



TO HAVE AND TO HOLD the Mortgaged Property and every part thereof unto the Mortgagee, its successors and assigns forever for the purposes and uses herein set forth.

AND the Mortgagor further covenants and agrees with the Mortgagee, as follows:

1. The CHIP Mortgage Loan as evidenced by the Note bearing even date herewith shall be secured by the mortgage herein and recorded in the office of the Lake County, Indiana Recorder. The mortgage herein shall be second in position only to the primary home loan used to finance the purchase of the property listed herein. If there is no primary loan, or if the home is purchased with cash, then the CHIP Mortgage Loan provided to the Mortgagor shall be the highest priority interest recorded in said property.

2. The Mortgagor will promptly pay the principal of and interest on the indebtedness evidenced by the Note, and all other charges and indebtedness provided therein and in this Mortgage, at the times and in the manner provided in the Note and in this Mortgage.

3. The Mortgagor will pay when due, as hereinafter provided, all ground rents, if any, and all taxes, assessments, water rates and other governmental charges, fines and impositions, of every kind and nature whatsoever, now or hereafter imposed on the Mortgaged Property, or any part thereof, and will pay when due every amount of indebtedness secured by any lien to which the lien of this Mortgage is expressly subject.

4. No building or other structure or improvement, fixture or personal property mortgaged hereby shall be removed or demolished, without the prior written consent of the Mortgagee. The Mortgagor will not make, permit or suffer any alteration of or addition to any building or other structure or improvement now or which may hereafter be erected or installed upon the Mortgaged Property, or any part thereof, nor will the Mortgagor use, or permit or suffer the use of, any of the Mortgaged Property for any purpose other than the purpose or purposes for which the same is now intended to be used, without the prior written consent of the Mortgagee. The Mortgagor will maintain the Mortgaged Property in good condition and state of repair and will not suffer or permit any waste to any part thereof, and will promptly comply with all the requirements of federal, state and local governments, or of any departments, divisions or bureaus thereof, pertaining to such property or any part thereof.

5. Except for a bona fide first purchase money mortgage, the Mortgagor will not voluntarily create, or permit or suffer to be created or to exist, on or against the Mortgaged Property, or any part thereof, any lien superior to the lien of this Mortgage, exclusive of the lien or liens, if any, to which this Mortgage is expressly subject, as set forth in the granting clause above, and will keep and maintain the same free from the claims of all parties supplying labor or materials which will enter into the construction or installation of the Improvements.

6.1 The Mortgagor will keep all buildings, other structures and Improvements, including equipment, now existing or which may hereafter be erected or installed on the land mortgaged hereby, insured against loss by fire and other hazards, casualties and contingencies, in such amounts and manner, and for such periods, all as may be required from time to time by the Mortgagee. Unless otherwise required by the Mortgagee, all such insurance shall be effected by Standard Fire and Extended Coverage Insurance policies, in amounts not less than necessary to comply with the coinsurance clause percentage of the value applicable to the location and character of the property to be covered. All such insurance shall be carried in companies approved by the Mortgagee and all policies therefore shall be in such form, shall name Mortgagee as an additional insured upon terms satisfactory to Mortgagee in Mortgagee's sole discretion, and shall contain a mortgage clause in favor of Mortgagee in form and substance satisfactory to Mortgagee. All such policies and attachments thereto shall be delivered promptly to the Mortgagee, unless they are required to be delivered to the holder of a lien of a mortgage or similar instrument to which the Mortgage is expressly subject, in which latter event certificates thereof, satisfactory to the Mortgagee, shall be delivered promptly to the Mortgagee. The Mortgagor will pay promptly when due, as hereinafter provided, and any and all premiums on such insurance, and in every case in which payment thereof is not made from the deposits therefore required by this Mortgage, promptly submit to the mortgagee for examination receipts or other evidence of such payment as shall be satisfactory to the Mortgagee. The Mortgagee



may obtain and pay the premium on (but shall be under no obligation to do so) every kind of insurance required hereby if the amount of such premium has not been deposited as required by this Mortgage, in which event the Mortgagor will pay to the Mortgagee every premium so paid by the Mortgagee together with interest as expressed in the Note.

6.2 In the event of loss or damage to the Mortgaged Property, the Mortgagor will give to the Mortgagee immediate notice thereof by mail, and the Mortgagee may make and file proof of loss if not made otherwise promptly by or on behalf of the Mortgagor. Each insurance company issuing any such policy is hereby authorized and directed to make payment hereunder for such loss directly to the Mortgagee, instead of to the Mortgagor and the Mortgagee jointly, unless the amount of loss is payable first to the holder of a lien under a mortgage or similar instrument to which this Mortgage is expressly subject; and the insurance proceeds or any part thereof is received by the Mortgagee may be applied by the Mortgagee, at its option, either in reduction of the indebtedness hereby secured, or to the restoration or repair of the Mortgaged Property damaged. In the event of foreclosure of this Mortgage, or of any transfer of title to the Mortgaged Property in extinguishment of such indebtedness, all right, title, and interest of the Mortgagor in and to every such insurance policy then in force, subject to the rights and interest of the holder of any such prior lien, shall pass to the grantee acquiring title to the Mortgaged Property together with such policy and appropriate assignment of such right, title and interest which shall be made by the Mortgagor.

7. Upon any failure by the Mortgagor to comply with or perform any of the terms, covenants or conditions of this Mortgage requiring the payment of any amount of money by the Mortgagor, other than the principal amount of the loan evidenced by the Note, interest and other charges, as provided in the Note, the Mortgagee may at its option make such payment. Every payment so made by the Mortgagee (including reasonable attorneys' fees incurred thereby), with interest thereon from the date of such payment, at the rate of six percent (6%) per annum or that rate expressed in the Note, whichever is greater, except any payment for which a different rate of interest is specified herein, shall be payable by the Mortgagor to the Mortgagee on demand and shall be secured by this Mortgage. This Mortgage with respect to any such amount and the interest thereon, shall constitute a lien on the Mortgaged Property prior to any other lien attaching or accruing subsequent to the lien of this Mortgage.

8. The Mortgagee, by any of its agents or representatives, may make reasonable entries upon, and perform inspections of, the Mortgaged Property as set forth below. Should the Mortgaged Property, or any part thereof, at any time require inspection, repair, care or attention of any kind or nature not provided by this Mortgage as determined by the Mortgagee in its sole discretion, the Mortgagee may, after notice to the Mortgagor, enter or cause entry to be made upon the Mortgaged Property, and inspect, repair, protect, care for or maintain such property, as the Mortgagee may in its sole discretion deem necessary, and may pay all amounts of money therefore, as the Mortgagee may in its sole discretion deem necessary.

9. The principal amount owing on the Note together with any interest thereon and all other charges, as therein provided, and all other amounts of money owing by the Mortgagor to the Mortgagee pursuant to and secured or intended to be secured by this Mortgage, shall immediately become due and payable without notice or demand upon the appointment of a receiver or liquidator, whether voluntary or involuntary, for the Mortgagor or any of the property of the Mortgagor, or upon the filing of any bankruptcy petition by or against the Mortgagor under the provision of any Applicable Law, or upon the making by the Mortgagor of an assignment for the benefit of the Mortgagor's creditors. The Mortgagor shall provide timely written notice to the Mortgagee of any UCC filings, bankruptcies, name changes, or other factors which may affect the Mortgagee's interest in the property which is the subject of the CHIP Mortgage Loan. The Mortgagee is authorized to declare, at its option, all or any part of such indebtedness immediately due and payable upon the happening of any of the following events:

9.1 Failure to pay the amount of any installment of principal and interest, or other charges payable on the Note, which shall have become due, prior to the due date of the next such installment;

9.2 Nonperformance by the Mortgagor of any covenant, agreement, term or condition of this Mortgage, or of the Note (except as otherwise provided in subdivision 11.1 hereof) or of

any other agreement heretofore, herewith or hereafter made by the Mortgagor with the Mortgagee in connection with such indebtedness;

9.3 Failure of the Mortgagor to perform any covenant, agreement, term or condition in any instrument creating a lien upon the Mortgaged Property, or any part thereof, which shall have priority over the lien of this Mortgage;

9.4 The Mortgagee's discovery of the Mortgagor's failure in any application of the Mortgagor to the Mortgagee to disclose any fact deemed by the Mortgagee to be material, or of the making therein or in any of the agreements entered into by the Mortgagor with the Mortgagee (including, but not limited to, the Note and this Mortgage) of any misrepresentation by, on behalf of, or for the benefit of, the Mortgagor;

9.5 The sale, lease or other transfer of any kind or nature of the Mortgaged Property, or any part thereof, without the prior written consent of the Mortgagee;

9.6 The enactment after the date of this Mortgage of any Applicable Law deducting from the value of the Mortgaged Property (or any part thereof), for the purpose of taxation, any lien thereon, or changing in any way its laws for the taxation of mortgages or debts secured by mortgage for state or local purposes, or the manner of collection of any such tax, so as to affect this Mortgage, and if after such enactment or change the holder of the Note and this Mortgage gives written notice to the Mortgagor declaring the Note and all other indebtedness secured by this Mortgage to be due and payable, because of any such enactment or change, immediately upon the expiration of thirty (30) days after such notice.

The Mortgagee's failure to exercise any of its rights hereunder shall not constitute a waiver thereof. Each event in this Paragraph enumerated upon the happening of any of which the Note shall become, or may be declared to be, immediately due and payable, is in this Mortgage called an "Event of Default."

10. The Mortgagee may from time to time cure each default under any covenant or agreement in any instrument creating a lien upon the Mortgaged Property, or any part thereof, which shall have priority over the lien of this Mortgage, to such extent as the Mortgagee may exclusively determine, and each amount paid (if any) by the Mortgagee to cure any such default shall be paid by the Mortgagor to the Mortgagee; and the Mortgagee shall also become subrogated to whatever rights the holder of the prior lien might have under such instrument.

11.1 After the happening of any default hereunder, the Mortgagor shall upon demand of the Mortgagee surrender possession of the Mortgaged Property to the Mortgagee, and the Mortgagee may enter such property, and let the same and collect any and all the rents therefrom which are due or to become due, and apply the same, after payment of all charges and expenses, on account of the indebtedness hereby secured; and any and all such rents and any and all leases existing at the time of such default are hereby assigned to the Mortgagee as further security for the payment of the indebtedness secured hereby; and the Mortgagee may also dispossess, by the usual summary proceedings, any tenant defaulting in the payment of any rent to the Mortgagee.

11.2 So long as the Mortgagor occupies the Mortgaged Property or any part thereof, the Mortgagor agrees to surrender possession of such property to the Mortgagee immediately after any such default hereunder, and if the Mortgagor remains in possession after such default, such possession shall be as a tenant of the Mortgagee, and the Mortgagor shall pay in advance, upon demand by the Mortgagee, as a reasonable monthly rental for the premises occupied by the Mortgagor, an amount at least equivalent to one-twelfth of the aggregate of the twelve monthly installments payable in the current calendar year, plus the actual amount of the annual ground rent, if any, taxes, assessments, water rates, other governmental charges and insurance premiums payable in connection with the Mortgaged Property during such year, and upon the failure of the Mortgagor to pay such monthly rental, the Mortgagor may also be disposed by the usual summary proceedings applicable to tenants. This covenant shall become effective immediately upon the happening of any such default, as determined in the sole discretion of the Mortgagee, who shall give notice of such determination to the Mortgagor; and in the case of foreclosure and the appointment of a receiver of any rents, the within covenant shall inure to the benefit of such receiver.



12. The Mortgagee in any action to foreclose this Mortgage shall be entitled to the appointment of a receiver without notice, as a matter of right and without regard to the value of the Mortgaged Property, or the solvency or insolvency of the Mortgagor or other party liable for the payment of the Note and other indebtedness secured by this Mortgage.

13. Mortgagor within ten (10) days upon request in person or within twenty (20) days upon request by mail, will furnish promptly a written statement in form satisfactory to the Mortgagee, signed by the Mortgagor and duly acknowledged, of the amount then owing on the Note and other indebtedness secured by this Mortgage, and whether any offsets or defenses exist against such indebtedness or any part thereof.

14. The Mortgagor will give immediate notice by registered or certified mail to the Mortgagee of any fire, damage or other casualty affecting the Mortgaged Property, or of any conveyance, transfer or change in ownership of such property, or any part thereof.

15. Notice and demand or request may be made in writing and may be served in person or by mail.

16. The Mortgagor represents and warrants that Mortgagor is lawfully seized of the Mortgaged Property and has good right, full power and lawful authority to sell, mortgage, encumber, and convey the same in the manner above provided, and will warrant and defend the same to the Mortgagee forever against the lawful claims and demands of any and all parties whatsoever.

17. If any of one or more terms or conditions of this Mortgage should be determined to be illegal, invalid or otherwise unenforceable by reason of any Applicable Law as determined by a court of competent jurisdiction, then to the extent and within the jurisdiction which that term or condition is illegal, invalid or unenforceable, it shall be severed and deleted from that clause and the remaining terms and conditions shall survive, remain in full force and effect and continue to be binding and enforceable. Such remaining terms and conditions shall, to the extent necessary to preserve the intentions of the parties as evidenced by this Mortgage, be modified by such court of competent jurisdiction.

18. Mortgagor shall promptly discharge any lien that has priority over this Mortgage unless Mortgagor: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Mortgagee; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings that in the Mortgagee's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Mortgagee subordinating the lien to this Mortgage. If Mortgagee determines that any part of the Property is subject to a lien that may attain priority over this Mortgage, Mortgagee may give Mortgagor a notice identifying the lien. Mortgagor shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

19. Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Mortgaged Property. Mortgagor shall not do, nor allow anyone else to do, anything affecting the Mortgaged Property that is in violation of any one or more Applicable Laws that relate to health, safety, or environmental protection (collectively, "Environmental Laws"). The preceding two sentences shall not apply to the presence, use, or storage on the Mortgaged Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Mortgaged Property.

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

As used in this Paragraph 18, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline,

kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this Paragraph 23, "Environmental law" means federal laws and laws of the jurisdiction where the Mortgaged Property is located that relate to health, safety, or environmental protection.

20. This Mortgage and all the covenants, agreements, terms and conditions herein contained shall be governed by the laws of the State of Indiana and binding upon, and inure to the benefit of, the Mortgagor and the heirs, legal representatives, assigns, grantees, and successors-in-interest of the Mortgagor. If the Mortgagor, as defined herein, consists of two or more parties, this Mortgage shall constitute a grant and mortgage by all of them jointly and severally, and they shall be obligated jointly and severally under all the provisions hereof and under the Note. The word "Mortgagee" shall include any person, corporation or other party who may from time to time be the holder of this Mortgage. Wherever used herein the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall be applicable to all genders wherever the sense requires.

**SIGNATURES ON NEXT PAGE**



