



Department of
Community Investment

Memorandum

Monday, February 09, 2015

TO: Redevelopment Commissioners

FROM: Chris Fielding

SUBJECT: Sale of Ardmore building

It was requested at the January 29, 2015 meeting of the commission that we exercise our Option to Purchase the Saint Vincent De Paul building on Ardmore Trail. The RDC had made 4 out of the 5 required payments towards the final purchase price of \$732,500 that was predetermined by the average of 2 appraisals completed in 2011. We plan to close on the building with SVDP on 2/18/15 with the last payment being handled via the tile company.

Enclosed in your packet is an executed purchase agreement, along with a Note and Mortgage, from the operators of the Career Academy to develop the facility into a K-5 elementary school. The proposed purchase price of the offer is \$732,500 to be paid in instalments over a period of 15 years after opening. The purchase agreement was accompanied by an earnest money deposit in the amount of \$15,000. The total estimated investment is approximately \$8 million for substantial renovation and potential extension of the building.

The RDC would hold a lien on the property for the unpaid balance secured by the enclosed Note and Mortgage with no pre-payment penalty.

It is estimated that this project will create approximately 20 new jobs and will serve as a catalyst for future investment in and around the neighborhood.

Staff is requesting approval of the terms outlined in the documents, execution of the purchase agreement, and approval to move forward with a dual closing on or after 2/18/2015.



RESOLUTION NO. 3276

**A RESOLUTION OF THE SOUTH BEND REDEVELOPMENT COMMISSION
APPROVING THE SALE OF CERTAIN REAL PROPERTY TO CAREER ACADEMY
OF SOUTH BEND, INC.**

WHEREAS, the South Bend Redevelopment Commission (the “Commission”) is the governing body of the City of South Bend Department of Redevelopment (the “Department”) established under the Redevelopment of Cities and Towns Act of 1953, as amended, being I.C. 36-7-14-1 *et seq.* (the “Act”); and

WHEREAS, I.C. 36-7-14-12.2 provides that the Commission may acquire, hold, use, sell, exchange, lease, rent, or otherwise dispose of property for the purposes set forth and described in I.C. 36-7-14; and

WHEREAS, under I.C. 36-7-14-22(i), the Commission may approve a disposition of its property in which the consideration is not paid in full before the Commission conveys the property; and

WHEREAS, the Commission desires to sell, and Career Academy of South Bend, Inc. (“Career Academy”) desires to purchase, certain real property commonly known as 3408 Ardmore Trail, South Bend, Indiana, and an adjacent vacant parcel (together, the “Property”); and

WHEREAS, Career Academy has presented to the Commission a signed Agreement To Buy And Sell Real Estate (the “Sale Contract”), which constitutes Career Academy’s offer to purchase the Property from the Commission for use in Career Academy’s State-authorized charter school operations; and

WHEREAS, the Sale Contract provides that part of the consideration paid by Career Academy for the Property will be paid to the Commission over a period of years under the terms of a promissory note executed by Career Academy in favor of the Commission and secured by a mortgage on the Property granted by Career Academy; and

WHEREAS, the Sale Contract includes proposed forms of a promissory note and a mortgage to be executed by Career Academy upon closing in the event the Commission approves and executes the Sale Contract; and

WHEREAS, the Commission desires to approve the Sale Contract and the terms of Career Academy’s payment for the Property contained therein.

NOW, THEREFORE, BE IT RESOLVED by the South Bend Redevelopment Commission as follows:

1. The Commission concludes that the full consideration stated in the Sale Contract need not be paid by Career Academy before the Commission conveys the Property to Career Academy.

2. The Commission hereby approves the sale of the Property to Career Academy on the terms and conditions stated in the Sale Contract, including the terms of the promissory note and mortgage attached thereto.
3. This Resolution shall be in full force and effect after its adoption.

ADOPTED at a meeting of the South Bend Redevelopment Commission held on February 12, 2015, at 1308 County-City Building, 227 West Jefferson Boulevard, South Bend, Indiana 46601.

**SOUTH BEND REDEVELOPMENT
COMMISSION**

Signature

Printed Name and Title

ATTEST:

Signature

Printed Name and Title

AGREEMENT TO BUY AND SELL REAL ESTATE

This agreement ("Agreement") is made between the City of South Bend, Indiana, Department of Redevelopment, by and through its governing body, the South Bend Redevelopment Commission ("Seller") and Career Academy of South Bend, Inc., an Indiana not for profit corporation, with its principal office at 3801 Crescent Circle, South Bend, Indiana 46628 ("Buyer").

RECITALS

A. Seller holds an option to purchase certain real property located at 3408 Ardmore Trail, South Bend, Indiana, commonly known as the St. Vincent DePaul Building (the "Building Parcel"), and an adjacent parcel of vacant land (the "Vacant Parcel"), more particularly described in **Exhibit A** (together, the "Property") and expects to obtain fee simple ownership of the Property. Upon obtaining ownership of the Property, Seller wishes to sell the Property to Buyer.

B. Buyer operates a charter school authorized in accordance with the laws of the State of Indiana and wishes to purchase the Property from Seller for use in its charter school operations.

C. Seller and Buyer intend for the Property to be used only for public purposes in accordance with the Redevelopment of Cities and Towns Act of 1953, as amended, being I.C. 36-7-14 (the "Act").

THEREFORE, in consideration of the mutual covenants and promises herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, Buyer and Seller agree as follows:

1. OFFER/PURCHASE AND SALE OBLIGATION

A copy of this Agreement, signed by Buyer, constitutes Buyer's offer to purchase the Property and shall be delivered to Seller to the attention of:

David Relos
Department of Redevelopment
City of South Bend
1400 S. County-City Building
227 W. Jefferson Blvd.
South Bend, IN 46601

This offer shall expire thirty (30) days after delivery unless accepted by Seller. To accept Buyer's offer, Seller shall return a copy of this Agreement, signed by a duly authorized agent, to Buyer's Agent, Larry Garatoni, 4100 Edison Lakes Parkway, Suite 260 Mishawaka, IN 46545.

By delivery of a signed copy hereof to Buyer's Agent, Seller agrees to sell the Property to the Buyer upon the terms and conditions set forth herein. The date that Seller delivers a signed copy of this Agreement to Buyer's Agent is referred to hereafter as the "Contract Date."

2. PURCHASE PRICE AND EARNEST MONEY DEPOSIT

A. The purchase price for the Property shall be Seven Hundred Thirty Thousand Dollars (\$730,000) (the "Purchase Price"), of which the sum of Fifteen Thousand Dollars (\$15,000) shall be paid as earnest money as described in Section 2.C. below, and the remainder shall be payable after the closing described in Section 10 ("Closing," the date of which is the "Closing Date") as follows:

- (a) The Earnest Money Deposit (as defined herein) shall be credited against the Purchase Price at Closing.
- (b) On each anniversary of the Closing (or next business day if an anniversary of the Closing falls on a weekend or banking holiday), Buyer shall pay the following in accordance with the terms of the Note (as defined in Section 10 below):

Year After Closing	Amount
3 (2018)	\$20,000
4 (2019)	\$20,000
5 (2020)	\$20,000
6 (2021)	\$20,000
7 (2022)	\$20,000
8 (2023)	\$20,000
9 (2024)	\$25,000
10 (2025)	\$25,000
11 (2026)	\$30,000
12 (2027)	\$30,000
13 (2028)	\$40,000
14 (2029)	\$40,000
15 (2030)	\$40,000
16 (2031)	\$365,000

B. Earnest Money Deposit. With a signed copy of this Agreement, which constitutes Buyer's offer under Section 1 above, Buyer will deliver the sum of Fifteen Thousand Dollars (\$15,000) to Seller as an earnest money deposit (the "Earnest Money Deposit"). The Earnest Money Deposit shall be credited against the Purchase Price at the Closing or, if no Closing occurs, refunded or forfeited as provided below.

C. Termination During Due Diligence Period. If Buyer exercises its right to terminate this Agreement by written notice to Seller within the due diligence period described in Section 3 below (the "Due Diligence Period"), the Earnest Money Deposit shall be refunded to Buyer. If Buyer fails to exercise its right to terminate this

Agreement by written notice to Seller within the Due Diligence Period, then Earnest Money Deposit shall become non-refundable.

D. Liquidated Damages. If Seller complies with all warranties and duties hereunder and Buyer, not having terminated this Agreement during the Due Diligence Period, fails to purchase the Property, the Earnest Money Deposit shall be forfeited by Buyer and retained by Seller as liquidated damages in lieu of any other damages.

3. BUYER'S DUE DILIGENCE

A. Investigation. Buyer and Seller have made and entered into this Agreement based on their mutual understanding that the Buyer intends to use the Property for operating a charter school serving grades K through 4, in accordance with and subject to Buyer's authorization under the laws of the State of Indiana to operate such school (the "Project"). Seller acknowledges that Buyer's determination whether the Project and the use of the Property for the Project is feasible requires a process of investigation (Buyer's "Due Diligence") into various matters. Therefore, Buyer's obligation to complete the purchase of the Property is conditioned upon the satisfactory completion, in Buyer's discretion, of Buyer's Due Diligence, including without limitation Buyer's examination (at Buyer's expense) of the following:

(i) whether any "hazardous materials" as defined by applicable environmental laws are located on or close to the Property;

(ii) whether legal approval for the establishment of a charter school at the Property (the "Charter") can be obtained;

(iii) whether sufficient parking for the Project is available at the Property or adjoining property;

(iv) whether there are any public easements, restrictions, or other exceptions to Seller's title to the Property which impede the use of the Property for the Project; and

(v) whether zoning approval and all necessary utility service for the Project at the Property can be obtained on terms acceptable to Buyer.

B. Authorizations During Examination Period. Seller authorizes Buyer, as of the Examination Date (as defined below) and continuing until the Closing Date, upon Buyer providing Seller with evidence that Buyer has commercial liability insurance reasonably acceptable to Seller, in the amount of at least One Million Dollars (\$1,000,000), naming Seller as an additional insured and covering the activities, acts and omissions of Buyer and its representatives at the Property, to

(i) enter upon the Property or to cause agents to enter upon the Property for purposes of examination; provided, that Buyer may not take any action upon the Property which reduces the value thereof and Buyer may not conduct any invasive

testing at the Property without Seller's express prior written consent; further provided, that if the transaction contemplated herein is not consummated, Buyer shall promptly restore the Property to its condition prior to entry, and agrees to defend, indemnify and hold Seller harmless, before and after the Closing Date whether or not a closing occurs and regardless of any cancellations or termination of this Agreement, from any liability to any third party, loss or expense incurred by Seller, including without limitation, reasonable attorney fees and costs arising from acts or omissions of Buyer or Buyer's representatives; and

(ii) file any application with any federal, state, county, municipal or regional agency relating to the Property for the purpose of obtaining any approval necessary for the Project. If Seller's written consent to or signature upon any such application is required by any such agency for consideration or acceptance of any such application, Buyer may request from Seller such consent or signature, which Seller shall not unreasonably withhold. Notwithstanding the foregoing, any zoning commitments or other commitments that would further restrict the future use or development of the Property, beyond the restrictions in place as a result of the current zoning of the Property, shall be subject to Seller's prior review and written approval.

For purposes of this Section 3, the "Examination Date" will be the later of the following: (a) the Contract Date, or (b) the date upon which Seller obtains title to the Property satisfactory to Seller, as determined in Seller's sole discretion.

C. Due Diligence Period. Buyer shall have a period of sixty (60) days following the Contract Date to complete its examination.

D. Termination of Agreement. If at any time within the Due Diligence Period, Buyer determines, in its sole discretion, not to proceed with the purchase of the Property, Buyer may terminate this Agreement by written notice to Seller's representative identified in Section 1 above.

4. SELLER'S DOCUMENTS/SURVEY AND ENVIRONMENTAL REPORT

Seller will provide Buyer, within ten (10) business days after the Contract Date, with a copy of all environmental inspection, engineering, title and survey reports and documents in Seller's possession relating to the Property.

5. PRESERVATION OF TITLE

After the Contract Date, Seller shall not take any action or allow any action to be taken by others to cause the Property to become subject to any interests, liens, restrictions, easements, covenants, reservations or other matters affecting Seller's title (such matters are referred to as "Encumbrances"). Seller acknowledges that Buyer intends to obtain and to rely upon a Title Commitment (defined below) and a survey of the Property ("Survey") identifying all Encumbrances as of the Contract Date. The Property shall be conveyed to Buyer free of any Encumbrances other than Permitted Encumbrances, i.e.,

Encumbrances as are in effect on the Contract Date or which become Permitted Encumbrances pursuant to paragraph 7 below.

6. TITLE COMMITMENT AND POLICY REQUIREMENTS

Buyer shall obtain a commitment ("Title Commitment") for an owner's policy of title insurance issued by a title agent selected by Buyer ("Title Agent") within thirty (30) days of the Contract Date. The Title Commitment shall:

(1) Agree to insure good, marketable and indefeasible fee simple title to the Property (including public road access) in the name of the Buyer for the full amount of the Purchase Price upon delivery and recordation of a special warranty deed from the Seller to the Buyer.

(2) Provide for issuance of a final owner's title insurance policy free and clear of any Encumbrances other than Permitted Encumbrances.

(3) Be amended at closing to delete the following standard general exceptions from the Title Commitment and final policy:

- A. Unrecorded mechanics liens
- B. Any discrepancies, conflicts or shortages in area or boundary lines
- C. Any encroachments, or overlapping of improvements
- D. Visible and apparent or unrecorded easements
- E. Rights of parties in possession

Regardless of whether this transaction closes, Buyer shall be responsible for all of the Title Agent's charges and the cost of the Title Commitment and owner's policy.

7. REVIEW OF TITLE COMMITMENT AND SURVEY

Buyer shall give Seller written notice, within sixty (60) days after the Contract Date, of any objections to the Survey or Title Commitment. Any exceptions identified in the Title Commitment or Survey to which written notice of objection is not given within such period shall be a Permitted Encumbrance. If the Seller is unable or unwilling to correct the Buyer's title and survey objections within thirty (30) days after receipt of a written notice of Buyer's objection to a matter revealed by review of the Survey and/or Title Commitment, Buyer may terminate this Agreement by written notice to Seller prior to expiration of the Due Diligence Period, in which case the Earnest Money shall be refunded to Buyer. If Buyer fails to so terminate this Agreement, then such objections shall constitute Permitted Encumbrances as of expiration of the Due Diligence Period, and Buyer shall acquire the Property subject to such title and survey objections, subject to a credit at closing for any liens of a definite or ascertainable amount.

8. DISPUTE RESOLUTION

A. Forum. Any action to enforce the terms or conditions of this Agreement or otherwise concerning a dispute under this Agreement will be commenced in the courts of St. Joseph County, Indiana, unless the parties mutually agree to an alternative method of dispute resolution.

B. Waiver of Jury Trial. Both parties hereby waive any right to trial by jury with respect to any action or proceeding relating to this Agreement.

9. NOTICES

All notices required or allowed by this Agreement, before or after Closing, shall be delivered in person or by certified mail, return receipt requested, postage prepaid, addressed to Seller at c/o Seller's representative identified in Section 1 above, or to Buyer in care of Buyer's Agent at the address stated in Section 1 above with a copy to Buyer's attorney, Charles Loeser, 4100 Edison Lakes Parkway, Mishawaka, IN 46545, Fax: 574-271-5185. Either party may, by written notice, modify the address for future notices to such party.

10. CLOSING

A. Timing Of Closing. If the Buyer does not terminate this Agreement due to a breach of this Agreement by Seller, or without cause during the Due Diligence Period, the transfer of title contemplated by this Agreement (the "Closing") shall be held on a mutually agreeable date within thirty (30) days of the end of the Due Diligence Period at the offices of the Title Agent.

B. Closing Procedure.

(1) At Closing, the Buyer shall execute a closing statement confirming Seller's right to retain Earnest Money Deposit as the first installment of the Purchase Price and shall execute a promissory note (the "Note"), in the form attached hereto as **Exhibit B**, for payment of the balance of the Purchase Price in installments as stated in Section 2 above, said deliveries by Buyer being conditioned on Seller's delivery of a deed and other closing documents as described in Section 10(B)(4) below and the Title Agent's delivery of the marked-up copy of the Title Commitment (subject to Permitted Encumbrances as described herein) to Buyer in accordance with Section 6 above.

(2) There shall be no interest payable on the portion of the Purchase Price payable after Closing.

(3) The terms of the Note will include the terms stated in Section 14 below.

(4) The Note shall be secured by a first-priority mortgage on the Property (the "Mortgage"), to be executed by Buyer at Closing, in favor of Seller, in the form attached hereto as **Exhibit C**.

(5) At Closing, the Seller shall execute, acknowledge and deliver to the Buyer all documents, instruments and assurances reasonably required by the Buyer or the Title Agent to consummate this transaction, including without limitation a special warranty deed conveying the Property to the Buyer, free and clear of all liens, encumbrances, title defects and exceptions other than Permitted Encumbrances.

(6) The possession of the Property shall be delivered to the Buyer, or its nominee, at Closing, in the same condition as it now is, ordinary wear and tear, casualty and condemnation excepted.

C. **Conditions Precedent to Closing.** Seller shall have no obligation to complete the transaction contemplated in this Agreement unless it first obtains fee simple ownership of the Property and the state of title is satisfactory to Seller, as determined in Seller's sole discretion. Notwithstanding any provision of this Agreement to the contrary, in the event this transaction is not completed due to the failure of the foregoing condition, Seller shall have no liability for any of Buyer's costs or expenses, including attorney fees, incurred in connection with this Agreement, except for the return of the Earnest Money Deposit as provided for above.

D. **Closing Costs.** Buyer shall pay all closing costs, including recordation costs.

11. **SECURITY INTEREST**

Buyer and Seller intend for the Mortgage to remain at all times the first-priority lien and the only lien on the Property. Unless it first obtains Seller's written consent, Buyer will not place or suffer the placement of any other Encumbrance of any kind or description on the Property and will not subordinate or otherwise diminish the security interest of the Mortgage.

12. **REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller as follows:

- (a) Buyer is duly organized and validly existing under the laws of the State of Indiana.
- (b) Buyer, Career Academy of South Bend, Inc., is the entity duly authorized to operate a charter school under the name "Career Academy at South Bend."
- (c) Buyer will exercise its best efforts to maintain all necessary and proper consents, approvals, and authorizations to operate as a charter school,

including, without limitation, obtaining and maintaining a charter authorizer in accordance with applicable laws.

- (d) Buyer intends to carry out the Project in a manner that comports with the definition of "charter school" set forth in I.C. 20-24-1-4 and complies with all applicable laws governing public agencies, including, without limitation, I.C. 5-14-1.5-1 *et seq.* (Open Door Law), I.C. 5-14-3-1 *et seq.* (Access to Public Records Act), and I.C. 36-1-7-1 *et seq.* (interlocal cooperation statute).
- (e) Buyer will use the Property for public purposes, within the meaning of I.C. 36-7-14-2, only and does not enter into this transaction for any private purpose or for speculation in landholding.

13. ACCEPTANCE OF PROPERTY "AS-IS"

Buyer agrees to purchase the Property "as-is, where-is" and without any representations or warranties as to the condition of the property or its fitness for any particular use or purpose. Seller offers no such representation or warranty as to condition or fitness, and nothing in this Agreement shall be construed to constitute such a representation or warranty as to condition or fitness.

14. BUYER'S WORK

As partial consideration for this Agreement, Buyer agrees to perform certain work on the Property ("Buyer's Work") as specified in **Exhibit D** attached hereto. Buyer agrees to complete Buyer's Work to Seller's reasonable satisfaction within two (2) years after the Closing Date. Buyer's failure to complete Buyer's Work to Seller's reasonable satisfaction within two (2) years after the Closing Date shall constitute an event of default under the Note, and the remaining balance due under the Note shall become immediately due and payable upon Seller's demand.

15. COMMISSIONS

Each party warrants that it is not represented in connection with the Property by any broker or salesperson and that no commissions are due. Buyer and Seller agree to indemnify and hold one another harmless from any claim for commissions in connection with this transaction.

16. INTERPRETATION

Both parties having participated fully and equally in the negotiation and preparation of this Agreement, this Agreement shall not be more strictly construed, nor shall any ambiguities in this Agreement be presumptively resolved against either party. This Agreement shall be interpreted and enforced according to the laws of the State of Indiana.

17. ENTIRE AGREEMENT

This Agreement embodies the entire agreement between Seller and Buyer and supersedes all prior discussions, understandings, or agreements between Seller and Buyer concerning the transaction contemplated in this Agreement, whether written or oral.

18. ASSIGNMENT

Buyer and Seller agree that this Agreement or any of its rights hereunder may not be assigned by Buyer, in whole or in part, without the prior written consent of Seller. In the event Buyer wishes to obtain Seller's consent regarding a proposed assignment of this Agreement, Seller may request and Buyer shall provide any and all information reasonably demanded by Seller in connection with the proposed assignment and/or the propose assignee.

19. BINDING EFFECT; COUNTERPARTS; SIGNATURES

All the terms and conditions of this Agreement will be effective and binding upon the parties and their successors and assigns at the time the Agreement is fully signed by Buyer and Seller. This Agreement may be separately executed in counterparts by Buyer and Seller, and the same, when taken together, will be regarded as one original Agreement. Facsimile signatures will be regarded as original signatures.

20. AUTHORITY TO EXECUTE

The undersigned persons executing and delivering this Agreement on behalf of the respective parties represent and certify that they are the duly authorized representatives of each and have been fully empowered to execute and deliver this Agreement and that all necessary corporate action has been taken and done.

BUYER:
Career Academy of South Bend, Inc.

By: 

Name: Charles M. Loeser

Title: Asst. Sec/Atty

Date: January 27, 2015

SELLER:
City of South Bend, Indiana,
Department of Redevelopment, by
and through its governing body, the
South Bend Redevelopment
Commission

By:

Name: _____

Title: _____

Date: _____, 2015

ATTEST:

By:

Name: _____

Title: _____

Date: _____, 2015

EXHIBIT A

DESCRIPTION OF PROPERTY

Building Parcel

Part 1: A part of the Northeast Quarter of Section 4, Township 37 North, Range 2 East, of the Second P.M. Portage Township, City of South Bend, St. Joseph County, Indiana, described as follows: Commencing at the intersection of the West right-of-way line of Bendix Drive and the North right-of-way line of Prast Boulevard; thence North 89°19'44" West along the North right-of-way line of Prast Boulevard 626.58 feet to the point of beginning; thence continuing North 89°19'44" West along the North right-of-way line of Prast Boulevard 480.00 feet; thence North 00°00'39" East, 615.65 feet to the Southerly right of way of Ardmore Trail; thence North 65°07'07" East, along the Southerly right-of-way of Ardmore Trail, 266.37 feet; thence South 00°05'49" East 129.27 feet; thence South 89°44'48" East 238.10 feet; thence South 00°00'39" West, 603.00 feet to the Point of Beginning.

Part 2: A part of the Northeast Quarter of Section 4, Township 37 North, Range 2 East, of the Second Principal Meridian, Portage Township, City of South Bend, St. Joseph County, Indiana, described as follows: Commencing at the intersection of the West right-of-way line of Bendix Drive and the North right-of-way line of Prast Boulevard; thence North 89°19'44" West along the North right-of-way line of Prast Boulevard 626.58 feet; thence North 00°00'39" East 603.00 feet to the Point of Beginning; thence North 89°44'48" West, 238.10 feet; thence North 00°05'49" West, 129.27 feet to the Southerly right-of-way line of Ardmore Trail; thence North 65°07'07" East along the Southerly right-of-way line of Ardmore Trail 262.75 feet; thence South 00°00'39" West 240.87 feet to the Point of Beginning.

EXCEPTING THEREFROM THE FOLLOWING:

A parcel of land being a part of the Northeast Quarter of Section 4, Township 37 North, Range 2 East, City of South Bend, Portage Township, St. Joseph County, Indiana and being more particularly described as follows:

Commencing at the Southeast corner of said Northeast Quarter; thence North 00°00'00" East, (bearing assumed for this description) 11.80 feet to a point on the Easterly projection of the North right of way line of Prast Boulevard; thence North 89°19'44" West, along said projection and along said North right of way line, a distance of 686.58 feet; thence North 0°00'00" East, a distance of 617.82 feet along the West line of property conveyed to B.J. Realty, Inc. et al by Instrument Numbered 8017310 which is recorded in the Office of the Recorder of St. Joseph County, Indiana to a point marked by a 1" square iron pipe set at the Southwest corner of a tract of land conveyed to the St. Joseph County Public Library by a Warranty Deed recorded as Instrument Number 9866002 in said Recorder's Office and the point of beginning for this description; thence South 89°47'43" West a distance of 20.00 feet along the Westerly projection of the

South line of said Public Library tract; thence North 0°00'00" East, parallel with the West line of said Public Library tract, a distance of 216.35 feet to a point on the Southerly right of way line of Ardmore Trail; thence North 65°07'27" East, along said Southerly right of way line of Ardmore Trail; a distance of 22.05 feet to the Northwest corner of said Public Library tract; thence South 0°00'00" West, along the West line of said Library tract, a distance of 225.55 feet to the place of beginning.

Tax Parcel No. 18-2191-719201

Vacant Parcel

Lot 2 of the Ardmore Trail Minor Subdivision, as described in the plat recorded on October 28, 2014, as document number 1426953 in the Office of the Recorder of St. Joseph County, Indiana.

EXHIBIT B

PROMISSORY NOTE

PROMISSORY NOTE

US \$715,000.00

February __, 2015

FOR VALUE RECEIVED, Career Academy of South Bend, Inc., an Indiana not for profit corporation (“Payor”) promises to pay to the order of the City of South Bend, Indiana, for the use and benefit of its Department of Redevelopment, by and through its governing body the South Bend Redevelopment Commission (“Payee”), at the time and in the manner hereafter provided, the principal sum of Seven Hundred and Fifteen Thousand Dollars (US \$715,000.00) advanced on the date hereof, without interest.

1. Defined Terms. As used in this promissory note (“Note”) (i) the term “Payee” means the above-named Payee or any successor holder of this Note; (ii) the term “Indebtedness” means the amounts due at any time under this Note.

2. Address for Payment. All payments due under this Note shall be payable by Payor to Payee at the following address: South Bend Redevelopment Commission, 1400 S. County-City Building, 227 W. Jefferson Blvd., South Bend, IN 46601.

3. Payment Schedule. Beginning in calendar year 2018, Payor shall make one (1) annual payment to Payee on the anniversary date of the date of this Note (or next business day if an anniversary falls on a weekend or banking holiday) in the amount set forth for each respective year in the table below:

Year After Closing	Amount
3 (2018)	\$20,000
4 (2019)	\$20,000
5 (2020)	\$20,000
6 (2021)	\$20,000
7 (2022)	\$20,000
8 (2023)	\$20,000
9 (2024)	\$25,000
10 (2025)	\$25,000
11 (2026)	\$30,000
12 (2027)	\$30,000
13 (2028)	\$40,000
14 (2029)	\$40,000
15 (2030)	\$40,000
16 (2031)	\$365,000

4. Application of Payments. If at any time Payee receives, from Payor or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Payee may apply that payment to amounts then due and payable in any manner and in any order determined by Payee, in Payee's discretion. Payor agrees that neither Payee's acceptance of a payment from Payor in an amount that is less than all amounts then due and payable nor Payee's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. Costs and Expenses. Payor shall pay on demand all expenses and costs, including fees and out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by

Payee as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

6. Default and Remedies. Each of the following shall constitute an event of default (“Event of Default”) under the terms of this Note: (a) Payor’s failure to deliver any payment to Payee at the time and in the manner required under the terms of this Note; (b) Payor’s failure to perform certain required work in accordance with the terms of Section 10 of that certain Agreement To Buy And Sell Real Estate by and between Payor and Payee, dated February __, 2015 (the “Sale Contract”). Upon the occurrence of any Event of Default, Payee may, without the need to provide any prior notice to Payor, accelerate the unpaid amount of the Indebtedness, which amount shall become immediately due and payable to Payee upon Payee’s demand. The foregoing remedies shall be cumulative with and in addition to any remedies available to Payee under any mortgage or other security instrument securing the payment of the Indebtedness or otherwise at law or in equity.

7. Forbearance. Any forbearance by Payee in exercising any right or remedy under this Note or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Payee of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Payee's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Payee of any security for Payor’s obligations under this Note shall not constitute an election by Payee of remedies so as to preclude the exercise of any other right or remedy available to Payee.

8. Waivers. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness are waived by Payor.

9. Mortgage. The Indebtedness consists of the balance of the purchase price for real estate commonly known as 3408 Ardmore Trail, South Bend, Indiana, and an adjacent vacant parcel (together, the “Property”) and this Note shall be secured by a first lien mortgage on the Property.

10. Notices. All notices, demands and other communications required or permitted to be given by Payee to Payor pursuant to this Note may be given to Payor at the following address: 4100 Edison Lakes Parkway, Suite 260, Mishawaka, IN 46545.

11. Governing Law/Consent to Jurisdiction and Venue. This Note shall be governed by the law of the State of Indiana. Payor agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in St. Joseph County, Indiana (the “Venue”). The state and federal courts and authorities with jurisdiction in the Venue shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. Payor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

12. WAIVER OF TRIAL BY JURY. PAYOR AND PAYEE EACH (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY,

KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

IN WITNESS WHEREOF, Payor signed and delivered this Note.

PAYOR:

CAREER ACADEMY OF SOUTH BEND, INC.

By:

Charles M. Loeser, Assistant Secretary

Dated as of February __, 2015

X: Note CASB to City.doc

EXHIBIT C

MORTGAGE

REAL ESTATE MORTGAGE AND SECURITY AGREEMENT

WHEN RECORDED RETURN TO:

South Bend Redevelopment Commission
1400 S. County-City Building
227 W. Jefferson Blvd.
South Bend, IN 46601

THIS REAL ESTATE MORTGAGE AND SECURITY AGREEMENT (this "Mortgage") is dated February __, 2015.

CAREER ACADEMY OF SOUTH BEND, INC., an Indiana non-profit corporation whose address is 3801 Crescent Circle, South Bend, IN 46628, ("Mortgagor") hereby

MORTGAGES AND WARRANTS TO

THE CITY OF SOUTH BEND, INDIANA, for the use and benefit of its Department of Redevelopment, by and through its governing body the South Bend Redevelopment Commission, whose address for purposes hereof is as stated above, and its successors and assigns ("Mortgagee"),

the real estate more particularly described on **Exhibit A**, which is attached to and incorporated into this Mortgage, located in St. Joseph County, State of Indiana, including the buildings, structures, improvements, easements, appurtenances, accessions and fixtures now or hereafter attached to or used in connection with that real estate together with all rents, income, profits and proceeds therefrom, including without limitation insurance proceeds and proceeds from any condemnation or eminent domain actions, and together with all mineral, oil and gas rights (all collectively called the "Property").

1. Mortgagor grants to Mortgagee a security interest in and mortgages and warrants to Mortgagee, all fixtures and all other personal property of every kind, nature and description now or hereafter located upon the Property and owned by the Mortgagor (collectively, the "Collateral"). All of the present and future fixtures are deemed to be part of the real estate.
2. Mortgagor grants this Mortgage in consideration and to secure payment and performance of the promissory note of even date herewith (the "Note") payable by Mortgagor to Mortgagee in the sum of Seven Hundred Fifteen Thousand Dollars (\$715,000.00)(the amounts due hereunder, the "Obligations").
3. The terms, provisions and conditions of the Note shall govern this Mortgage in all respects, except as specifically otherwise provided in this Mortgage. In addition, all capitalized terms in this Mortgage which are not defined in this Mortgage shall bear the meanings ascribed to them in the Note. This Mortgage is, by its terms, made a part of the Note.

4. The Property and the Collateral shall constitute collateral under and securing the payment of the Obligations evidenced by the Note.
5. As additional security for the payment of the Obligations and the performance of the covenants, terms and conditions contained herein and in any other instrument securing or evidencing the Obligations, Mortgagor does hereby assign, mortgage and warrant to Mortgagee, all rents, income and profits of the Property and all present and future leases pertaining thereto and all guarantees of the tenant's obligations thereunder, together with the right in Mortgagee to take possession of the Property and every part thereof, and to collect the rents and profits and to apply the same, as hereinafter provided. However, notwithstanding the assignment and until a default under this Mortgage (but not thereafter), Mortgagee shall have the right to collect the rents, profit and income of the Property. In addition:
 - (a) Mortgagor shall not, without the prior written consent of Mortgagee, accept any prepaid rent under any lease of the Property except for the then current month; nor shall Mortgagor enter into any new lease of the Property or any part thereof except in accordance with a form of lease approved in advance by Mortgagee. Mortgagor shall not take or suffer any actions which would effectuate a merger of a lease with a fee so as to terminate the lessee's obligations. Any act in violation of this paragraph shall be void and of no effect.
 - (b) Mortgagor shall perform all of the material obligations of the lessor under all leases of the Property or any part thereof in accordance with the terms and provisions thereof and shall not suffer or permit any impairment of the security thereof. Mortgagor shall manage the Property and every part thereof in accordance with sound business practices. Mortgagor shall promptly take such actions as are reasonable and prudent to enforce the lessee's obligations under any lease. Mortgagee shall have no obligation, responsibility or liability of lessor under any lease assigned hereby, and shall have no obligation to account for any security deposit unless the same has been actually deposited with Mortgagee. If because of Mortgagor's default under any lease Mortgagee cures the same, Mortgagor shall reimburse Mortgagee on demand with interest at the rate of six percent (6%) per annum.
 - (c) Mortgagor shall deliver to Mortgagee within ten (10) days after written request from Mortgagee a statement in writing setting forth the names of the tenants of the Property, the expiration dates of the leases, and the amounts of rents and any other sums due thereunder, and together therewith shall furnish to Mortgagee copies of all such leases. Mortgagor shall, upon written request, execute and deliver to Mortgagee such other and further documents as may be reasonably appropriate to confirm the assignment of rents, profits, and leases made hereby.
 - (d) Upon a default under this Mortgage, Mortgagee may, pursuant to the assignment herein contained, and in addition to exercising any and all other rights and remedies provided by this Mortgage or by law, including the appointment of a receiver (to which appointment Mortgagor consents), or by any other document or instrument now or hereafter executed in connection with the transaction contemplated hereby, with or without foreclosure or entry upon the Property, demand, collect, sue for, receive, compromise, and compound all rents, income and arrears of rent as may then or thereafter be due and owing from the tenants, occupiers, lessees or assignees of any lessees of the Property and Mortgagor hereby authorizes and directs the tenants, occupiers, lessees or assignees of any lessees of the Property to make payment to Mortgagee of rent and any other sums then due and to become due under the leases upon receipt of written demand therefor by Mortgagee, without liability for the determination of Mortgagee's rights thereto. In such event, Mortgagee shall have the power, either directly or through a rental agent selected by Mortgagee, to operate, maintain and repair the Property, and to amend any lease and to exercise any and all rights of Mortgagor with respect to any lease; and out of the rents and income thus received, after the payment of all costs and expenses of Mortgagee, to retain all sums then or thereafter due hereunder, and also a commission of six (6%) percent upon all such rents and income thus collected as compensation for its services in making such

collections. The rights and powers of Mortgagee under this paragraph are contractual in nature and shall survive foreclosure of this Mortgage and shall continue and remain in full force and effect until all amounts due Mortgagee hereunder, including any deficiency resulting from foreclosure sale, are paid in full, and shall continue after commencement of foreclosure and after foreclosure sale and until expiration of any applicable period of redemption, notwithstanding the sale of the Property to a purchaser other than Mortgagee. Mortgagee shall not be liable to Mortgagor or anyone claiming under or through Mortgagor by reason of anything done or left undone by Mortgagee hereunder, except for damage resulting from willful misconduct of Mortgagee.

- (e) Mortgagor covenants and warrants to Mortgagee that Mortgagor has not executed any prior assignment of the leases of the Property, or of the rents, profits and income of the Property except to Mortgagee and Mortgagor covenants it will not hereafter execute any assignment in connection with the loan until such time as all Obligations secured hereby is fully paid and satisfied.
- (f) Upon the occurrence of an event of default hereunder or in the Obligations that the rents, profits and income of the Property shall not be available to pay the costs of the defense of any action, proceeding or claim brought by Mortgagee against the Mortgagor, its partners or members or the Property (including the fees and expenses of the Mortgagor's or its general partner's attorney in defending against such action, proceeding or claim) and upon the occurrence of a voluntary or involuntary Bankruptcy or other proceeding with respect to the Mortgagor or its partners or members under the Bankruptcy Code, the rents, profits and income from the Property shall not be available to pay administrative expenses of the Bankruptcy estate where such administrative expenses constitute fees and expenses of the Mortgagor's or its partners or members attorneys, representatives or agents.
- (g) Mortgagor hereby unconditionally assigns, transfers and sets over to Mortgagee all of Mortgagor's claims and rights to the payment of damages arising from any rejection by any lessee of any lease of the Property under the Bankruptcy Code, 11 U.S.C. §101 et seq. (the "Bankruptcy Code"). Mortgagee shall have the right to proceed in its own name or in the name of Mortgagor in respect of any claim, suit, action or proceeding relating to the rejection of such lease, including, without limitation, the right to file and prosecute, to the exclusion of Mortgagor, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of such lessee under the Bankruptcy Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights and remedies, and shall continue in effect until all of the Obligations shall have been satisfied and discharged in full. Any amounts received by Mortgagee as damages arising out of rejection of a lease shall be applied first to all costs and expenses of Mortgagee (including, without limitation, attorneys' fees) incurred in connection with the exercise of any of its rights or remedies under this Section and then as provided in the Note.
- (h) If a petition under the Bankruptcy Code is filed by or against the Mortgagor, and the Mortgagor, as lessor under the leases of the Property, determines to reject the leases of the Property (or any of them) pursuant to Section 365(a) of the Bankruptcy Code, the Mortgagor shall give Mortgagee not less than ten (10) days prior notice of the date during which Mortgagee shall have the right, but not the obligation, to serve upon the Mortgagor, within such 10-day period, a notice stating that (i) Mortgagee demands that the Mortgagor assume and assign the leases to Mortgagee pursuant to Section 365 of the Bankruptcy Code and (ii) Mortgagee covenants to cure or provide adequate assurance of future performance under the lease. If Mortgagee serves upon the Mortgagor the notice described in the preceding sentence, the Mortgagor shall not seek to reject the leases (or any of them) and shall comply with the demand provided for in clause (i) of the preceding sentence within thirty (30) days after the notice shall have been given, subject to the performance by Mortgagee of the covenant provided for in clause (ii) of the preceding

sentence.

7. Mortgagor represents and warrants that:

- (a) Mortgagor owns the Property and has good and marketable title to the Property free and clear of all liens and encumbrances except liens and encumbrances granted to Mortgagee, the lien of non-delinquent real estate taxes, utility easements and restrictive covenants acceptable to Mortgagee, and those liens and encumbrances otherwise acceptable to and accepted by Mortgagee.
- (b) this Mortgage will remain at all times the first-priority lien and the only lien on the Property, and that, unless Mortgagor first obtains Mortgagee's written consent, Mortgagor will not place or suffer the placement of any other encumbrance of any kind or description on the Property and will not subordinate or otherwise diminish the security interest of this Mortgage.
- (c) (i) there have not been, and will not be, released into, or deposited upon or below the surface of or into any water systems on or below the surface of, the Property any toxic or hazardous substance, waste, or material or any pollutant (collectively called "Hazardous Substance"), and no building, structure or improvement, including storage tanks of any sort, on the Property or any appurtenance, accession, or fixture thereto contains or will contain any Hazardous Substance in excess of any limit allowed under federal or state law or is constructed or will be constructed of any material which is a Hazardous Substance; (ii) no enforcement actions have been commenced or threatened and no notices have been received by Mortgagor in any way relating to the environment or discharges into the environment, and Mortgagor has forwarded and will promptly forward to Mortgagee copies of all notices and documents with respect to the Property sent to or received from federal or state environmental agencies; (iii) Mortgagor shall defend, indemnify and hold Mortgagee harmless from any and all loss, cost, expense, damage or claim, of whatever nature, including but not limited to, attorneys' fees, legal assistants' fees, legal expenses and cleanup costs paid or incurred by Mortgagee, or its directors, officers, employees or agents, which arise out of any misrepresentation or inaccuracy contained in or breach of this Section 7(b) or out of any environmental claim brought against Mortgagor or Mortgagee pertaining to the Property, and including, but not limited to, all costs of realizing upon and enforcing this indemnification; and (iv) this indemnification and hold harmless agreement shall include, but not be limited to, any liability arising out of environmental impairment, pollution or contamination of or to the Property or the soils or groundwater thereof, the disposition of any Hazardous Substances on or off the Property, any claims in the nature of toxic tort, fear of illness or other health related claims and any claim relating to potentially responsible party status at any disposal, storage, recycling or reclamation site to which soils or other materials were taken during or after operations conducted on the Property, and any expenses of clean-up, disposition of any hazardous waste or hazardous substance, removal of any underground storage tanks and the disposition of the same whether such expenses are incurred prior to or after an order is entered against the Property or Mortgagor by any administrative agency or court. The indemnification contained herein is contractual and shall survive payment and discharge of this Mortgage and shall be a continuing indemnity of Mortgagor for the benefit of Mortgagee as to all damage and loss sustained by Mortgagee if the representations of this paragraph are not true and correct or because Mortgagor has permitted or suffered Hazardous Substances on this Property.

8. Mortgagor will, at its own cost and expense as applicable:

- (a) maintain full and complete books of account and other records reflecting the results of its operations of the Property, in accordance with its normal accounting policies and practices consistently applied;
- (b) on Mortgagee's request, provide a written statement identifying any leases on the Property then in effect including, without limitation and with respect to each, the term, the space occupied,

the rental and any security deposit paid;

(c) pay, when due, all taxes, assessments, insurance premiums and other charges (all called the "Charges") relating to the Property including all water and sewer charges before the same become delinquent and will deliver to Mortgagee satisfactory evidence of payment;

(d) upon request by Mortgagee, each month, in addition to any payments required on the Obligations, pay a sum equal to one-twelfth of the amount estimated by Mortgagee from time to time to be sufficient to enable Mortgagee to pay the Charges (calculated on an annual basis);

(e) at least thirty (30) days before they shall become due and upon demand by Mortgagee, Mortgagor will pay such additional sums required to make up any deficiency in the amount necessary to enable Mortgagee to fully pay such Charges when due;

(f) maintain the Property in good condition and repair; not commit or suffer any waste; not remove, demolish, or substantially alter any building, structure, improvement, or fixture without the prior written consent of Mortgagee; comply with all laws and regulations of any authority applicable to the Property; and promptly pay when due all charges for utilities and other services to the Property; and

(g) cause all buildings, structures, improvements, fixtures and other insurable parts of the Property, including the rents of the Property, to be insured at all times against loss or damage by fire, windstorm and such other hazards; and without the need for any prior demand by Mortgagee cause each renewal of each such policy to be delivered to Mortgagee at least fifteen (15) days prior to its expiration. Upon foreclosure of this Mortgage, or other transfer of the Property in full satisfaction of the Obligations, all right, title and interest of Mortgagor in and to any insurance policies then in force, including the right to any premium refund thereon, shall vest in the purchaser or grantee.

9. Any funds paid to Mortgagee under Section 8(a) above may be commingled with the general funds of Mortgagee, and no interest shall be payable to Mortgagor with respect thereto.
10. In the event of any loss of or damage to the Property, Mortgagor will give immediate notice to Mortgagee and Mortgagee shall have the right to make proof of such loss or damage, if Mortgagor does not promptly do so. All proceeds payable under any insurance policy, whether or not endorsed payable to Mortgagee, shall be payable directly to Mortgagee. Mortgagee is authorized to settle, adjust, or compromise any claims for loss or damage under any such policy.
11. In addition to the other insurance coverage required under the provisions of this Mortgage, Mortgagor agrees that if Mortgagor learns at any time that any portion of the Property is located in an area designated as a flood hazard area under the National Flood Insurance Program of the U.S. Department of Housing and Urban Development's Federal Insurance Administration, then Mortgagor will notify Mortgagee of the same and Mortgagee may require at any time that flood insurance be obtained and thereafter kept in force and maintained by Mortgagor in accordance with the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1973. Mortgagor agrees to immediately purchase and thereafter keep in force, pay for and maintain such insurance during the term of this Mortgage upon request of Mortgagee in an amount equal to the unpaid principal balance of the Obligations secured hereby or the maximum amount of coverage available, whichever is less. Mortgagor shall immediately give to Mortgagee written notice of any notice that it receives that the Property is in any way affected by the National Flood Insurance Program of the Department of Housing and Urban Development's Federal Insurance Administration, or such similar program as may hereafter exist.
12. Mortgagor's failure to pay the Charges when due, or to procure and maintain insurance, or to perform any other applicable obligations under the Note or this Mortgage, shall constitute waste and shall entitle Mortgagee to the appointment by a court of competent jurisdiction of a receiver of the

Property for the purpose of preventing such waste, which receiver, subject to the order of the court, may collect the rents, income and profits from the Property and exercise such control over the Property as the court shall order.

13. If all or any part of the Property is taken, whether temporarily or permanently, under power of eminent domain or by condemnation, the entire proceeds of the award or other payment in relief therefor shall be paid directly to Mortgagee. In the event of the payment to Mortgagee, of any rents, income, profits, proceeds of insurance, condemnation or eminent domain awards, or from sale of the Property at foreclosure, or otherwise coming to Mortgagee under the provisions of this Mortgage, Mortgagee shall have the right to apply such payment in such amounts and proportions as Mortgagee shall in its sole discretion determine, to full or partial satisfaction of any or all of the Obligations, including any contingent or secondary obligations, whether or not the same shall then be due and payable by the primary obligor. In lieu of such application to the Obligations, Mortgagee shall have the right, but not the obligation, to require all or part of the proceeds of insurance or condemnation or eminent domain award to be used to repair, restore or rebuild any part of the Property damaged or destroyed by reasons of the occurrence which gave rise to such payment.
14. Mortgagor will be in default under this Mortgage if any of the following events takes place:
 - (a) Mortgagor fails to perform any obligation under this Mortgage, provided, however, that, to the extent any such obligation, other than a payment or insurance obligation, can still be performed, such failure continues for more than ten (10) business days after delivery by Mortgagee of a written demand to perform;
 - (b) a default exists under the Note;
 - (c) Mortgagor, without the written consent of Mortgagee, (i) sells, conveys, or transfers the Property, or any portion of the Property, or any interest in the Property, or any rents, income or profits from the Property, or (ii) creates or suffers to exist any lien or other encumbrance or any writ of attachment, garnishment, execution, or other legal process to be placed upon the Property, or any portion of the Property, or any interest in the Property, or any rents, income or profits from the Property, except in favor of Mortgagee, or (iii) if any part of the Property shall be transferred by operation of law;
 - (d) all or any material part of the Property is damaged or destroyed by fire or other casualty, regardless of insurance coverage therefor, or is taken by condemnation or power of eminent domain; or
 - (e) any enforcement action or other proceeding is commenced or notice is received by Mortgagor in any way relating to the environment or discharges into the environment, or any claim is instituted against Mortgagor in the nature of torts in any way relating to the environment or discharges into the environment, including but not limited to toxic torts, fear of illness or other health related claim or claim relating to potentially responsible party status at any disposal, storage, recycling or reclamation site to which soils or other materials were taken during or after operations conducted on the Property, or any order in any way relating to the environment or discharges into the environment is entered against the Mortgagor or the Property by any administrative agency or court.
15. After a default under this Mortgage, Mortgagee shall have all rights and remedies provided for in the Note, this Mortgage or otherwise permitted by law or in equity, including without limitation all of the rights and remedies of a secured party under the applicable Uniform Commercial Code statutes to the extent such statutes are applicable. In addition, without limiting the foregoing, upon the occurrence of an event of default defined above, Mortgagee shall have the right, and is hereby authorized:
 - (a) To take possession of the Property, and, to the extent permitted by law, to have a receiver

appointed with such powers as the court shall confer, to collect and receive all rents, income and profits, and other amounts that are due or shall hereafter become due under the terms of any leases, or other agreements, now or hereafter in effect, by which Mortgagor is, or shall be, leasing or selling the Property or any portion thereof or any interest therein, and to exercise any other right or remedy of Mortgagor under any such lease, or other agreement, provided, that Mortgagee shall have no obligation to make any demand or inquiry as to the nature or sufficiency of any payment received, or to present or file any claim, or take any other action to collect or enforce the payment of any amounts to which Mortgagee may become entitled hereunder, nor shall Mortgagee be liable for any of the Mortgagor's obligations under any such lease or other agreement.

- (b) To cause the abstract of title, lien searches, tax histories, and federal tax lien and Bankruptcy and judgment searches with respect to the Property to be certified to current date, or to procure new searches in case none was furnished to Mortgagee, or to procure title insurance in the event that title insurance was furnished to Mortgagee, and all sums expended therefor shall be part of the Obligations and shall bear interest at the rate of six percent (6%) per annum.
- (c) To foreclose this Mortgage by action pursuant to applicable laws, and all expenses including attorneys' and legal assistants' fees and legal expenses of foreclosure shall be additional Obligations secured hereby. Mortgagee shall also have all remedies of a secured party under the Indiana Uniform Commercial Code including, without limitation the right to take possession of the fixtures and of any other personal property and Mortgagee may enter upon the Property or any part thereof for such purposes and hold the fixtures and personal property upon the Property without charge. Mortgagee also has the right to display the fixtures or personal property either upon the Property or to remove the same to such other place or places as Mortgagee shall determine. Upon demand by Mortgagee, Mortgagor shall assemble the fixtures and personal property and make them available to Mortgagee at the Property. Any requirement of notice under the Indiana Uniform Commercial Code shall be met as such notice is given to Mortgagor at least five (5) days before the event with respect to which the notice is required. Mortgagee shall be entitled to recover all expenses incurred by it and retaking holding, preparing for sale, selling and/or collecting the fixtures or personal property together with attorneys' fees and other expenses in protecting and enforcing its rights and remedies.
- (d) In the event of a sheriff sale of the Property, to petition the Court for the sale of the Property in one parcel.
- (e) To visit the Property and perform or cause to be performed environmental site investigations and assessments ("Site Assessments") on the Property for the purpose of determining whether there exists on the Property any environmental condition which could result in any liability, cost or expense to the owner or occupier of the Property. Such Site Assessments may include both above and below the ground testing as may be necessary to properly conduct the Site Assessments in the opinion of the persons conducting the Site Assessments (the "Site Reviewers"). Mortgagor hereby covenants to supply to the Site Reviewers such historical and operational information regarding the Property as may be requested by the Site Reviewers to facilitate the Site Assessments and will make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. The cost of performing all Site Assessments shall become part of the Obligations and shall be paid by Mortgagor within five days after demand by Mortgagee, and thereafter shall bear interest at the rate of six percent (6%) per annum.
- (f) To take possession of the rents and proceeds of the Property as more specifically provided in Section 6.

16. Mortgagee, at its option, may extend the time for the payment of the Obligations, or reduce the

payment thereon, or accept a renewal note or notes therefor, without the consent of any junior lien holder and without the consent of Mortgagor if Mortgagor has conveyed title to the Property. Any such extension, reduction or renewal shall not affect the priority of this Mortgage or impair the security hereof in any manner. Any part of the Property may be released by Mortgagee without affecting the lien and security interest hereby granted as to the remainder, and the security of this Mortgage shall not affect or be affected by any other security for the Obligations nor shall the taking of additional security release or impair the security hereof or the liability of Mortgagor for the Obligations.

- 17. Mortgagor waives any and all right to have the Property and estates comprising the Property marshalled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Property sold as an entirety or in parcels.
- 18. If any part of this Mortgage is determined to be contrary to any law or otherwise defective, then the other provisions of this Mortgage shall not be affected thereby, but shall continue in full force and effect.
- 19. This Mortgage shall run with the Property and inure to the benefit and bind Mortgagee and Mortgagor, their successors, assigns, heirs, and personal representatives. This Mortgage constitutes and is effective as a Uniform Commercial Code fixture filing.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage as of the day and year first above written.

CAREER ACADEMY OF SOUTH BEND, INC.

By:

Charles M. Loeser, Assistant Secretary

STATE OF INDIANA)
) SS:
COUNTY OF ST. JOSEPH)

Before me, the undersigned, a Notary Public in and for said county and state, personally appeared Charles M. Loeser, Assistant Secretary and attorney-in-fact for Career Academy of South Bend, Inc., an Indiana non-profit corporation, and acknowledged the execution of the foregoing as the act and deed of such corporation.

Witness my hand and Notarial Seal this ___ day of February, 2015.

_____, Notary Public
Resident of _____ County
My commission expires: _____

This instrument was prepared by Charles M. Loeser, Attorney at Law, 4100 Edison Lakes Pkwy, Suite 260, Mishawaka, IN 46545.

I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document. Charles M. Loeser

EXHIBIT A

Legal Description of Real Estate

Property Address: 3408 Ardmore Trail, South Bend, IN 46628

DESCRIPTION OF PROPERTY

Building Parcel

Part 1: A part of the Northeast Quarter of Section 4, Township 37 North, Range 2 East, of the Second P.M. Portage Township, City of South Bend, St. Joseph County, Indiana, described as follows: Commencing at the intersection of the West right-of-way line of Bendix Drive and the North right-of-way line of Prast Boulevard; thence North 89°19'44" West along the North right-of-way line of Prast Boulevard 626.58 feet to the point of beginning; thence continuing North 89°19'44" West along the North right-of-way line of Prast Boulevard 480.00 feet; thence North 00°00'39" East, 615.65 feet to the Southerly right of way of Ardmore Trail; thence North 65°07'07" East, along the Southerly right-of-way of Ardmore Trail, 266.37 feet; thence South 00°05'49" East 129.27 feet; thence South 89°44'48" East 238.10 feet; thence South 00°00'39" West, 603.00 feet to the Point of Beginning.

Part 2: A part of the Northeast Quarter of Section 4, Township 37 North, Range 2 East, of the Second Principal Meridian, Portage Township, City of South Bend, St. Joseph County, Indiana, described as follows: Commencing at the intersection of the West right-of-way line of Bendix Drive and the North right-of-way line of Prast Boulevard; thence North 89°19'44" West along the North right-of-way line of Prast Boulevard 626.58 feet; thence North 00°00'39" East 603.00 feet to the Point of Beginning; thence North 89°44'48" West, 238.10 feet; thence North 00°05'49" West, 129.27 feet to the Southerly right-of-way line of Ardmore Trail; thence North 65°07'07" East along the Southerly right-of-way line of Ardmore Trail 262.75 feet; thence South 00°00'39" West 240.87 feet to the Point of Beginning.

EXCEPTING THEREFROM THE FOLLOWING:

A parcel of land being a part of the Northeast Quarter of Section 4, Township 37 North, Range 2 East, City of South Bend, Portage Township, St. Joseph County, Indiana and being more particularly described as follows:

Commencing at the Southeast corner of said Northeast Quarter; thence North 00°00'00" East, (bearing assumed for this description) 11.80 feet to a point on the Easterly projection of the North right of way line of Prast Boulevard; thence North 89°19'44" West, along said projection and along said North right of way line, a distance of 686.58 feet; thence North 0°00'00" East, a distance of 617.82 feet along the West line of property conveyed to B.J. Realty, Inc. et al by Instrument Numbered 8017310 which is recorded in the Office of the Recorder of St. Joseph County, Indiana to a point marked by a 1" square iron pipe set at the Southwest corner of a tract of land conveyed to the St. Joseph County Public Library by a Warranty Deed recorded as Instrument Number 9866002 in said Recorder's Office and the point of beginning for this description; thence South 89°47'43" West a distance of 20.00 feet along the Westerly projection of the South line of said Public Library tract; thence North 0°00'00" East, parallel with the West line of said Public Library tract, a distance of 216.35 feet to a point on the Southerly right of way line of Ardmore Trail; thence North 65°07'27" East, along said Southerly right of way line of Ardmore Trail; a distance of 22.05 feet to the Northwest corner of said Public Library tract; thence South 0°00'00" West, along the West line of said Library tract, a distance of 225.55 feet to the place of beginning.

Tax Parcel No. 18-2191-719201

Vacant Parcel

Lot 2 of the Ardmore Trail Minor Subdivision, as described in the plat recorded on October 28, 2014, as document number 1426953 in the Office of the Recorder of St. Joseph County, Indiana.

EXHIBIT D

BUYER'S WORK

1. Repair, replace, or otherwise alter the Property's electrical and mechanical systems to meet or exceed the standards applicable to using the Property as a charter school.
2. Repair, replace, or otherwise alter the roof of the structure on the Property to meet or exceed the standards applicable to using the Property as a charter school.
3. Repair, replace, or otherwise alter the heating, cooling, and ventilation systems to meet or exceed the standards applicable to using the Property as a charter school.