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REAL ESTATE SECOND MORTGAGE

This Indenture Witnesseth, That Myrtle Watters (the "Mortgagor"), *Mortgages and Warrants* to NORTHWEST INDIANA HABITAT FOR HUMANITY, INC. an Indiana Corporation whose address is P.O. Box 425, Hammond, IN 46327 (the "Mortgagee"), the following described real estate in Lake County, Indiana:

See Attached Exhibit "A"

Which is commonly known as 848 Pennsylvania in Gary, Indiana

(hereinafter referred to as the "Mortgaged Premises") together with all rights, privileges, interests, easements, hereditaments, appurtenances, fixtures and improvements now or hereafter belonging, appertaining, attached to, or used in connection with, the Mortgaged Premises, and all the rents, issues, income and profits thereof.

This mortgage is given to secure the performance of the provisions hereof and the payment of a certain Promissory note ("Note") dated November 12, 2002, in the principal amount of Thirty-Five Thousand and no/100, (\$35,000.00) with 0% interest as therein provided and with a final maturity date of November 1, 2032.

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

- 1. Payment of Indebtedness.** The Mortgagor has granted a prior mortgage to the Mortgagee recorded as Instrument Number _____ in the office of the Recorder of LAKE County, Indiana ("First Mortgage"). Mortgagor and the Mortgagee agree that as long as Mortgagor is current in his/her payments and has not committed a default under said "First Mortgage", Mortgagee agrees to forgive each monthly payment due under the Note as set forth above as each payment is made towards reducing the indebtedness secured by the "First Mortgage". If Mortgagor sells, conveys, transfers or assigns any interest in the property prior to the maturity date set forth in the "First Mortgage", Mortgagor agrees to pay all remaining indebtedness not previously forgiven secured by this Mortgage. *If mortgagor pays in full the indebtedness secured by the "First Mortgage" prior to the maturity date set forth in the "First Mortgage" by refinancing the indebtedness or by other means, Mortgagor agrees to pay all remaining indebtedness not previously forgiven secured by this Mortgage on the dates and in the amounts, respectively, as provided by the Note. In the event Mortgagor pays in full the indebtedness secured by the "First Mortgage", Mortgagee may forgive each monthly payment due under the Note as set forth above. If Mortgagor refinances the indebtedness secured by the Mortgage or if Mortgagor sells, conveys, transfers or assigns any interest in the property prior to the maturity date set forth in this Mortgage, Mortgagor agrees to pay all remaining indebtedness not previously forgiven secured by this Mortgage.* The 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 the mortgage, without relief from valuation and appraisal laws, and with attorneys' fees.
- 2. No Liens.** The Mortgagor shall not permit any lien of mechanics or material men to attach to and Remain on the Mortgaged premises or any part thereof for more than 45 days after receiving notice thereof from the Mortgagee.
- 3. Repair of Mortgaged Premises; Insurance.** The Mortgagor shall keep the Mortgaged Premises in good repair and shall not commit waste thereon. The Mortgagor shall procure and maintain in effect at all times adequate insurance from an insurance company acceptable to the Mortgagee against loss, damage to, or destruction of the Mortgaged Premises because of fire, windstorm or

Chicago Title Insurance Company

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other such hazards in such amounts as the Mortgagee may reasonably require from time to time, and all such insurance policies shall contain proper clauses making all proceeds of such policies payable to the Mortgagee and the Mortgagor as their respective interests may appear. All such policies of insurance shall be delivered to and retained by the Mortgagee until the indebtedness secured hereby is fully paid.

4. **Taxes and Assessments.** The Mortgagor shall pay all taxes or assessments levied 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.** The Mortgagee may, at his option, 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 the Mortgagee shall become a part of the indebtedness secured hereby and shall bear interest from the date or dates of payment at the rate of zero percent (0.00) per annum. 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 attorney's fees incurred by the 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 the Mortgagor in any payment provided for herein or in the Note, or in the performance of any covenant or agreement of the Mortgagor hereunder, or if the Mortgagor shall abandon the Mortgaged Premises, or if a trustee or receiver shall be appointed for the Mortgagor or for any part of the Mortgaged Premises, except if said trustee or receiver is appointed in any bankruptcy action, then and in such event, the entire indebtedness secured hereby shall become immediately due and payable at the option of the Mortgagee, without notice and this mortgage may be foreclosed accordingly. Upon such foreclosure the Mortgagee may continue the abstract of title to the Mortgaged Premises, or obtain other appropriate title evidence, and may add the cost thereof to the principal balance due.
7. **Non-Waiver; Remedies Cumulative.** No delay by the Mortgagee in the exercise of any of his rights hereunder shall preclude the exercise thereof so long as the Mortgagor is in default hereunder, and no failure of the Mortgagee to exercise any of his rights hereunder shall preclude the exercise thereof in the event of a subsequent default by the Mortgagor hereunder. The Mortgagee may enforce any one or more of his rights or remedies hereunder successively or concurrently.
8. **Extensions; Reductions; Renewals; Continued Liability of Mortgagor.** The 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 the Mortgagor if the Mortgagor has then parted with the 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 the Mortgagor to the Mortgagee.

9. **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 or transferred and Borrower is not a natural person) without Mortgagee's prior written consent, Mortgagee may, at its option require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Mortgagee if exercise is prohibited by federal laws as of date of this Security Instrument. 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 Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Mortgagee may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.
10. **Owner Occupancy.** If all or any part of the Property or any Interest in it is leased, rented or occupied by persons or entities not a member of Borrower's immediate family (spouse and children) without Mortgagee's prior written consent, Mortgagee may at its option require immediate payment in full of all sums secured by this Security Instrument. If Mortgagee exercises this option, Mortgagee shall give Borrower notice of acceleration. This 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 Security Instrument. If Borrower fails to pay these sums prior to the expiration period, Mortgagee may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.
11. **General Agreement of Parties.** All rights and obligations hereunder shall extend to and be binding upon 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 12th day of November, 2002.

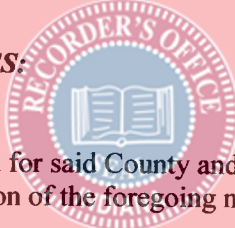
Signature Myrtle Watters Signature _____
 Printed: Myrtle Watters Printed: _____

ACKNOWLEDGEMENT

STATE OF INDIANA

SS:

COUNTY OF LAKE



Before me, a Notary Public in and for said County and State, personally appeared Myrtle Watters, who did acknowledge the execution of the foregoing mortgage.

Witness my hand and Notarial Seal this 12th day of November, 2002.

My Commission Expires: 9/17/09 Signature Andrea A. Widlowski
 Printed: Andrea A. Widlowski
 Resident of Lake, County, Indiana.

LEGAL DESCRIPTION

Lot 17, except that part described as follows: Commencing at the Southwest corner of said lot; thence North along the West line of Lot 17, 13.18 feet; thence Easterly 125.03 feet to a point on the East line of Lot 17, 10.75 feet North of the Southeast corner of Lot 17; thence West along the South line of Lot 17, 125.01 feet to the point of commencement, ALSO Lot 18 and the South 20 feet of Lot 19 in Block 14 in Gary Land Company's First Subdivision, in the City of Gary, as per plat thereof, recorded in Plat Book 6 page 15, in the Office of the Recorder of Lake County, Indiana.

