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STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

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MORRIS W. CARTER  
RECORDER

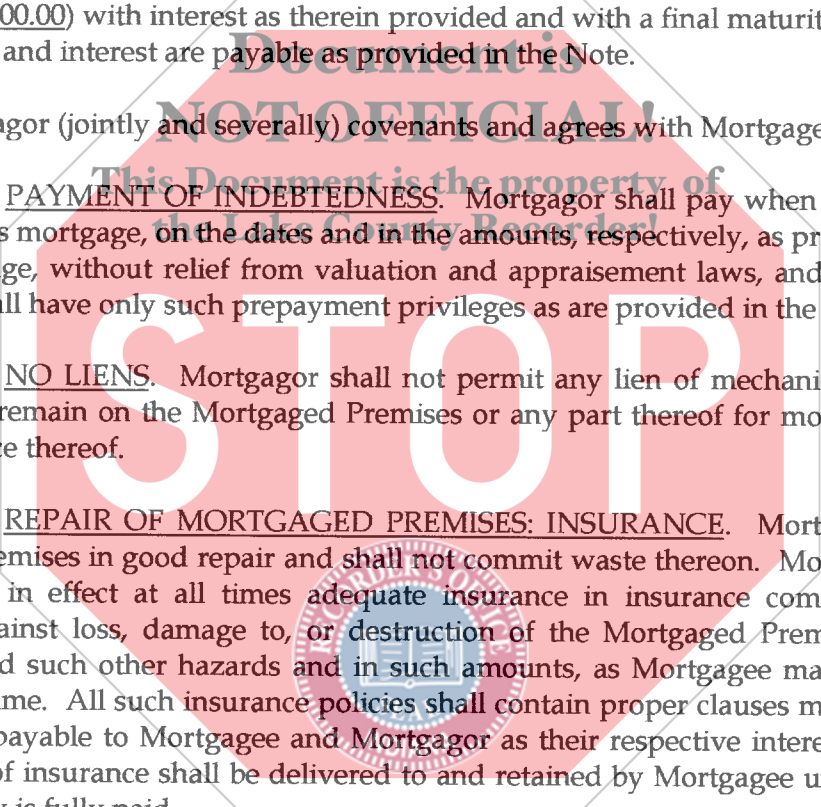
**EAST CHICAGO URBAN ENTERPRISE ASSOCIATION  
WASHINGTON SQUARE DOWN PAYMENT ASSISTANCE PROGRAM  
RESIDENTIAL REAL ESTATE MORTGAGE**

THIS INDENTURE WITNESSETH, That Adrian D. Paynes (collectively, the "Mortgagor") of Lake County, State of Indiana, MORTGAGE(S) AND WARRANT(S) to the East Chicago Urban Enterprise Association ("Mortgagee"), the real estate in Lake County, Indiana, more particularly described in Exhibit "A" attached hereto and incorporated herein, together with all rights, privileges, interests, easements, hereditaments, appurtenances, fixtures and improvements now or hereafter belonging, appertaining, attached to, or used in connection therewith, and all the rents, issues, income and profits thereof (all of which is hereinafter called the "Mortgaged Premises").

This mortgage is given to secure the performance of the provisions hereof and the payment of a certain promissory note ("Note") dated July 8, 2002 in the principal amount of Ten thousand Dollars (\$10,000.00) with interest as therein provided and with a final maturity date of July 8, 2007. Said principal and interest are payable as provided in the Note.

Mortgagor (jointly and severally) covenants and agrees with Mortgagee that:

1. PAYMENT OF INDEBTEDNESS. Mortgagor shall pay when due all indebtedness secured by this mortgage, on the dates and in the amounts, respectively, as provided in the Note or in this mortgage, without relief from valuation and appraisal laws, and with attorneys' fees. Mortgagor shall have only such prepayment privileges as are provided in the Note.
2. NO LIENS. Mortgagor shall not permit any lien of mechanics or materialmen to attach to and remain on the Mortgaged Premises or any part thereof for more than 45 days after receiving notice thereof.
3. REPAIR OF MORTGAGED PREMISES: INSURANCE. Mortgagor shall keep the Mortgaged Premises in good repair and shall not commit waste thereon. Mortgagor shall procure and maintain in effect at all times adequate insurance in insurance companies acceptable to Mortgagee against loss, damage to, or destruction of the Mortgaged Premises because of fire, windstorm and such other hazards and in such amounts, as Mortgagee may reasonably require from time to time. All such insurance policies shall contain proper clauses making all proceeds of such policies payable to Mortgagee and Mortgagor as their respective interests may appear. All such policies of insurance shall be delivered to and retained by Mortgagee until the indebtedness secured hereby is fully paid.
4. TAXES AND ASSESSMENTS. Mortgagor shall pay all taxes or assessments levied or assessed against the Mortgaged Premises, or any part thereof, as and when the same become due and before penalties accrue.
5. ADVANCEMENTS TO PROTECT SECURITY. Mortgagee, at his option, may advance and pay all sums necessary to protect and preserve the security intended to be given by this mortgage. All sums so advanced and paid by Mortgagee shall become a part of the indebtedness secured hereby and shall bear interest from the date or dates of payment at the Default Rate as provided in the Note. Such sums may include, but are not limited to, insurance premiums, taxes, assessments and liens which may be or become prior and senior to this mortgage as a lien on the Mortgaged Premises, or any part thereof, and all costs, expenses and attorneys' fees incurred by Mortgagee in respect of any and all legal or equitable proceedings which relate to this mortgage or to the Mortgaged Premises.
6. DEFAULT BY MORTGAGOR; REMEDIES OF MORTGAGEE. Upon default by Mortgagor in any payment provided for herein or in the Note, or in the performance of any covenant or agreement of Mortgagor hereunder, or if Mortgagor shall abandon the Mortgaged Premises, or shall be adjudged bankrupt, or if a trustee or receiver shall be appointed for



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Mortgagor or for any part of the Mortgaged Premises, then and in any such event, the entire indebtedness secured hereby shall become immediately due and payable at the option of Mortgagee, without notice, and this mortgage may be foreclosed accordingly. Upon such foreclosure, Mortgagee may continue the abstract of title to the Mortgaged Premises, or obtain other appropriate title evidence, and may add the cost thereof and of any title insurance policy to be issued in connection therewith to the principal balance due, together with interest at the Default Rate as provided in the Note.

7. NON-WAIVER; REMEDIES CUMULATIVE. No delay by Mortgagee in the exercise of any of his rights hereunder shall preclude the exercise thereof so long as Mortgagor is in default hereunder, and no failure of Mortgagee to exercise any of his rights hereunder shall preclude the exercise thereof in the event of a subsequent default by Mortgagor hereunder. Mortgagee may enforce any one or more of his rights or remedies hereunder successively or concurrently.

8. EXTENSIONS; REDUCTIONS; RENEWALS; CONTINUED LIABILITY OF MORTGAGOR. Mortgagee, at his option, may extend the time for the payment of the indebtedness, or reduce the payments thereon, or accept a renewal note or notes therefor, without consent of any junior lien holder, and without the consent of Mortgagor if Mortgagor has then parted with title to the Mortgaged Premises. No such extension, reduction or renewal shall affect the priority of this mortgage or impair the security hereof in any manner whatsoever, or release, discharge or affect in any manner the personal liability of Mortgagor to Mortgagee. This mortgage shall secure any notes or other evidence of indebtedness given in substitution for the Note.

9. DUE ON SALE. If all or any part of the Mortgaged Premises, or any interest therein, is sold, transferred, assigned or otherwise disposed of, or further encumbered by mortgage or otherwise, without Mortgagee's prior written consent, Mortgagee, at its option, may declare all sums secured by this mortgage immediately due and payable. Any contract of sale of any kind including, without limitation, land contract, conditional sales contract, installment sales contract, lease with option to purchase (whether such option is oral or contained within such lease or in any other document) or any other transfer of interest in the Mortgaged Premises (other than a transfer by devise or descent or a transfer by operation of law to a surviving co-tenant or the creation of a leasehold interest of three (3) years or less not including any option to purchase, renew or extend) shall be deemed a transfer requiring prior written consent of Mortgagee. Mortgagee reserves the right, in his unlimited discretion, on any basis deemed appropriate to Mortgagee, to refuse such consent, to condition such consent on a change in the interest payable on the sums secured by this mortgage, and/or otherwise change the terms of this mortgage. If Mortgagee exercises the option to accelerate payment of the indebtedness, all such indebtedness shall become due and payable within thirty (30) days after the mailing of a notice from Mortgagee to Mortgagor setting forth the total sums due. In the event of the failure of Mortgagor to pay such sums prior to expiration of such thirty (30) day period, Mortgagee may, without further notice or demand, invoke any remedy permitted hereunder for default.

10. IDENTIFICATION OF PRIOR MORTGAGE LIEN. This Mortgage is a second mortgage subject and subordinate to the mortgage (but not to any modification, extension, replacement or renewal thereof and only to the amounts from time to time remain unpaid thereon) described as follows: ("Prior Mortgage"). Mortgagor shall comply with and observe all of the terms, covenants and agreements of Mortgagor under the Prior Mortgage. Mortgagor shall immediately notify Mortgagee of any default notices received by Mortgagor with respect to the Prior Mortgage and promptly provide Mortgagee with copies thereof. Mortgagor will not increase the principal amount outstanding under the Prior Mortgage without Mortgagee's prior written consent. If Mortgagor fails to pay any installment of principal or interest or any other amount on the Prior Mortgage and the same becomes due, Mortgagee may pay the same, and Mortgagor on demand will repay the amount so paid with interest thereon at the rate set forth in the Note, and the same shall be added to the indebtedness evidenced by the Note and shall be secured by this Mortgage.

11. GENERAL AGREEMENT OF PARTIES. All rights and obligations hereunder shall extend to and be binding upon the several heirs, representatives, successors and assigns of the parties to this mortgage. When applicable, use of the singular form of any word also shall mean or apply to the plural and masculine form shall mean and apply to the feminine or the neuter. The titles of the several paragraphs of this mortgage are for convenience only and do not define, limit or construe the contents of such paragraphs.

IN WITNESS WHEREOF, the Mortgagor has executed this mortgage, this 8th day of July, 2002

\_\_\_\_\_  
(signature)

Adrian D. Paynes  
(signature)

\_\_\_\_\_  
(printed name)

Adrian D. Paynes  
(printed name)

STATE OF Indiana )

COUNTY OF Lake ) SS:

Before me, a Notary Public in and for said County and State, personally appeared Adrian D. Paynes who acknowledged the execution of the foregoing mortgage.

Witness my hand and Notarial Seal this 8th day of July, 2002



Corina Castel Ramos  
(signature)

Corina Castel Ramos  
(printed name) Notary Public

My Commission Expires:

May 16, 2009

County of Residence:

Lake

This instrument was prepared by George Abel, ICE MILLER, One American Square, Box 82001, Indianapolis, Indiana 46282; Telephone: (317)-236-2100.

Lot 6, in the Replat of Washington Square, an Addition to the City of East Chicago, as per plat thereof recorded in Plat Book 89, page 65, and as amended by Certificate of Amendment recorded August 15, 2001 as Document No. 2001 065022, and Certificate of Correction recorded October 23, 2001 as Document No. 2001 085353, and Certificate of Amendment recorded November 13, 2001 as Document No. 2001 091560 in the Office of the Recorder of Lake County, Indiana.

Commonly known as: 4016 Grand Blvd., East Chicago, IN 46312

