

RECORDED
WASHTENAW COUNTY, MI

JUN 17 10 18 AM '97

PEGGY A. HAINES
COUNTY REGISTER

MORTGAGE
CITY OF ANN ARBOR, MICHIGAN
COMMUNITY DEVELOPMENT DEPARTMENT

This mortgage made this 28 day of MAY, 1997 between the Ozone House ("OWNER"), a non-profit corporation whose address is 608 N. Main Street, Ann Arbor, Michigan, 48104 ("mortgagor") and the City of ANN ARBOR ("mortgagee"), a Michigan Municipal Corporation, whose address is 100 North Fifth Avenue, Ann Arbor, Michigan,

WITNESSETH: That the Mortgagor for and in consideration of the sum of Seventy-five thousand and no/100 (\$75,000.00) Dollars, the receipt whereof acknowledged, and for the purpose of securing the repayment of said sum, with interest hereinafter provided, and the performance of the covenants hereinafter contained, hereby mortgages, warrants and assigns unto the Mortgagee, its successors and assigns, the land premises and property situated in the City of Ann Arbor of Washtenaw County, Michigan described as follows:

Beginning on the centerline of Washtenaw Avenue where the Southeasterly boundary of Oxford Road intersects said centerline, which point is 69 feet Southeasterly from the Southerly corner of Millen's Addition to the City of Ann Arbor, Washtenaw County, Michigan, and 274.5 feet Northwesterly from the intersection of said centerline with the North and South one-half one-quarter line of said one-quarter section; thence Northeasterly on the line of the Southeasterly boundary of said Oxford Road, the Northerly angle between said centerline and said Southeasterly boundary being 72° 59', 191.38 feet to a three fourths inch wrought iron pipe set for the Northerly corner of this land; thence deflecting 107°, 1' to the right, Southeasterly parallel to said centerline 198 feet to a one inch wrought iron pipe set for the Easterly corner of said land; thence deflecting 87° 24' to the right, Southwesterly 183.19 feet to the said centerline of Washtenaw Avenue; thence deflecting 92° 36' to the right, Northwesterly along said centerline, 150.47 feet to the Place of Beginning, all being a part of the Northeast one-quarter Section 33, town 2 South, Range 6 East, city of Ann Arbor, Washtenaw County, Michigan.

Now being known as Lot 11, assessors's Plat No. 15, Ann Arbor City, Washtenaw County, Michigan, according to the Plat thereof, as recorded in Liber 8 of Plats, Page 54, Washtenaw County Records, commonly known as 1705 Washtenaw Avenue, Ann Arbor, Michigan

WHEREAS, Mortgagor acknowledges receipt of a loan in the amount of Seventy-five Thousand and no/100 (\$75,000.00) Dollars from the City of Ann Arbor, for the purposes of improving the building or buildings located on the premises described above.

This loan is secured by the real property described above and together with the improvements, hereditaments and appurtenances thereof and including all property which is or shall be attached to the premises by nails, screws, bolts, pipes, masonry or otherwise, and, whether or not attached to the premises, all parts of the space heating, water heating, air conditioning, plumbing, sprinkling, elevator, gas and electrical systems, all shelving, counters, partitions, store fixtures and equipment, stoves, ranges, refrigerating equipment, machinery, motors, engines, awnings, screens, window shades, storm doors and windows, blinds, mirrors, sinks, basins, tubs and toilet, whether hereafter placed or now on the premises, all of which are hereby declared and shall be deemed to be fixtures and accessions to the freehold and are, together with the above described land and premises, hereinafter called the property, and are a portion of the security for the indebtedness herein mentioned:

Mortgagor also agrees that, as long as Mortgagor is indebted to the City of Ann Arbor, the Mortgagor will use the property to operate a facility for runaway, homeless and at-risk youth.

TO HAVE AND TO HOLD during the term of the mortgage, the above mortgaged property unto the said Mortgagee forever, provided that if the Mortgagor shall pay the principal and all interest as provided in a certain promissory note executed by said Mortgagor to Mortgagee of even date herewith and shall pay all other sums hereinafter provided for, and shall well and truly keep and perform all of the covenants herein contained, then this mortgage and the aforesaid note shall be null and void; otherwise to remain in full effect.

The repayment of principal amount of \$75,000 shall be deferred without interest until the time the mortgagor sells the property or upon any change of use of the property from a facility for runaway, homeless or at-risk youth or a default according to the terms of a promissory note bearing even date herewith executed by the Mortgagor to the Mortgagee. If the amount due to the City is not received within fifteen days of its due date, the mortgagor will pay a late charge not to exceed an amount equal to one percent of the installment.

Mortgagor covenants and such covenants shall run with the land:

1. To pay the debt secured hereby in accordance with the terms of the Note and Disclosure of even date herewith from Mortgagor to Mortgagee and all future indebtedness secured by this mortgage.
2. To keep the property in good repair. Should said property or any part thereof require inspection, repair, care or attention of any kind or nature not provided by the Mortgagor, the Mortgagee herein, after written notice to mortgagor may enter or cause entry to be made upon said property and inspect, repair or maintain the same as deemed necessary, and may pay such sum of money as deemed essential for the preservation of the mortgage security, which sum or sums so expended shall be charged or added to the debt and shall be a further lien upon said mortgaged property.

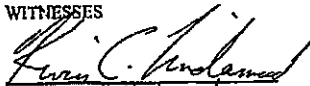
3. That if Mortgagor defaults in the performance of any of the duties imposed by the above covenants, Mortgagee may perform the same and all sums paid by it therefore shall be due and payable by Mortgagor from the time of their payment by Mortgagee with interest thereon at the annual rate of interest specified in the Promissory Note of even date herewith.
4. Promptly to reimburse the Mortgagee for the cost of any title search and report made after any default and for all taxes and assessments levied on this mortgage or the debt to the extent that such amounts when added to the interest payable on all other sums owing hereunder do not exceed the interest rate specified in the Promissory Note of even date herewith.
5. To comply with all applicable laws and governmental regulations, not to remove or allow removal of any of the property, and not to commit or allow the commission of waste. Waste includes, without limitation, failure to pay any taxes assessed against the property or to pay any insurance premiums upon policies covering any of the property. Mortgagor will have the building adequately insured under extended coverage against loss or damage by fire and by vandalism with loss payable to all Mortgagees of record.
6. Mortgagor authorizes Lender, at Lender's option in the same priority as the priority of the mortgages for this project, as attorney-in-fact for Mortgagor, to commence, appear in and prosecute, in Lender's or Mortgagor's name, any action or proceeding relating to any condemnation or other taking of the property and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the property, or part thereof, or for conveyances in lieu of condemnation, are hereby assigned and shall be paid to Lender subject, if this mortgage is on a leasehold, to the rights of lessor under the ground lease. Mortgagor authorizes Lender to apply such awards, proceeds or damages after deduction of Lender expenses incurred in the collection of such amount, at Lender's option to restoration or repair of the property or to payment of the sum secured by this mortgage, whether or not then due, in the order of application set forth, with the balance, if any, to Mortgagor. Mortgagor agrees to execute such assignment of any awards, proceeds, damages, or claims arising in connection with such condemnation or injury as Lender may require. Unless Mortgagor and Lender otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to above or change the amount of such installments.
7. That if default occurs, Mortgagee is hereby authorized and empowered to sell the property or cause same to be sold pursuant to the statute in such case made and provided and out of the proceeds of said sale to retain the amount of the debt then due, the costs and charges of such sale and the attorney fee provided by statute, rendering the surplus moneys, if any to the Mortgagor. The property may, at Mortgagee's option, be sold as one parcel provided however that the City's security mortgage interest on the property is subject to prior mortgages on the property.
8. That if any default continue more than 30 days, Mortgagee may at its option, without notice, declare the entire debt immediately due and payable. Commencement of proceedings to foreclose this mortgage shall be deemed an exercise of said option, unless such proceedings, on their face indicate otherwise.
9. The Mortgagee may deal with successors in interest of Mortgagor as fully as with Mortgagor without affecting Mortgagor's liability hereunder.

The term "default" includes breach of any covenant or warranty hereof and failure to pay any money due hereunder or under any note or notes evidencing the debt. The term "Mortgagee" includes the City of Ann Arbor, its successors and assigns and the term "Mortgagor" includes and binds the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned. All remedies specified herein shall be cumulative and in addition to any other remedies provided by law. In the event the within mortgaged premises are conveyed to any other person by consent, by operation of law, or otherwise, the entire unpaid balance of this mortgage shall become immediately due and payable.

IN WITNESS WHEREOF, Mortgagor has signed and sealed this instrument the day and year first above written.

Signed, sealed and delivered in the presence of:


WITNESSES


Kevin C. Lindblad

J. LAWRENCE FRIEDMAN
J. LAWRENCE FRIEDMAN

MORTGAGOR

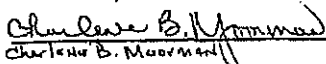
Ozone House, a Michigan nonprofit corporation


Erik Stalhandske a.k.a. Erik J. Stalhandske
Board President


Tanya Hilgendorf
Executive Director

(STATE OF MICHIGAN)
(COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me this 22 day of May 1997, by Erik Stalhandske and Tanya Hilgendorf, Board President and Executive Director, respectively, of Ozone House, a Michigan nonprofit corporation, on behalf of the said corporation.


Charles B. Moorhead
Notary Public:
Washtenaw County, Michigan
My commission expires: 11/1/2000

Drafted by and after recording
return to:

City of Ann Arbor
Community Development
P.O. Box 8647
100 N. Fifth Ave., Ann Arbor, MI 48107

ozone.mt