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BOUNDS BANTER
RECORDER

After recording return to:

GMAC Mortgage Corp.
100 Witmer Road
Horsham, PA 19044-0963
ATTN: Capital Markets

#2

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Loan No. 525485603

MORTGAGE

THIS MORTGAGE is made this 16th day of April, 2002, between the Mortgagor, Michael J. Hermanek

who reside(s) at 8821 Matthews Drive
Crown Point, IN 46307
(herein "Borrower" or "Mortgagor"), and the Mortgagee, GMAC Mortgage Corporation
WEST INDIANA TITLE SERVICES, INC.
102 Washington Street
Lowell, Indiana 46356

as agent for the District of Columbia Housing Finance Agency acting as nominee for the District of Columbia Affordable Housing Finance Trust (herein after, including its assigns, called "Mortgagee" or "Lender") and any future Holder or Holders.

WHEREAS, Borrower is indebted to Lender in the principal sum of U.S. \$5,561.40 (the "Loan") which indebtedness is evidenced by Borrower's Note dated April 16, 2002 and extensions and renewals thereof (herein "Note") with the balance of the indebtedness, if not sooner paid, due and payable on March 1, 2003

TO SECURE to Lender the repayment of the indebtedness evidenced by the Note; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage; and the performance of the covenants and agreements of Borrower herein contained, Borrower does hereby mortgage, grant and convey to Lender the following described property located in the County of Lake, State of Indiana.

FHA INDIANA -- AHFT Mortgage 2/01
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GMACM - FMS.1231.IN (0104) 139352505

27
714
\$130

Initials: MMH

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include periods as Lender may require.

4. **Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the property insured against loss by fire, hazards included within the term "extended coverage", and such other hazards as Lender may require and in such amounts and for such

3. **Prior Mortgages and Deeds of Trust; Charges; Liens.** Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Mortgage, and leasehold payments or ground rents, if any.

2. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraph 1 hereof shall be applied by Lender to the principal of the Note.

1. **Payment of Principal.** Borrower shall promptly pay when due the principal indebtedness evidenced by the Note.

UNIFORM COVENANTS; Borrower and Lender covenant and agree as follows:

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property, and that the Property is unencumbered except for encumbrances of record. Borrower covenants that Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

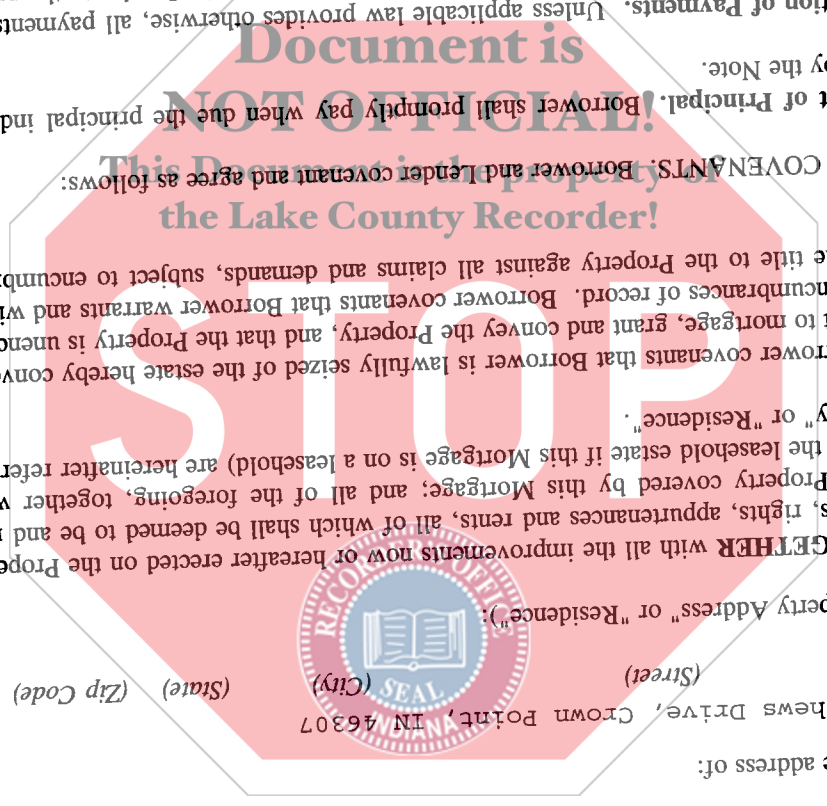
TOGETHER with all the improvements now or hereafter erected on the Property, and all easements, rights, appurtenances and rents, all of which shall be deemed to be and remain a part of the Property covered by this Mortgage; and all of the foregoing, together with said property (or the leasehold estate if this Mortgage is on a leasehold) are hereinafter referred to as the "Property" or "Residence".

(herein "Property Address" or "Residence"):

8821 Mathews Drive, Crown Point, IN 46307
(Street) (City) (State) (Zip Code)

which has the address of:

See Attached Schedule A



a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Mortgage.

5. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Mortgage is on a leasehold. If this Mortgage is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

6. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as is necessary to protect Lender's interest. If Lender required mortgage insurance as a condition of making the loan secured by this Mortgage, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

Any amounts disbursed by Lender pursuant to this paragraph 6, with interest thereon, at the Note rate, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this paragraph 6 shall require Lender to incur any expense or take any action hereunder.

7. Inspection. Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

8. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage.

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14. **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold

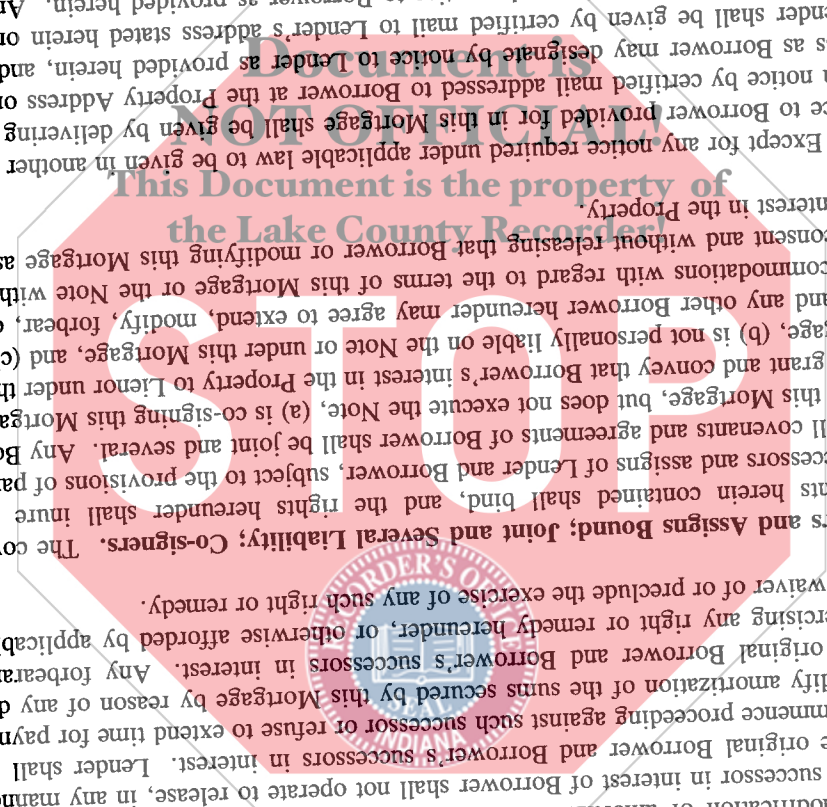
13. **Borrower's Copy.** Borrower shall be furnished a conformed copy of the Note and of this Mortgage at the time of execution or after recordation hereof.

12. **Governing Law; Severability.** The state and local laws applicable to this Mortgage shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Mortgage. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage and the Note which can be given effect without the conflicting provisions, and to this end the provisions of this Mortgage and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

11. **Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Mortgage shall be given by delivering it or by mailing such notice to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

10. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 14 hereof. All covenants and agreements of Borrower, but does not execute the Note, (a) is co-signing this Mortgage only who co-signs this Mortgage, grant and convey that Borrower's interest in the Property to Lienor under the terms of this Mortgage, (b) is not personally liable on the Note or under this Mortgage, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Mortgage or the Note without that Borrower's consent and without releasing that Borrower or modifying this Mortgage as to that Borrower's interest in the Property.

9. **Borrower Not Released; Forbearance by Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Mortgage granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceeding against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.



or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Lender if exercise is prohibited by Federal law as of the date of this Mortgage.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Mortgage. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Mortgage without further notice or demand on Borrower.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

15. Acceleration; Remedies. Except as provided in paragraph 14 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, Lender prior to acceleration shall give notice to Borrower as provided in paragraph 11 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 10 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding, and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the nonexistence of a default or any other defense of Borrower to acceleration and foreclosure. If the breach is not cured on or before the date specified in the notice, Lender, at Lender's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Lender shall be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorneys' fees, and costs of documentary evidence, abstracts and title reports. The parties to this document are subject to the provision for Arbitration as set forth in the Closed End Note which is incorporated by reference as if set forth at length herein.

16. Borrower's Right to Reinstate. Notwithstanding Lender's acceleration of the sums secured by this Mortgage due to Borrower's breach, Borrower shall have the right to have any proceedings begun by Lender to enforce this Mortgage discontinued at any time prior to entry of a judgement enforcing this Mortgage if: (a) Borrower pays Lender all sums which would be then due under this Mortgage and the Note had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Mortgage; (c) Borrower pays all reasonable expenses incurred by Lender in enforcing the covenants and agreements of Borrower contained in this Mortgage, and in enforcing Lender's remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys' fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Mortgage, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Borrower, this

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Initials: myh

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In the event the Mortgageor defaults in the prepayment of said indebtedness, or fails to perform the other covenants and agreements hereof, the Mortgagee may foreclose this mortgage as provided by law; and as often as any proceedings may be taken to foreclose this mortgage, the Mortgageor agrees to pay to the Mortgagee a sum equal to ten percent (10%) of the amount due as attorneys' fees, in addition to the other sums due, which shall be a further lien secured hereby. Upon the due payment of said indebtedness and the performance of the covenants and

Loan Closing Date.
The Note secured by this mortgage has a maturity of ten years, but will be forgiven to the extent of twenty (20%) of the original principal amount on the fifth anniversary of the Loan Closing Date; and additional twenty percent (20%) of the original principal amount on the sixth anniversary of the Loan Closing Date; twenty percent (20%) of the original principal amount on the seventh anniversary of the Loan Closing Date; twenty percent (20%) of the original principal amount on the eighth anniversary of the Loan Closing Date. This mortgage will be fully forgiven on the tenth (10th) anniversary of the Loan Closing Date. Unless the obligations under the Note and this mortgage are assumed by the transferee of the Residence qualified under the Program in the opinion of the Servicer (described in the Note) of the Loan to assume such obligations, the Note and this mortgage securing the Property will be accelerated at the then principal balance if the Mortgageor sells the Residence or voluntarily refinances or prepaays more than 20% of the original principal balance of the first mortgage note within ten years of the

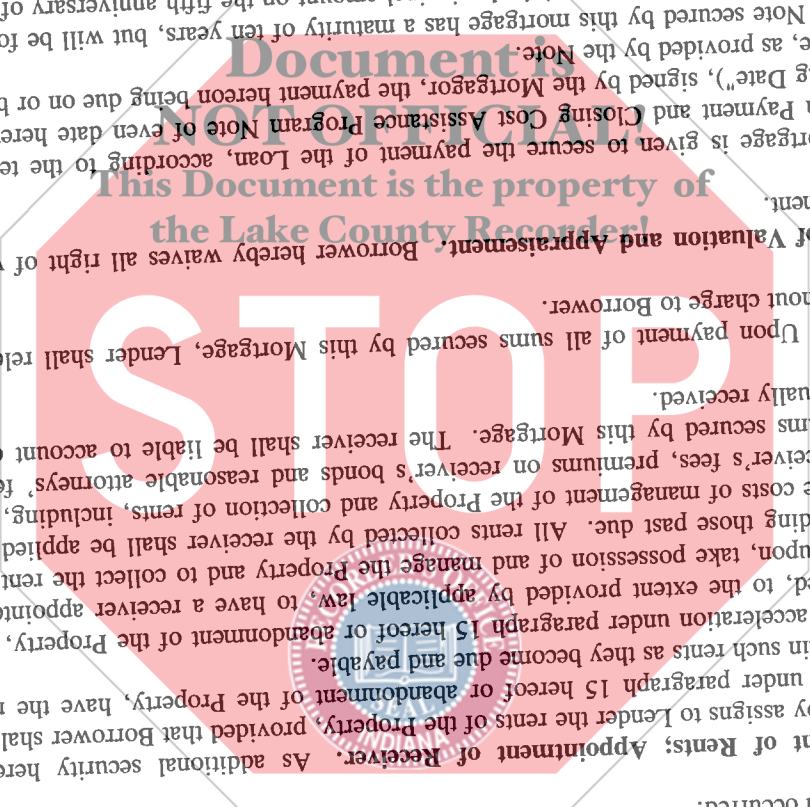
20. This mortgage is given to secure the payment of the Loan, according to the terms of a certain Down Payment and Closing Cost Assistance Program Note of even date herewith (the "Loan Closing Date"), signed by the Mortgageor, the payment hereon being due on or before the Maturity Date, as provided by the Note.

19. Waiver of Valuation and Appraisal. Borrower hereby waives all right of valuation and appraisal.

18. Release. Upon payment of all sums secured by this Mortgage, Lender shall release this Mortgage without charge to Borrower.

17. Assignment of Rents; Appointment of Receiver. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 15 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.
Upon acceleration under paragraph 15 hereof or abandonment of the Property, Lender shall be entitled, to the extent provided by applicable law, to have a receiver appointed by a court to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Mortgage. The receiver shall be liable to account only for those rents actually received.

Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.



agreements hereof by the Mortgagor, this mortgage shall become null and void.

This mortgage is and shall be automatically subordinate to any existing first lien real estate mortgage on the Property.

The parties hereto acknowledge and agree that this mortgage is subject and subordinate in all respects to the liens, terms, covenants, and conditions of the first lien real estate mortgage on the Property encumbered by this second lien real estate mortgage and to all advances heretofore made or which may hereafter be made pursuant to the first lien real estate mortgage including all sums advanced for the purpose of (a) protecting or further securing the lien of the first lien real estate mortgage, (b) curing defaults by the Mortgagor under the first lien real estate mortgage, (c) for any other purpose expressly permitted by the first lien real estate mortgage, or (d) constructing, renovating, repairing, furnishing, fixturing, or equipping the Property. The terms and provisions of the first lien real estate mortgage are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the first lien real estate mortgage, and provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the Mortgagor's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property (other than the Mortgagor or a related person or entity of the Mortgagor). Any person including its successors or assigns (other than the Mortgagor or a related person or entity of the Mortgagor), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the first lien real estate mortgage shall receive title to the Property free and clear of such restrictions.

Further, if the holder of the first lien real estate mortgage (the "Senior Lien Holder") acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of the first lien real estate mortgage shall automatically terminate upon the Senior Lien Holder's acquisition of title provided that (i) Mortgagee has been given written notice of a default under the first lien real estate mortgage and (ii) Mortgagee has not cured the default (which cure option may be exercised in Mortgagee's sole discretion under the first lien real estate mortgage or diligently pursued curing the default as determined by the Senior Lien Holder within the 60-day period provided in such notice sent to Mortgagee).

**REQUEST FOR NOTICE OF DEFAULT
AND FORECLOSURE UNDER SUPERIOR
MORTGAGES OR DEEDS OF TRUST**

Borrower and Lender request the holder of any mortgage, deed of trust or other encumbrance with a lien which has priority over this Mortgage to give Notice to Lender, at Lender's address set forth on page one of this Mortgage, of any default under the superior encumbrance and of any sale or other foreclosure action.



Witnesses:

Document is NOT OFFICIAL!
This Document is the property of the Lake County Recorder!

STOP

Michael J. Hermanek
Michael J. Hermanek

RECORDED
SEAL
INDIANA

Borrower (Maker)

(Seal) Borrower
(Seal) Borrower
(Seal) Borrower
(Seal) Borrower

IN WITNESS WHEREOF, Borrower has executed this Mortgage.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF INDIANA,

COUNTY OF LAKE

} SS

On this 16th day of April, 2002, before me, the undersigned, a Notary Public in and for said County, personally appeared Michael J. Hermanek

and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal.

My Commission Expires: 4/10/07


Susan M. Downing
Notary Public SUSAN M. DOWNING

Resident of

LAKE

This Document is the property of the Lake County Recorder

County, Indiana

 SUSAN M. DOWNING
Notary Public, State of Indiana
Lake County
My Commission Expires 4/10/07

This instrument was prepared by:
Chris Scaia
433 South Main Street
W Hartford, CT 06110
for: GMAC Mortgage Corporation

STOP



LOAN NO: 525485603
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Initials: *MSD*

Schedule A
Indiana Mortgage
Given By: Michael J. Hermanek

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Schedule "A" attached hereto and made a part hereof

LOT 318 IN PINE ISLAND RIDGE, UNIT 15, AS PER PLAT THEREOF, RECORDED IN
PLAT BOOK 46, PAGE 73, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY,
INDIANA.

