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CHICAGO TITLE INSURANCE COMPANY

928161

# CONTRACT FOR CONDITIONAL SALE OF REAL ESTATE

THIS CONTRACT, made and entered into by and between Peoples Federal Savings and Loan Association of East Chicago, Indiana, a United States Corporation, (hereinafter called "Seller") and Curtis Simmons and Katherine Simmons, husband and wife, (hereinafter called "Buyer"),

**WITNESSETH:**

Seller hereby agrees to and does sell to Buyer, and Buyer hereby agrees to and does purchase from Seller, the following described real estate (including any improvement or improvements now or hereafter located on it) in Lake County, Indiana, (such real estate, including improvements, being hereinafter called the "Real Estate"):

Lot 52 in Morningside Addition to Gary, as per plat thereof, recorded in Plat Book 12 page 36, in the Office of the Recorder of Lake County, Indiana.  
Commonly known as: 215 West 46th Avenue  
Gary, Indiana 46408

JUL 16 10 15 AM '97

LILLIAN BLASTICK  
RECORDER

upon the following covenants, terms and conditions:

**Section 1. The Purchase Price and Manner of Payment.**

1.01. **The Purchase Price.** As the purchase price for the Real Estate, Buyer agrees to pay to Seller and Seller agrees to accept from Buyer the sum of Forty Thousand Dollars and 00/100 Dollars (\$ 40,000.00).

1.02. **The Manner of Payment.** The purchase price shall be paid in the following manner:

(a) The sum of Five Thousand Dollars and 00/100 Dollars (\$ 5,000.00)

upon the execution and delivery of this Contract. The receipt of such sum is hereby acknowledged by Seller, leaving an unpaid balance of the purchase price in the sum of Thirty Five Thousand Dollars and 00/100 Dollars (\$ 35,000.00).

That amount, as it is reduced by payments and expenses of Buyer properly credited under this Contract, and as it is increased by payments and expenses of Seller properly made and incurred under this Contract, is hereinafter called the "Unpaid Purchase Price".

(b) The Unpaid Purchase Price shall bear ~~interest~~ <sup>an initial interest</sup> at the rate of 8.75 per cent (8.75 %) per annum. Interest at such rate shall begin to accrue from the date of this Contract, or from the date payments made and costs and expenses incurred by Seller are added to the Unpaid Purchase Price pursuant to this Contract, as may be applicable. See Section 12 for changes in interest rate.

(c) The Unpaid Purchase Price and interest on it shall be paid in monthly installments in the amount of Three Hundred and Forty Nine Dollars and 81/100 Dollars (\$ 349.81), beginning September 1, 19 87. Subsequent installments shall be paid on the same day of each month thereafter until August 31, 19 2002 at which time the Unpaid Purchase Price, with accrued but unpaid interest, shall be paid in full. See Section 12 for changes in monthly installments.

(d) Buyer shall have a grace period of seven (7) days from the due date of any installment required under this Contract within which to pay such installment. If such installment is not actually received by Seller within the grace period, then a late charge in a sum equal to five per cent (5%) of such installment shall accrue and be immediately due and payable.

(e) Each installment received by Seller shall be applied: first to accrued late charges, then to interest accrued to the due date of such installment, and then to the reduction of the Unpaid Purchase Price. Interest shall be computed in arrears unless both Seller and Buyer initial here \_\_\_\_\_, in which case interest shall be computed in advance.

(f) Each payment under this contract shall be sent to Seller at the following address: 9204 Columbia Avenue, Munster, IN 46321, or at such other address as Seller shall designate in writing.

**Section 2. Prepayment of Purchase Price.**

2.01. Buyer shall have the privilege of paying without penalty, at any time, any sum or sums in addition to the payments herein required. It is agreed that no such prepayments, except payment in full, shall stop the accrual of interest on the amount so paid until the next succeeding computation of interest after such payment is made. Interest shall not accrue after the date on which Buyer makes any payment that constitutes full payment of the Unpaid Purchase Price.

**Section 3. Taxes, Assessments, Insurance, and Condemnation.**

3.01. **Taxes.** Buyer agrees to assume and pay the taxes on the Real Estate beginning with the installment payable May, 19 88, together with all installments of real estate taxes due and payable thereafter, and Seller agrees to pay all taxes on the Real Estate due prior to said installment. Buyer, upon written notice to Seller, and at Buyer's expense, may contest on behalf of the parties any changes in the assessed value of the Real Estate. Seller shall forward or cause to be forwarded to Buyer, when received, a copy of all statements for taxes and any assessments on the Real Estate which are payable by Buyer hereunder; and Buyer shall provide to Seller, upon request, evidence of payment of such taxes and assessments.

3.02. **Assessments.** Buyer agrees to pay any assessments or charges upon or applying to the Real Estate for public or municipal improvements or services which, after the date of this Contract, are assessed or charged to the Real Estate. Seller agrees to pay any

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such assessments or charges, to and including the date of this Contract.

3.03. **Penalties.** The parties hereto agree to pay any penalties, whether in the form of interest or otherwise, in connection with the late or untimely payment of such taxes, assessments or charges, for which they are responsible under this Section 3.

3.04. **Insurance.** At all times during the period of this Contract, Buyer shall: (a) keep the improvements located upon the Real Estate insured under fire and extended coverage policies in an amount not less than the Unpaid Purchase Price, and (b) obtain standard liability insurance with coverages in amounts not less than Fifty Thousand Dollars (\$50,000.00) per person and One Hundred Thousand Dollars (\$100,000.00) per occurrence, and (c) pay premiums on such insurance policies as they become due. Such policies of insurance shall be carried with a company or companies approved by Seller and properly authorized by the State of Indiana to engage in such business. Such policies of insurance shall also be issued in the name of Seller and Buyer, as their respective interests may appear, and shall provide that the insurer may not cancel or materially change coverage without at least ten (10) days prior written notice to Seller. Buyer shall provide Seller with such proof of insurance coverage as Seller from time to time shall reasonably request. Except as otherwise agreed in writing, any insurance proceeds received as payment for any loss of, or damage to, the Real Estate covered by such insurance, shall be applied to restoration and repair of the loss or damage in such fashion as Seller reasonably may require, unless such restoration and repair is not economically feasible, or there exists an uncured Event of Default by Buyer under this Contract on the date of receipt of such proceeds. In either of such events, the proceeds may be applied, at Seller's option, toward prepayment of the Unpaid Purchase Price, with any excess to be paid to Buyer.

3.05. **Rights of Parties to Perform Other's Covenants.**

(a) If one of the parties hereto (hereinafter called "Responsible Party") fails to perform any act or to make any payment required by this Section 3, the other party (hereinafter called "Nonresponsible Party") shall have the right at any time and without notice, to perform any such act or to make any such payment, and in exercising such right, to incur necessary and incidental costs and expenses, including attorney fees. Nothing in this provision shall imply any obligation on the part of the Nonresponsible Party to perform any act or to make any payment required of the Responsible Party under the terms of this Contract.

(b) The exercise of such right by a Nonresponsible Party shall not constitute a release of any obligation of the Responsible Party under this Section 3 or a waiver of any remedy available under this Contract; nor shall such exercise constitute an estoppel to the exercise by a Nonresponsible Party of any right or remedy of his for a subsequent failure by the Responsible Party to perform any act or make any payment required by him under this Section 3.

(c) Payments made and all costs and expenses incurred by a Nonresponsible Party in connection with the exercise of such right shall, at his option, either (i) be paid to him by the Responsible Party within thirty (30) days after written demand therefor; or (ii) on the date the next installment payment is due under this Contract, following written notice, be added to the Unpaid Purchase Price, if Buyer is the Responsible Party, or applied to reduce the Unpaid Purchase Price, if Seller is the Responsible Party.

(d) In the event a Nonresponsible Party makes any such payments or incurs any such costs and expenses, the amount thereof shall bear interest at the rate provided under Section 1 of this Contract, from the respective dates of making the same, until paid in full, or to the date such amounts are added to, or applied against, the Unpaid Purchase Price.

3.06. **Condemnation.** From the date hereof, Buyer shall assume all risk of loss or damage by reason of condemnation or taking of all or any part of the Real Estate for public or quasi-public purposes, and no such taking shall constitute a failure of consideration or cause for rescission of this Contract by Buyer. Should all or any part of the Real Estate be condemned and sold by court order, or sold under the threat of condemnation to any public or quasi-public body, the net amount received for the damage portion shall be retained by Buyer, and the net amount received for the Real Estate value shall be paid to Seller and applied as a reduction of the Unpaid Purchase Price. The authority and responsibility for negotiation, settlement, or suit shall be Buyer's. If Buyer incurs expenses for appraisers, attorneys, accountants or other professional advisers, whether with or without suit, such expenses and any other applicable costs shall be deducted from the total proceeds to calculate the "net amount" and shall be allocated proportionately between the amount determined as damages and the amount determined for value of the Real Estate. If no determination is made of separate amounts for damages and Real Estate value, then the net amount shall be divided equally between Buyer and Seller, with Seller's amount to be applied as a reduction of the Unpaid Purchase Price.

**Section 4. Possession.**

4.01. **Delivery of Possession.** Seller shall deliver to Buyer full and complete possession of the Real Estate on or before July 9, 1987. After such possession date, Seller shall pay to Buyer NONE Dollars (\$ NONE) per day for each day Seller withholds possession of any portion of the Real Estate from Buyer, and such amount shall be applied to a reduction of the Unpaid Purchase Price. Such payment, however, shall not serve to extend the date upon which possession must be delivered to Buyer. Buyer's right of possession shall continue until terminated pursuant to Section 9. All utilities shall be paid by Seller to the date possession is given.

4.02. **Crops.** All crops which have been planted upon the Real Estate prior to \_\_\_\_\_, 19\_\_\_\_, shall belong to Seller, and Seller shall have the right of ingress and egress across the Real Estate for the purpose of harvesting such crops. All other crops shall belong to Buyer.

**Section 5. Evidence of Title.**

(If title evidence is furnished herewith, strike Subsection 5.02)

5.01. Seller has furnished Buyer:

An Abstract of Title

An Owner's title insurance policy (strike one)

disclosing marketable title to the Real Estate to July 9, 1987, subject, nevertheless, to the following exceptions:

NONE

(If title evidence is to be furnished after execution of this Contract, strike Subsection 5.01)

~~5.02. If Buyer is not in default under this Contract, Seller will furnish Buyer:~~

~~An Abstract of Title~~

~~An Owner's title insurance policy (strike one)~~

~~disclosing marketable title to the Real Estate to a date which is the earlier of (a) a date after execution of this Contract specified by Buyer in a notice to Seller or (b) a date 60 days prior to the date the final payment under this Contract is due.~~

5.03. **Title Insurance.** A title insurance policy furnished under this Contract shall be in the amount of the purchase price and shall be issued by an insurer satisfactory to Buyer.

5.04. **Additional Title Evidence.** Any additional title evidence shall be at the expense of Buyer, provided, however, that the cost of additional title evidence necessitated by the acts or omissions of Seller shall be borne by Seller.

5.05. **Conveyance of Title.** Seller covenants and agrees that upon the payment of all sums due under this Contract and the prompt and full performance by Buyer of all covenants and agreements herein made, Seller will convey or cause to be conveyed to Buyer, by Warranty Deed, the above described Real Estate, subject to restrictions and easements of record as of the date of this Contract and all taxes and assessments which are Buyer's obligations.

**Section 6. Seller's Right to Mortgage the Real Estate.**

6.01. **Mortgage Loan.** Without Buyer's consent and without obligation to Buyer except as set forth in this Section 6, Seller shall have the right to retain, obtain, renew, extend or renegotiate a loan or loans secured by mortgage(s) on the Real Estate (all instruments evidencing a loan(s) and a mortgage(s) securing it is hereinafter called "Loan"), provided that the terms of each loan do not conflict with the provisions of Section 6 or any other provision of this Contract. Seller shall pay each loan when due.

6.02. **Provisions of Loan.** Each Loan made by Seller shall:

(a) be in such principal amount that the aggregate principal balance of all Loans shall not exceed the Unpaid Purchase Price for the Real Estate;

(b) have total periodic payments which do not exceed the periodic payments by Buyer under this Contract, and shall provide for the regular amortization rate of principal of Seller's Loan which exceeds the amortization rate of the Unpaid Purchase Price of this Contract;

(c) provide for prepayment in full at Seller's option, whether with or without premium, at any time.

6.03. **Notice of Loan.** Contemporaneously with the execution of a Loan, Seller shall give Buyer written notice and inform Buyer in reasonable detail of the principal amount of the Loan, the name and address of the mortgagee, the installments payable under the Loan, and such other terms as Buyer may reasonably request.

6.04. **Default of Loan.** In the event of Seller's default of a Loan, Buyer shall have the right, on behalf of Seller, to make loan payments or to cure other defaults. Seller shall, upon written demand of Buyer, pay to Buyer the amount of any such payments and the costs incurred by Buyer in curing other defaults (including in such costs Buyer's attorney fees) plus interest at the rate under this Contract, interest on such amount or costs being computed from date of payment or incurring of such costs until paid. Buyer shall have the option to deduct the amount of such payments, costs, and interest from payments payable under this Contract.

6.05. **Releases.** Upon payment in full by Buyer of all amounts payable under this Contract, Seller shall pay in full all amounts payable under Loan(s) at the time outstanding and obtain and record, or cause to be recorded, a valid release of Loan(s) so paid.

6.06. **Encumbrance.** Seller represents that the Real Estate ~~is~~ (is not) encumbered with a Loan. If encumbered, Seller represents that the information regarding said Loan is as follows:

(a) Name of lender \_\_\_\_\_

(b) Unpaid balance of Loan \_\_\_\_\_

## Section 7. Assignment of Contract or Sale of Interest in Real Estate.

7.01. **Assignment or Sale.** Buyer may not sell or assign this Contract, Buyer's interest therein or Buyer's interest in the Real Estate, without the prior written consent of Seller. Seller agrees to consent to such assignment or sale if (a) such assignment or sale shall not cause a Loan on the Real Estate to be declared due and payable, or be called for full payment, or subject Seller to an increase in the interest rate of such Loan, and (b) the financial ability of the prospective assignee or purchaser from Buyer is at least equal to that of Buyer.

7.02. **Notice of Assignment or Sale.** If Buyer wishes to assign Buyer's interest in this Contract or sell Buyer's interest in the Real Estate, Seller shall be furnished in writing a notice containing the full name, address, place of employment, telephone number of the prospective assignee or purchaser from Buyer, as well as a financial statement showing their assets, liabilities and income and expenses. Within fourteen (14) days of such notice, Seller shall either approve or disapprove in writing the assignment or sale based solely on the criteria herein, and if disapproved, specify the reason or reasons for such disapproval. If Seller fails to act within fourteen (14) days after such notice, Seller's approval shall be deemed given.

7.03. **Liability.** No assignment or sale shall operate to relieve either party from liability hereon.

## Section 8. Use of the Real Estate by Buyer; Seller's Right to Inspection.

8.01. **Use.** The Real Estate (may) (may not) be leased or occupied by persons other than Buyer without prior written consent of Seller, which consent shall not be unreasonably withheld.

8.02. **Improvements.** Buyer may materially alter, change, or remove any improvements now or hereafter located on the Real Estate, or make any additional improvements, only with prior written consent of Seller, which consent shall not be unreasonably withheld. Buyer shall not create or allow any mechanics, laborer, materialmen, or other creditors of Buyer or an assignee of Buyer to obtain a lien or attachment against Seller's interest herein. Buyer agrees that the Real Estate and any improvements thereon are, as of the date of this Contract, in good condition, order, and repair, and Buyer shall, at his own expense, maintain the Real Estate and any improvements in as good order and repair as they are in on the date of this Contract, ordinary wear and tear, and acts of God, or public authorities excepted. Buyer shall not commit waste on the Real Estate, and, with respect to occupancy and use, shall comply with all laws, ordinances and regulations of any governmental authority having jurisdiction thereof.

8.03. **Inspection.** Seller shall have the right to enter and inspect the Real Estate at any reasonable time.

8.04. **Buyer's Responsibility for Accidents.** Buyer assumes all risk and responsibility for injury or damage to person or property arising from Buyer's use and control of the Real Estate and any improvements thereon.

## Section 9. Buyer's Default and Seller's Remedies.

9.01. **Time.** Time is of the essence of this Contract.

9.02. **Buyer's Default.** Upon the occurrence of any Event of Default, as hereinafter defined, Seller shall have the right to pursue immediately any remedy available under this Contract as may be necessary or appropriate to protect Seller's interest under this Contract and in the Real Estate.

9.03. **Event of Default.** The following shall each constitute an Event of Default for purposes of this Contract:

(a) Failure by Buyer for a period of seven (7) days [not less than seven (7) days] to pay any payment required to be made by Buyer to Seller under this Contract when and as it becomes due and payable.

(b) Lease or encumbrance of the Real Estate or any part thereof by Buyer, other than as expressly permitted by this Contract.

(c) Causing or permitting by Buyer of the making of any levy, seizure or attachment of the Real Estate or any part thereof.

(d) Occurrence of an uninsured loss with respect to the Real Estate or any part thereof.

(e) Institution of insolvency proceedings against Buyer, or the adjustment, liquidation, extension or composition or arrangement of debts of Buyer or for any other relief under any insolvency law relating to the relief of debtors; or, Buyer's assignment for the benefit of creditors or admission in writing of his inability to pay his debts as they become due; or, administration by a receiver or similar officer of any of the Real Estate.

(f) Desertion or abandonment by Buyer of any portion of the Real Estate.

(g) Actual or threatened alteration, demolition, waste or removal of any improvement now or hereafter located on the Real Estate, except as permitted by this Contract.

(h) Failure by Buyer, for a period of thirty (30) days after written notice is given to Buyer, to perform or observe any other covenant or term of this Contract.

9.04. **Seller's Remedies.** Upon the occurrence of an Event of Default, Seller shall elect his remedy under Subsection 9.041 or 9.042 (unless Subsection 9.043 is applicable).

9.041. Seller may declare this Contract forfeited and terminated, and upon such declaration, all right, title and interest of Buyer in and to the Real Estate shall immediately cease and Buyer shall then be considered as a tenant holding over without permission and Seller shall be entitled to re-enter and take immediate possession of the Real Estate and to eject Buyer and all persons claiming under him. Further, Seller shall have the right to institute legal action to have this Contract forfeited and terminated and to recover from Buyer all or any of the following:

(a) possession of the Real Estate;

(b) any payment due and unpaid at the time of filing of the action and becoming due and unpaid from that time until possession of the Real Estate is recovered;

(c) interest on the Unpaid Purchase Price from the last date to which interest was paid until judgment or possession is recovered by Seller, whichever shall occur first; provided, however, that this shall not be construed as allowing Seller to recover any interest which would be included under Subsection 9.041 (b) above;

(d) due and unpaid real estate taxes, assessments, charges and penalties which Buyer is obligated to pay under this Contract;

(e) premiums due and unpaid for insurance which Buyer is obligated to provide under this Contract;

(f) the reasonable cost of repair of any physical damage or waste to the Real Estate other than damage caused by ordinary wear and tear and acts of God or public authorities; and

(g) any other amounts which Buyer is obligated to pay under this Contract; or

9.042. Seller may declare all of the sums secured by this Contract to be immediately due and payable, and Seller may institute legal action to recover same. When all of such sums are paid to Seller, Seller shall convey or cause to be conveyed to Buyer, by Warranty Deed, the Real Estate subject to restrictions and easements of record as of the date of this Contract and all taxes and assessments which are Buyer's obligation.

9.043. In the event Buyer has substantial equity in the Real Estate when an Event of Default occurs, then this Contract shall

be considered the same as a promissory note secured by a real estate mortgage, and Seller's remedy shall be that of foreclosure in the same manner that real estate mortgages are foreclosed under Indiana law and Seller may not avail himself of the remedies set forth in Subsection 9.041 or 9.042. If this Subsection 9.043 is applicable, then Seller may declare all of the sums secured by this Contract to be immediately due and payable, and Seller may immediately institute legal action to foreclose this Contract and Buyer's interest in the Real Estate. The parties agree that after Buyer has paid \$ 12,000.00 of the purchase price (which price means the original purchase price set forth in Subsection 1.01), then Buyer shall have substantial equity in the Real Estate.

9.05. **Seller's Additional Remedies.** In addition to the remedies set forth above, upon the occurrence of an Event of Default, Seller shall be entitled to:

- (a) Retain (without prejudice to his right to recover any other sums from Buyer, or to have any other remedy under this Contract), as an agreed payment for Buyer's use of the Real Estate prior to the Event of Default, all payments made by Buyer to Seller and all sums received by Seller as proceeds of insurance or as other benefits or considerations pursuant to this Contract.
- (b) Request that a receiver be appointed over the Real Estate in accordance with Indiana law providing for real estate mortgage foreclosures.
- (c) Enforce any right without relief from valuation or appraisal laws.

**Section 10. Seller's Default and Buyer's Remedies.**

10.01. If Seller fails to convey the Real Estate as required by this Contract, Buyer may institute legal action against Seller for specific performance, in which case Seller hereby acknowledges that an adequate remedy for default in such case does not exist at law; or Buyer may pursue such other remedy as is available at law or in equity.

10.02. If, after seven (7) days notice from Buyer, Seller fails to make any payment required of him under this Contract or to perform or observe any other of his covenants or agreements, Buyer shall be entitled to institute legal action against Seller for such relief as may be available at law or in equity. Nothing in this subsection shall interfere with or affect Buyer's right to any reduction, set-off or credit to which Buyer may be entitled in the event of Seller's failure to pay amounts required of him pursuant to this Contract.

**Section 11. General Agreements.**

- 11.01. If Seller consists of more than one person, the persons signing this Contract as Seller shall be jointly and severally bound.
- 11.02. If Buyer consists of more than one person, the persons signing this Contract as Buyer shall be jointly and severally bound.
- 11.03. Use of the masculine gender in this Contract shall comprehend, as appropriate, the feminine gender or the neuter gender as well.
- 11.04. A memorandum of this Contract may be recorded and shall be adequate notice of the provisions of this Contract as though the entire instrument had been recorded.
- 11.05. Each party is entitled to recover his reasonable attorney fees, costs, and expenses incurred by reason of enforcing his rights hereunder, including the expenses of preparing any notice of delinquency, whether or not any legal action is instituted.
- 11.06. For purposes of listing the Real Estate for sale by Buyer, Buyer shall be deemed to be the "fee titleholder" as this term is used in the Indiana Real Estate License Laws.
- 11.07. The failure or omission of either party to enforce any of his right or remedies upon any breach of any of the covenants, terms or conditions of this Contract shall not bar or abridge any of his rights or remedies upon any subsequent default.
- 11.08. Any notices to be given hereunder shall be in writing and deemed sufficiently given when (1) served on the person to be notified, or (2) placed in an envelope directed to the person to be notified at his last known address and deposited in a United States Post Office mail box, postage prepaid.

**Section 12. Additional Covenants.**

12.01. In addition to the monthly installment of principal and interest of the unpaid purchase price, Buyer shall pay one-twelfth (1/12) of annual taxes and insurance each month.

12.02 Interest rate and Monthly payment changes (continued on attached page.)

IN WITNESS WHEREOF, Seller and Buyer have executed this contract in duplicate on this 9th day of July, 1987.

<u>Peoples Federal Savings and Loan Assoc.</u>		<u>Curtis Simmons</u>	
	SELLER	Curtis Simmons	BUYER
BY: <u>David A. Bochnowski</u>	SELLER	<u>Katherine Simmons</u>	BUYER
David A. Bochnowski, President		Katherine Simmons	

STATE OF INDIANA  
COUNTY OF LAKE  
Before me, a Notary Public in and for said County and State, on this 9th day of July, 1987, personally appeared David A. Bochnowski, Curtis Simmons and Katherine Simmons

and acknowledged the execution of the above and foregoing Contract for Conditional Sale of Real Estate to be his voluntary act and deed.  
WITNESS my hand and Notarial Seal.

Margaret J. Reinert  
Margaret J. Reinert Notary Public  
Porter County

My commission expires: May 27, 1991 Resident of \_\_\_\_\_ County

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
Before me, a Notary Public in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_

and acknowledged the execution of the above and foregoing Contract for Conditional Sale of Real Estate to be his voluntary act and deed.  
WITNESS my hand and Notarial Seal.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_ Resident of \_\_\_\_\_ County

This Instrument was prepared by Fran Bochnowski, 9204 Columbia A, Munster, IN 46321, Attorney at Law.

INTEREST RATE AND MONTHLY PAYMENT CHANGES

This Contract provides for an initial interest rate of 8.75%. The interest rate and the monthly payments will change as follows:

(A) CHANGE DATES

The interest rate I will pay may change on the first day of August 1990, and on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date".

(B) THE INDEX

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index".

If the Index is no longer available, the Seller will choose a new index which is based upon comparable information. The Seller will give me notice of this choice.

(C) CALCULATION OF CHANGES.

Before each Change Date, the Seller will calculate my new interest rate by adding Two and one-half percentage points (2.50%) to the Current Index. The Seller will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). This rounded amount will be my new interest rate until the next Change Date. Maximum rate change per year will be 2.00%. Maximum interest rate will be 13.75%. Minimum interest rate will be 7.75%.

The Seller will then determine the amount of the monthly payment that would be sufficient to repay the principal I am expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) EFFECTIVE DATE OF CHANGES.

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(E) NOTICE OF CHANGES

The Seller will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

  
Curtis Simmons

  
Katherine Simmons