically the immediate and continuing right to collect and receive each and all of the foregoing; and

(c) any and all guaranties of payment of the Rent.

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2.2 Application of Rent. Until receipt from Lender of notice of the occurrence of an Event of Default (a “Notice of Default”), each lessee under the Leases may pay Rent directly to Borrower and Borrower shall have the right to receive such Rent provided that Borrower shall hold such Rent as a trust fund to be applied as required by Lender and Borrower hereby covenants so to apply the Rent, before using any part of the same for any other purposes, first, to the payment of taxes and assessments upon the Property before penalty or interest is due thereon; second, to the cost of insurance, maintenance and repairs required by the terms of the Loan Documents; third, to the satisfaction of all obligations specifically set forth in the Leases; and, fourth, to the payment of the Indebtedness. Upon receipt from Lender of a Notice of Default, each lessee under the Leases is hereby authorized and directed to pay directly to Lender all Rent thereafter accruing and the receipt of Rent by Lender shall be a release of such lessee to the extent of all amounts so paid. The receipt by a lessee under the Leases of a Notice of Default shall be sufficient authorization for such lessee to make all future payments of Rent directly to Lender and each such lessee shall be entitled to rely on such Notice of Default and shall have no liability to Borrower for any Rent paid to Lender after receipt of such Notice of Default. Rent so received by Lender for any period prior to foreclosure under this Security Instrument or acceptance of a deed in lieu of such foreclosure shall be applied by Lender to the payment (in such order as Lender shall determine) of: (a) (i) all expenses of managing the Property, including but not limited to the salaries, fees and wages of a managing agent and such other contractors and agents as Lender may deem necessary or desirable; (ii) all expenses of operating and maintaining the Property, including but not limited to all taxes, assessments, charges, claims,

utility costs and premiums for insurance, and the cost of all alterations, renovations, repairs or replacements; and (iii) all expenses incident to taking and retaining possession of the Property and/or collecting the Rent due and payable under the Leases; and (b) the Note and other Indebtedness secured by this Security Instrument, principal, interest, reasonable attorneys' fees, legal expenses and collection fees and other amounts, in such order as Lender in its sole discretion may determine. In no event will the assignment in this Article II reduce the Indebtedness except to the extent, if any, that Rent is actually received by Lender and applied upon or after said receipt to the Indebtedness in accordance with the immediately preceding sentence. Without impairing its rights hereunder, Lender may, at its option, at any time and from time to time, release to Borrower Rent so received by Lender or any part thereof. As between Borrower and Lender, and any Person claiming through or under Borrower, other than any lessee under the Leases who has not received a Notice of Default pursuant to this Section, the assignment under this Article II is intended to be absolute, unconditional and presently effective and the provisions of this Section for notification of lessees under the Leases upon the occurrence of an Event of Default are intended solely for the benefit of each such lessee and shall never inure to the benefit of Borrower or any Person claiming through or under Borrower, other than a lessee who has not received such notice. It shall never be necessary for Lender to institute legal proceedings of any kind whatsoever to enforce the provisions of this Section.

2.3 Intentionally Omitted.

2.4 No Merger of Estates. Notwithstanding (a) the fact that any Lease or the leasehold estate created thereby may be held, directly or indirectly, by or for the account of any Person which shall have an interest in the fee estate of the Property, (b) the operation of law or (c) any other event, lessee's leasehold estate under such Lease shall not merge into the fee estate and the lessee shall remain obligated under such lease as assigned by this Security Instrument.

2.5 No Third Party Beneficiary. It is expressly agreed by the parties hereto that the assignment under this Article II shall not be construed or deemed made for the benefit of any third party or parties.

2.6 Release and Termination. The assignment contained in this Article II shall terminate upon the release of this Security Instrument but no lessee under the Leases shall be required to take notice of such termination until a copy of a release of this Security Instrument shall have been delivered to such lessee.

2.7 Lessee. The term "lessee" as used in this Article means a lessee, resident, patient, licensee, or party to a service agreement or any other occupancy or use agreement with respect to any portion of the Property.

Event of Default

3.1 Defaults. The term "**Event of Default**" as used in this Security Instrument shall have the same meaning as set forth in the Loan Agreement.

ARTICLE IV.

Remedies Upon Event of Default

4.1 Acceleration. During the continuance of an Event of Default, Lender shall have the option of declaring all Indebtedness in its entirety to be immediately due and payable (including any LIBOR Breakage Fee [as defined in the Note]), without presentment, demand, protest or notice of any kind, and the liens and security interests evidenced hereby shall be subject to foreclosure in any manner provided for herein or provided for by law as Lender may elect.

4.2 Possession. To the extent not prohibited by applicable law, during the continuance of an Event of Default, Lender is authorized, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of the security, prior or subsequent to the institution of any foreclosure proceedings to enter upon the Property, or any part thereof, and to take possession of the Property and of all books, records and accounts relating thereto and to exercise without interference from Borrower any and all rights which Borrower has with respect to the management, possession, operation, protection or preservation of the Property, including the right to rent the same for the account of Borrower and to deduct from such Rents all costs, expenses and liabilities of every character incurred by Lender in collecting such Rents and in managing, operating, maintaining, protecting or preserving the Property and to apply the remainder of such Rents on the indebtedness in such manner as Lender may elect. All such costs, expenses and liabilities incurred by Lender in collecting such Rents and in managing, operating, maintaining, protecting or preserving the Property, if not paid out of Rents as hereinabove provided, shall constitute a demand obligation owing by Borrower and shall bear interest from the date of expenditure until paid at the Post-Default Rate, all of which shall constitute a portion of the Indebtedness. If necessary to obtain the possession provided for above, Lender may invoke any and all legal remedies to dispossess Borrower, including specifically one or more actions for forcible entry and detainer, trespass to try title and restitution.

4.3 Release and Indemnification. **IN CONNECTION WITH ANY ACTION TAKEN BY LENDER PURSUANT TO SECTION 4.2 OR ARTICLE II, LENDER SHALL NOT BE LIABLE FOR ANY LOSS SUSTAINED BY BORROWER RESULTING FROM ANY FAILURE TO LET THE PROPERTY, OR ANY PART THEREOF, OR FROM ANY OTHER ACT OR OMISSION OF LENDER IN MANAGING THE PROPERTY (REGARDLESS OF WHETHER SUCH LOSS IS CAUSED BY THE NEGLIGENCE OF LENDER) UNLESS SUCH LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILFUL MISCONDUCT OF LENDER (AS DETERMINED BY A FINAL NON-APPEALABLE JUDGMENT OF A COURT OF COMPETENT JURISDICTION), NOR SHALL LENDER BE OBLIGATED TO PERFORM OR DISCHARGE ANY OBLIGATION, DUTY OR LIABILITY UNDER ANY LEASE COVERING THE PROPERTY OR ANY PART THEREOF OR UNDER OR BY REASON OF THIS SECURITY INSTRUMENT OR THE EXERCISE OF**

RIGHTS OR REMEDIES HEREUNDER. BORROWER SHALL AND DOES HEREBY AGREE TO INDEMNIFY LENDER FOR, AND TO DEFEND AND HOLD LENDER HARMLESS FROM, ANY AND ALL LIABILITY, LOSS OR DAMAGE WHICH MAY OR MIGHT BE INCURRED BY LENDER UNDER ANY SUCH LEASE OR UNDER OR BY REASON OF THIS SECURITY INSTRUMENT OR ANY OTHER LOAN DOCUMENT OR THE EXERCISE OF RIGHTS OR REMEDIES HEREUNDER AND FROM ANY AND ALL CLAIMS AND DEMANDS WHATSOEVER WHICH MAY BE ASSERTED AGAINST LENDER BY REASON OF ANY ALLEGED OBLIGATIONS OR UNDERTAKINGS ON ITS PART TO PERFORM OR DISCHARGE ANY OF THE TERMS, COVENANTS OR AGREEMENTS CONTAINED IN ANY SUCH LEASE, REGARDLESS OF WHETHER SUCH LIABILITY, LOSS, DAMAGE, CLAIMS OR DEMANDS ARE THE RESULT OF THE NEGLIGENCE OR CLAIMS OF NEGLIGENCE OF LENDER OR ANY STRICT LIABILITY. Should Lender incur any such liability, the amount thereof, including costs, expenses and reasonable attorneys' fees and legal expenses, shall be secured hereby and Borrower shall reimburse Lender therefor immediately upon written demand. Nothing in Section 4.2 or Article II shall impose any duty, obligation or responsibility upon Lender for the control, care, operation, management or repair of the Property, nor for the carrying out of any of the terms and conditions of any such lease; nor shall it operate to make Lender responsible or liable for any waste committed on the Property by the tenants or by any other parties or for any dangerous or defective condition of the Property, **OR FOR ANY NEGLIGENCE IN THE OPERATION, MANAGEMENT, UPKEEP, REPAIR OR CONTROL OF THE PROPERTY RESULTING IN LOSS OR INJURY OR DEATH TO ANY TENANT, LICENSEE, EMPLOYEE OR STRANGER OR ANY STRICT LIABILITY PRIOR TO THE DATE LENDER HAS TAKEN ACTUAL POSSESSION OF THE PROPERTY.** Borrower hereby assents to, ratifies and confirms any and all actions of Lender with respect to the Property taken under Section 4.2 or Article II. For purposes of this Section, the term "Lender" shall include the directors, officers, employees, attorneys and agents of Lender and any Persons owned or controlled by, owning or controlling, or under common control or affiliated with Lender. The foregoing releases and indemnities shall not terminate upon release or other termination of this Security Instrument.

4.4 Foreclosure. During the continuance of an Event of Default, in addition to all other remedies available at law, Lender may institute proceedings for the complete foreclosure of this Security Instrument pursuant to all remedies afforded to a "mortgagee" under and pursuant to applicable law, in which case the Property may be sold for cash or credit in one or more parcels. At any such sale by virtue of any judicial proceedings or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Borrower shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Borrower, and against all other persons claiming or to claim the property sold or any part thereof, by, through or under Borrower. Lender may be a purchaser at such sale and if Lender is the highest bidder, may credit the portion of the purchase price that would be distributed to Lender against the Indebtedness in lieu of paying cash.

4.5 Intentionally Omitted.

4.6 Receiver. In addition to all other remedies herein provided for, to the extent not prohibited by applicable law, Borrower agrees that during the continuance of an Event of Default, Lender as a matter of right and without (a) notice to the Borrower or any other party, (b) a showing of insolvency of the Borrower, (c) a showing of fraud or mismanagement with respect to the Loan or the Property, (d) regard to the sufficiency of the security for the repayment of the Indebtedness, or (e) the necessity of filing any proceeding other than a proceeding for appointment of a receiver, shall be entitled to the appointment of a receiver or receivers for the Property or any part thereof (including without limitation the Rents of the Property). Borrower, for itself and any subsequent owner or owners, irrevocably consents to such appointment and waives any and all defenses to such application for a receiver. This section will not deprive Lender of any other right, remedy or privilege it may have under applicable law to have a receiver appointed for the Property. Additionally, during the pendency of a receivership for all or a portion of the Property, Borrower consents to any proceeding commenced by Lender which seeks to enforce another right or remedy of Lender under the Loan Documents or applicable law, including without limitation, the commencement of a foreclosure of the Property. Any money advanced by Lender in connection with any such receivership will constitute a demand obligation owing by Borrower and shall bear interest from the date of expenditure until paid at the Post-Default Rate, all of which shall constitute a portion of the Indebtedness. This section is made an express condition upon which the Loan is made.

4.7 Proceeds of Sale. The proceeds of any foreclosure sale of the liens evidenced hereby shall be applied:

FIRST, to the payment of all necessary costs and expenses incident to such foreclosure sale, including but not limited to all court costs and charges of every character in the event foreclosed by suit;

SECOND, to the payment in full of the Indebtedness (including specifically without limitation the principal, interest and reasonable attorneys' fees and legal expenses due and unpaid on the Note and the amounts due and unpaid and owed to Lender under this Security Instrument or any other Loan Document) in such order as Lender may elect; and

THIRD, the remainder, if any, shall be paid to Borrower or to such other party or parties as may be entitled thereto by law.

4.8 Lender as Purchaser. Lender shall have the right to become the purchaser at any foreclosure sale, and Lender shall have the right to credit upon the amount of the bid made therefor, to the extent necessary to satisfy such bid, the Indebtedness owing to Lender, or if Lender holds less than all of the Indebtedness the pro rata part thereof owing to Lender, accounting to all other lenders not joining in such bid in cash for the portion of such bid or bids apportionable to such nonbidding lender or lenders.

4.9 Uniform Commercial Code. During the continuance of an Event of Default, Lender may exercise its rights of enforcement with respect to the Collateral under the Uniform

Commercial Code as enacted in the State and as the same may be amended from time to time, and in conjunction with, in addition to or in substitution for those rights and remedies:

- (a) Lender may enter upon the Property to take possession of, assemble and collect the Collateral or to render it unusable;
- (b) Lender may require Borrower to assemble the Collateral and make it available at a place Lender designates which is mutually convenient to allow Lender to take possession or dispose of the Collateral;
- (c) written notice mailed to Borrower as provided herein ten (10) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice;
- (d) any sale made pursuant to the provisions of this Section shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the sale of the Real Property under power of sale as provided herein upon giving the same notice with respect to the sale of the Collateral hereunder as is required for such sale of the Real Property under power of sale;
- (e) in the event of a foreclosure sale, the Collateral and the Real Property may, at the option of Lender, be sold as a whole;
- (f) it shall not be necessary that Lender take possession of the Collateral or any part thereof prior to the time that any sale pursuant to the provisions of this Section is conducted and it shall not be necessary that the Collateral or any part thereof be present at the location of such sale;
- (g) prior to application of proceeds of disposition of the Collateral to the Indebtedness, such proceeds shall be applied to the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorneys' fees and legal expenses incurred by Lender;
- (h) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the Indebtedness or as to the occurrence of any Event of Default, or as to Lender having declared all of the Indebtedness to be due and payable, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to any other act or thing having been duly done by Lender, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and
- (i) Lender may appoint or delegate any one or more Persons as agent to perform any act or acts necessary or incident to any sale held by Lender, including the sending of notices and the conduct of the sale, but in the name and on behalf of Lender.

4.10 Intentionally Omitted.

4.11 Partial Foreclosure. During the continuance of an Event of Default in the payment of any part of the Indebtedness, Lender shall have the right to proceed with foreclosure of the liens and security interests evidenced hereby without declaring the entire Indebtedness due, and in such event any such foreclosure sale may be made subject to the unmatured part of the Indebtedness; and any such sale shall not in any manner affect the unmatured part of the Indebtedness, but as to such unmatured part this Security Instrument shall remain in full force and effect just as though no sale had been made. The proceeds of any such sale shall be applied as provided in Section 4.7 hereof except that the amount paid under Subsection SECOND thereof shall be only the matured portion of the Indebtedness and any proceeds of such sale in excess of those provided for in Subsections FIRST and SECOND (modified as provided above) shall be applied to installments of principal of and interest on the Note in the inverse order of maturity. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness.

4.12 Remedies Cumulative. All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any other instrument securing the payment of the Indebtedness, or any part thereof, or otherwise benefiting Lender, and Lender shall, in addition to the remedies herein provided, be entitled to avail itself of all such other remedies as may now or hereafter exist at law or in equity for the collection of the Indebtedness and the enforcement of the covenants herein and the foreclosure of the liens and security interests evidenced hereby, and the resort to any remedy provided for hereunder or under any such other instrument or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

4.13 Resort to Any Security. Lender may resort to any security given by this Security Instrument or to any other security now existing or hereafter given to secure the payment of the Indebtedness, in whole or in part, and in such portions and in such order as may seem best to Lender in its sole and uncontrolled discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits, liens or security interests evidenced by this Security Instrument.

4.14 Waiver. To the full extent Borrower may do so, Borrower agrees that Borrower will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force pertaining to the rights and remedies of sureties or redemption, and Borrower, for Borrower and Borrower's heirs, devisees, representatives, successors and assigns, and for any and all Persons ever claiming any interest in the Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, notice of intention to mature or declare due the whole of the Indebtedness, notice of election to mature or declare due the whole of the Indebtedness and all rights to a marshaling of the assets of Borrower, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and security interests hereby created. Borrower shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents or other matters whatever to defeat, reduce or affect the right of Lender under the terms of this Security Instrument to a sale of the Property for the collection of the Indebtedness without any

prior or different resort for collection, or the right of Lender under the terms of this Security Instrument to the payment of the Indebtedness out of the proceeds of sale of the Property in preference to every other claimant whatever. If any law referred to in this Section and now in force, of which Borrower or Borrower's heirs, devisees, representatives, successors and assigns and such other Persons claiming any interest in the Property might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section.

4.15 Delivery of Possession After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale Borrower or Borrower's heirs, devisees, representatives, successors or assigns or any other Persons claiming any interest in the Property by, through or under Borrower are occupying or using the Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale. Subject to the terms of any applicable non-disturbance and/or attornment agreement between Lender and any tenant(s) of the Property, such tenancy shall be a tenancy from day-to-day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the portion of the Property occupied, such rental to be due daily to the purchaser. In the event the tenant fails to surrender possession of the portion of the Property upon demand, the purchaser shall be entitled to institute and maintain an action for forcible entry and detainer of the Property in the court of competent jurisdiction where the Property, or any part thereof, is situated.

4.16 Tender After Acceleration. Upon following the occurrence of an Event of Default and the acceleration of the Indebtedness but prior to the foreclosure of this Security Instrument against the Property, Borrower shall tender to Lender payment of an amount sufficient to pay the entire Indebtedness, such tender shall be deemed to be a voluntary prepayment under the Note and, consequently, Borrower shall also pay to Lender the LIBOR Breakage Fee required under the Note to be paid in order to prepay principal and, if such principal payment is made during any period when prepayment is prohibited by this Security Instrument or the Note, the applicable charge or premium shall be the maximum LIBOR Breakage Fee provided for in the Note.

4.17 Collection Expenses. Upon the occurrence of an Event of Default, Borrower shall reimburse Lender for all expenses incurred by Lender as a result of such Event of Default, including, but not limited to, all travel costs, third-party appraisal fees, environmental report preparation and testing fees, architectural and engineering expenses, and attorneys' fees and legal expenses.

5.1 Defeasance. If all of the Indebtedness is paid in full and if all of the covenants, warranties, undertakings and agreements made in this Security Instrument are kept and performed, then and in that event only, all rights under this Security Instrument shall terminate and the Property shall become wholly clear of the liens, security interests, conveyances and assignments evidenced hereby, which shall be released by Lender in due form at Borrower's cost.

5.2 No Homestead or Agricultural Use. No portion of the Property is being used as Borrower's business or residential homestead. No portion of the Property is being used for agricultural purposes.

5.3 Protection and Defense of Lien. If the validity or priority of this Security Instrument or of any rights, titles, liens or security interests created or evidenced by any Loan Document with respect to the Property or any part thereof shall be endangered or questioned or shall be attacked directly or indirectly or if any legal proceedings are instituted against Borrower with respect thereto, Borrower will give prompt written notice thereof to Lender and at Borrower's own cost and expense will diligently endeavor to cure any defect that may be developed or claimed, and will take all necessary and proper steps for the defense of such legal proceedings, including but not limited to the employment of counsel, the prosecution or defense of litigation and the release or discharge of all adverse claims, and Lender (whether or not named as a party to legal proceedings with respect thereto) is hereby authorized and empowered to take such additional steps as in its judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of the Loan Documents and the rights, titles, liens and security interests created or evidenced thereby, including but not limited to the employment of counsel, the prosecution or defense of litigation, the compromise or discharge of any adverse claims made with respect to the Property, the purchase of any tax title and the removal of prior liens or security interests (including but not limited to the payment of debts as they mature or the payment in full of matured or nonmatured debts, which are secured by these prior liens or security interests), and all expenses so incurred of every kind and character shall be a demand obligation owing by Borrower and the party incurring such expenses shall be subrogated to all rights of the Person receiving such payment.

5.4 Notification of Account Debtors. Lender may at any time after an Event of Default by Borrower notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness included in the Collateral to pay Lender directly.

5.5 Authorization to File Financing Statement. Borrower hereby irrevocably authorizes Lender at any time and from time to time to file, without the signature of Borrower, in any jurisdiction any amendments to existing financing statements and any initial financing statements and amendments thereto that (a) indicate the Property (i) as "all assets of Borrower and all proceeds thereof, and all rights and privileges with respect thereto" or words of similar effect, regardless of whether any particular asset comprised in the Property falls within the scope of Article/Chapter 9 of the Uniform Commercial Code, or (ii) as being of an equal or lesser scope or with greater detail; (b) contain any other information required by subchapter E of Article/Chapter 9 of the Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including whether Borrower is an organization, the type of organization and any organization identification number issued to Borrower; and (c) are necessary to properly effectuate the transactions described in the Loan Documents, as determined by Lender in its discretion. Borrower agrees to furnish any such information to Lender promptly upon request. Borrower further agrees that a carbon, photographic or other reproduction of this Security Instrument or any financing statement

describing any Property is sufficient as a financing statement and may be filed in any jurisdiction by Lender.

5.6 Fixture Filing. This Security Instrument shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Property and is to be filed for record in the real estate records in the Office of the County Recorder where the Property (including said fixtures) is situated. This Security Instrument shall also be effective as a financing statement covering as-extracted collateral and is to be filed for record in the real estate records of the county where the Property is situated. The mailing address of Borrower and the mailing address of Lender from which information concerning the security interest may be obtained are the addresses of Borrower and Lender set forth on the first page of this Security Instrument. Borrower is the record owner of the Land.

5.7 Filing and Recordation. Borrower will cause this Security Instrument and all amendments and supplements hereto and substitutions for this Security Instrument and all financing statements and continuation statements relating hereto to be recorded, filed, re-recorded and refiled in such manner and in such places as Lender shall reasonably request, and will pay all such recording, filing, re-recording and refile taxes, fees and other charges.

5.8 Dealing with Successor. In the event the ownership of the Property or any part thereof becomes vested in a Person other than Borrower, Lender may, without notice to Borrower, deal with such successor or successors in interest with reference to this Security Instrument and to the Indebtedness in the same manner as with Borrower, without in any way vitiating or discharging Borrower's liability hereunder or for the payment of the Indebtedness. No sale of the Property, no forbearance on the part of Lender and no extension of the time for the payment of the Indebtedness given by Lender shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Borrower hereunder or for the payment of the Indebtedness or the liability of any other Person hereunder or for the payment of the Indebtedness, except as agreed to in writing by Lender.

5.9 Place of Payment. The Indebtedness which may be owing hereunder at any time by Borrower shall be payable at the place designated in the Note, or if no such designation is made, at the office of Lender at the address indicated in this Security Instrument, or at such other place in Dallas County, Texas as Lender may designate in writing.

5.10 Subrogation. To the extent that proceeds of the Note are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Property, such proceeds have been advanced by Lender at Borrower's request and Lender shall be subrogated to any and all rights, security interests and liens owned or held by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released; provided, however that the terms and provisions of this Security Instrument shall govern the rights and remedies of Lender and shall supersede the terms, provisions, rights and remedies under and pursuant to the instruments creating the lien or liens to which Lender is subrogated hereunder.

5.11 Application of Indebtedness. If any part of the Indebtedness cannot be lawfully secured by this Security Instrument or if any part of the Property cannot be lawfully subject to the lien and security interest hereof to the full extent of such Indebtedness or if the lien and security interest of the Indebtedness of this Security Instrument are invalid or unenforceable as to any part of the Indebtedness or as to any part of the Property, then all payments made on the Indebtedness, whether voluntary or under foreclosure or other enforcement action or procedure, shall be applied on said Indebtedness first in discharge of that portion thereof which is unsecured in whole or in part by this Security Instrument.

5.12 Notice. Except for any notice required under applicable law to be given in another manner, any notice or communication required or permitted hereunder shall be given in accordance with the provisions of the Loan Agreement.

5.13 Successors, Substitutes and Assigns. The terms, provisions, covenants and conditions hereof shall be binding upon Borrower, and the successors and assigns of Borrower including all successors in interest of Borrower in and to all or any part of the Property, and shall inure to the benefit of Lender and its successors, substitutes and assigns and shall constitute covenants running with the land. All references in this Security Instrument to Borrower or Lender shall be deemed to include all such successors, substitutes and assigns.

5.14 Severability. A determination that any provision of this Security Instrument is unenforceable or invalid shall not affect the enforceability or validity of any other provision and any determination that the application of any provision of this Security Instrument to any Person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other Persons or circumstances.

5.15 Gender and Number. Within this Security Instrument, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, and words in the plural number shall be held and construed to include the singular, unless in each instance the context otherwise requires.

5.16 Counterparts. This Security Instrument may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart.

5.17 Joint and Several. If Borrower is comprised of more than one entity, the term "Borrower" as used in this Security Instrument means all or either or any of such entities and the obligations of Borrower hereunder shall be joint and several.

5.18 Headings. The Section headings contained in this Security Instrument are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several Sections hereof.

5.19 Entire Agreement. The Loan Documents constitute the entire understanding and agreement between Borrower and Lender with respect to the transactions arising in connection with the Indebtedness and supersede all prior written or oral understandings and agreements

between Borrower and Lender with respect thereto. Borrower hereby acknowledges that, except as incorporated in writing in the Loan Documents, there are not, and were not, and no Persons are or were authorized by Lender to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the transaction which is the subject of the Loan Documents.

5.20 Inconsistencies with Loan Agreement. In the event of any inconsistency between this Security Instrument and the Loan Agreement, the terms hereof shall control as necessary to create, preserve and/or maintain a valid lien and security interest upon the Property, otherwise the provisions of the Loan Agreement shall control.

5.21 Governing Law; Submission to Jurisdiction. Reference is made to Section 10.10 of the Loan Agreement, which section is incorporated herein and made a part hereof.

ARTICLE VI.

State Law Provisions

6.1 UCC Waiver. Borrower hereby waives any right under the Uniform Commercial Code as enacted in the State and as the same may be amended from time to time or any other applicable law to receive notice and/or copies of any filed or recorded financing statements, amendments thereto, continuations thereof or termination statements and releases and excuses Lender from any obligation under the Uniform Commercial Code as enacted in the State and as the same may be amended from time to time or any other applicable law to provide notice or a copy of any such filed or recorded documents.

6.2 Maximum Amount. The maximum principal amount of the Indebtedness is \$26,796,203.00, plus accrued and unpaid interest and any expenses or protective advances as provided in the Loan Documents.

6.3 Waiver of Right to Appraisal. All Indebtedness shall be due and payable without relief from valuation or appraisal laws.

6.4 Intentionally Omitted.

6.5 Future Advances. Lender has bound itself to make principal advances pursuant to and subject to the terms of the Loan Agreement. Borrower hereby acknowledges and intends that all such principal advances, including future principal advances not to exceed the maximum principal amount specified in Section 6.2 hereof, whenever hereafter made, shall be a lien from the time this Security Instrument is recorded, as provided in I.C. 32-29-1-10.

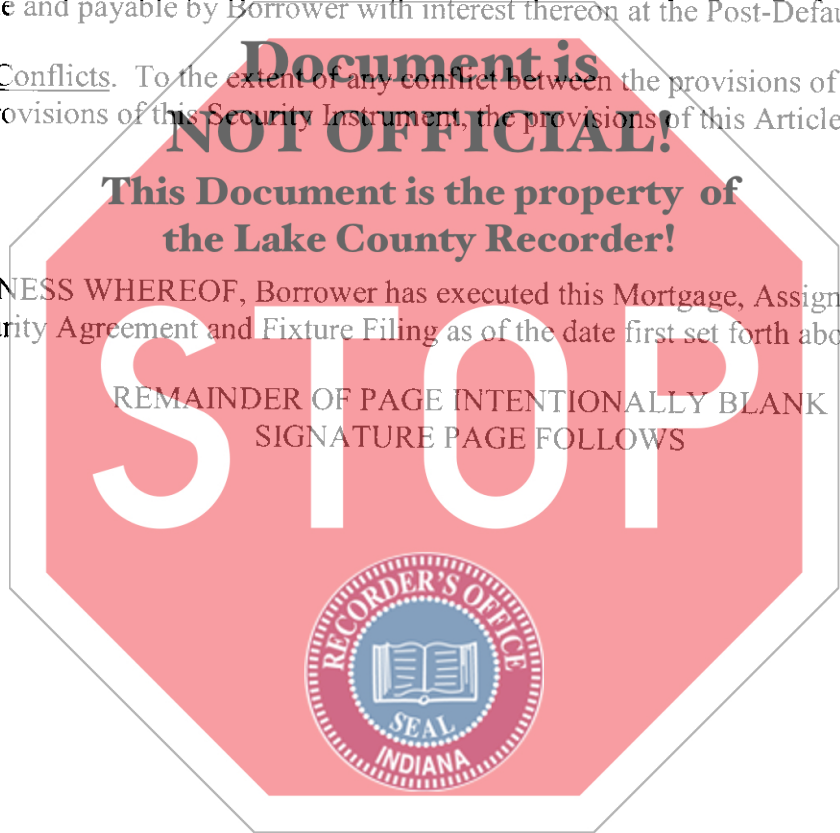
6.6 Litigation Expenses. In any proceeding to foreclose the lien or enforce any other remedy of Lender under the Loan Documents, or in any other proceeding in connection with any of the Loan Documents or any of the Property in which Lender is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting all related expenses paid or incurred by or on behalf of Lender. Such expenses shall include: attorneys'

fees including, without limitation, litigation preparation costs and expenses, paraprofessional fees, secretarial overtime, depositions, electronic research, postage, travel, communications and related costs and expenses, and expenses of preparing the Property for sale, including, without limitation, all costs and expenses of environmental testing, investigation, reporting, remediation and clean-up, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, survey costs, and costs of procuring all abstracts of title, title searches and examinations, title insurance policies, and any similar data and assurances with respect to title to the Property as Lender may deem reasonably necessary either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the Property. All foregoing expenses, and such expenses as may be incurred in the protection of any of the Property and the maintenance of the lien of this Security Instrument, including the fees of any attorney employed by Lender in any litigation affecting the Note, this Security Instrument, or the Property, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding (which may be estimated as to items to be expended after entry of such judgment or decree) including, without limitation, litigation preparation costs and expenses, paraprofessional fees, secretarial overtime, depositions, electronic research, postage, travel, communications and related costs and expenses, and expenses of preparing the Property for sale, including, without limitation, all costs and expenses of environmental testing, investigation, reporting, remediation and clean-up, shall be immediately due and payable by Borrower with interest thereon at the Post-Default Rate.

6.7 Conflicts. To the extent of any conflict between the provisions of this Article VI and the other provisions of this Security Instrument, the provisions of this Article VI shall control.

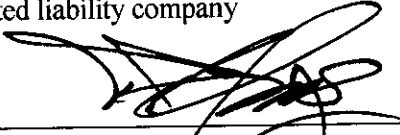
IN WITNESS WHEREOF, Borrower has executed this Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing as of the date first set forth above.

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SIGNATURE PAGE FOLLOWS



SIGNATURE PAGE OF BORROWER TO MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING

HSRE SCHERERVILLE, LLC, a Delaware limited liability company

By: 
Name: Timothy M. Gray
Title: Authorized Signatory

THE STATE OF Minnesota §
COUNTY OF Hennepin §

Document is NOT OFFICIAL!

Before me, a Notary Public in and for said county and state, personally appeared Timothy M. Gray, by me known and by me known to be the Authorized Signatory of HSRE Schererville, LLC, a Delaware limited liability company, who acknowledged execution of this Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing for and on behalf of said limited liability company, and who being first duly sworn, stated that he/she has been duly employed by said limited liability company to execute the same and that all representations contained therein are true to the best of his/her knowledge and belief.

WITNESS my hand and Notarial Seal this 16 day of October, 2015.


My Commission Expires: 1-31-20
My County of Residence: Dakota
Notary Public, State of MA


I certify under penalties for perjury that I have exercised reasonable care to redact all social security numbers from this instrument unless required by law. Matthew H. Swerdlow

**THIS INSTRUMENT WAS PREPARED BY AND
WHEN RECORDED RETURN TO:**

**MATTHEW H. SWERDLOW
THOMPSON & KNIGHT LLP
ONE ARTS PLAZA
1722 ROUTH STREET, SUITE 1500
DALLAS, TEXAS 75201**



EXHIBIT A
(Legal Description)

Lot 1 in Clarendale of Schererville, a planned unit development in the Town of Schererville, Lake County, Indiana, as per plat thereof, recorded in Plat Book 108, Page 58 as Document No. 2015 067792, in the Office of the Recorder of Lake County, Indiana.

