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**FIRST-TIME HOME BUYERS / NEW CONSTRUCTION
DOWN PAYMENT ASSISTANCE AGREEMENT**

This *NEW CONSTRUCTION / DOWN PAYMENT ASSISTANCE AGREEMENT* made and entered into this day of August 12, 2003, by and between the Burt Sanders (herein after called the "**Applicant**") and the City of Gary, Department of Planning & Community Development; (herein after call the "**Program**").

WHEREAS, the *City of Gary, Indiana* is the designated recipient of Home Investment Partnership (HOME) Program funds; and

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WHEREAS, the *PROGRAM* is the Participating Jurisdiction (JP) which has been designated to administer said funds; and

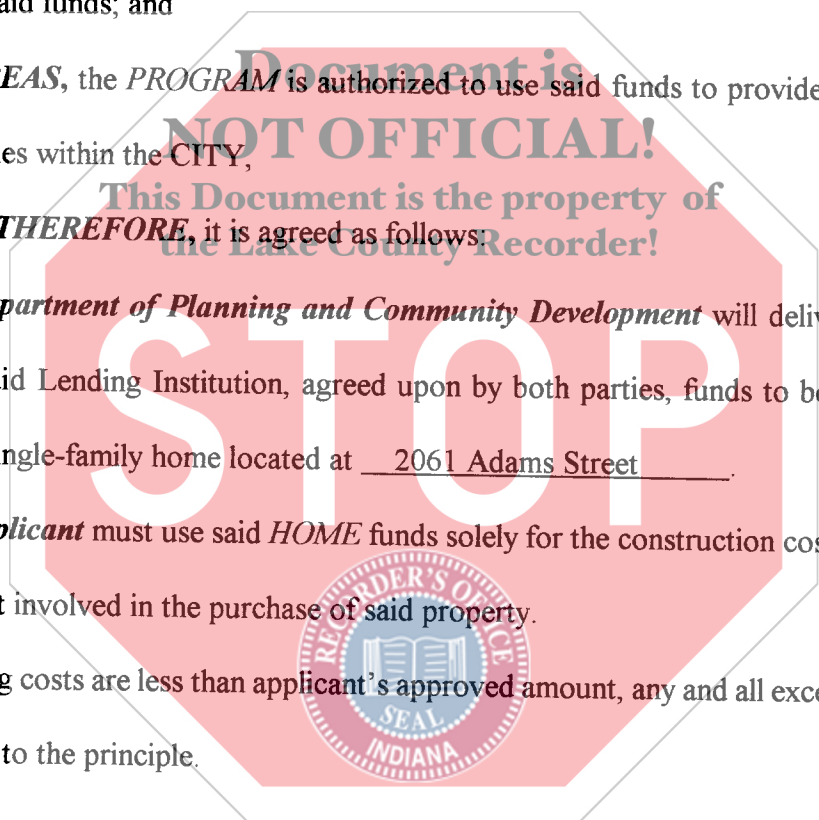
WHEREAS, the *PROGRAM* is authorized to use said funds to provide decent affordable housing activities within the CITY,

NOW, THEREFORE, it is agreed as follows:

The *Department of Planning and Community Development* will deliver or cause to be delivered to said Lending Institution, agreed upon by both parties, funds to be used toward the purchase of a single-family home located at 2061 Adams Street.

The *Applicant* must use said *HOME* funds solely for the construction cost, down payment, and closing cost involved in the purchase of said property.

If closing costs are less than applicant's approved amount, any and all excess funds are to be applied directly to the principle.



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GCD

Said property must meet local housing quality standards and building code requirements of the City of Gary before initial occupancy.

The property owner agrees to maintain the property in a sound, decent a livable condition throughout the affordability period.

Said property, if newly constructed, must meet all applicable local codes, zoning ordinances and State building or design requirements.

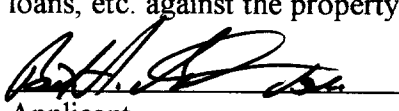
A homebuyer receiving (HOME) funds must repay all of the funds if 1) the property is sold during the affordability period, 2) the property is transferred during the affordability period; 3) use of the property has changed. Temporary subleases are not allowed. The affordability period of payments of greater than \$15,000 is ten (10) years. Funds shall be forgiven on a pro-rated basis in the amount of 10% per year for ten years. 4) If applicant fails to attend the post counseling session within six (6) months of closing.

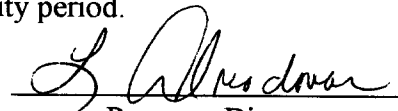
This **AGREEMENT** constitutes a binding agreement between the *Applicant* and the *Program* and all parties further agree to hold harmless the City of Gary, Indiana from and against all costs, attorney fees and expenses of any kind which may occur in connection with this agreement or any other court action arising thereunder, including the right to file action or appropriate proceeding.

This **AGREEMENT** is subject to, and contingent upon, the *Applicant's* fulfillment of HUD eligibility requirements, including, but not limited to, income limit; and availability of HOME program funds. In the event of determination that the *Applicant* fails to meet *Program* requirements or that *Program* funds are insufficient or inadequate, this *Agreement* shall terminate without liability to the City.

This **LIEN** shall be released upon satisfaction of the terms of this **AGREEMENT**.

The property owner agrees not to accept additional financial burdens, such as secondary loans, equity loans, etc. against the property during the affordability period.


Applicant


Program Director

Co-Applicant



New Construction/Down Payment Assistance Program
(Promissory Note)

FOR VALUE RECEIVED, the undersigned (hereafter the *BORROWER*), promises to pay to the order of the Department of Planning and Community Development (hereafter the Lender) or its successors, the principal sum of Thirty-Three Thousand Dollars (\$33,000.00) payable at:

Department of Planning and Community Development
475 Broadway, 3rd Floor
Gary, Indiana 46402

or at such other place as may be designated by the *LENDER*.

This note evidences a loan by the *LENDER* to the *BORROWER* for the exclusive purpose of down payment and closing cost associated with the purchase of a single-family home, located at:

2061 Adams Street, Gary, IN

and legally described as:

Lot 25, Washington Manor Unit 2,

**Document is
NOT OFFICIAL!**

**This Document is the property of
the Lake County Recorder!**

(hereafter, the **PROJECT**)

This Note is secured by a *Down Payment Agreement* which will be duly recorded in the appropriate office of County Government. The term of this Note shall be ten years commencing from the date of the signing of this instrument.

During the term of this Note, the *BORROWER* shall make no payments **PROVIDED HOWEVER**, that if the *BORROWER* shall be found in default of any of the terms or conditions of this Note, then the unpaid and remaining balance shall become immediately due and payable, and **PROVIDED FURTHER**,

and if the instance of default be the sale of the property, title is transferred foreclosure proceedings instituted by the *LENDER* or *Primary Mortgagor* or the conversion of said unit to commercial, industrial, or rental use, or cooperative ownership, then the deferred payment loan shall be due and payable on a pro-rated basis in accordance with the pre-established repayment schedule.

The recapture of the *construction cost*, *down payment* and *closing costs* assistance shall be pro-rated based on the following schedule:

<u>Sale After Year</u>	<u>% of Funds to be Recovered</u>
1	90%
2	80
3	70
4	60
5	50
6	40
7	30
8	20
9	10
10	0

Any forbearance by the *LENDER* with respect to any of the terms and conditions of this Note in no way constitutes a waiver of any of the *LENDER'S* rights or privileges granted hereunder. Any written notice constitutes a waiver of any of the *LENDER'S* rights or privileges granted hereunder. Any written notice or payment of one party to the other shall be addressed to the parties as follows:

The *LENDER*:

Department of Planning and Community Development
 475 Broadway, 3rd Floor
 Gary, Indiana 46402

The *BORROWER*:

Burt Sanders
 4002 West 21st Place
 Gary, IN 46404

The *BORROWER*, or his executor, in the event of the death of the *BORROWER*, shall notify the *LENDER* of the name and address of any successor of the *BORROWER*. In the event of the death of the *BORROWER* the balance owing on this Note shall become due and payable immediately upon settlement of the Estate unless a written agreement is entered into by the *LENDER* and the successor of the *BORROWER* to allow the loan to continue.

The *BORROWER* has the right to pay any remaining portion of this Note without the payment of penalties.

The *BORROWER* has the right to pay any remaining portion of this Note without the payment of penalties.

If suit is instituted by the Department of Planning and Community Development on this Note, the *BORROWER* agrees to pay all costs of such collections, including reasonable attorney's fees and court costs.

Upon satisfactory completion of all terms and conditions of this Note by the *BORROWER*, or upon payment of any and all balances due, the *BORROWER* shall be entitled to a release and satisfaction of this Note by the *LENDER* at no cost to the *BORROWER*.

In witness whereof and agreement herewith the *BORROWER* has executed this Promissory Note:

12 Aug 03
DATE

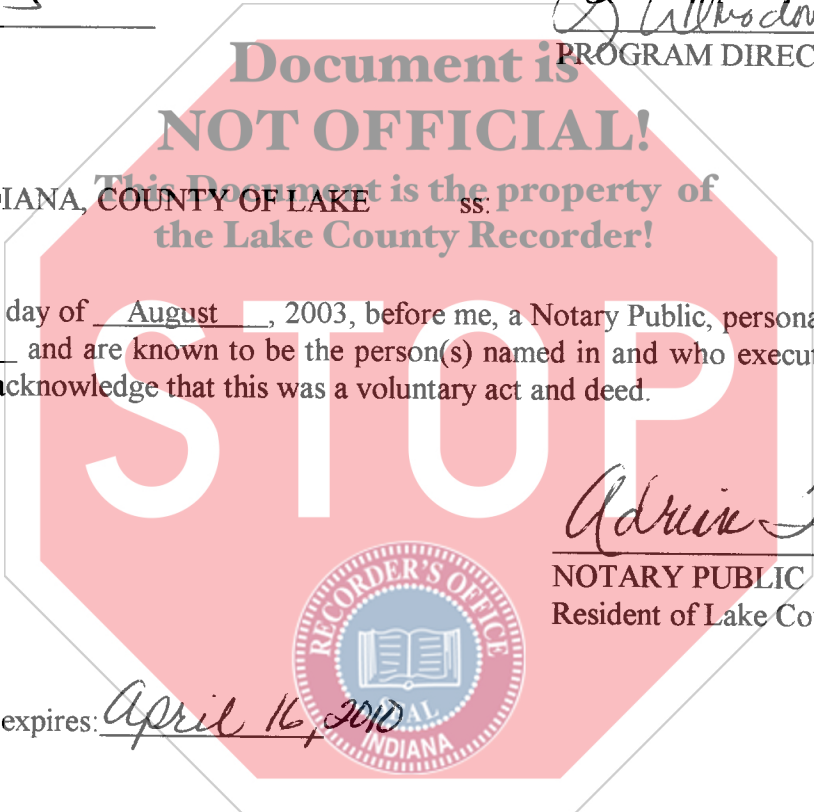
[Signature]
BORROWER

DATE

BORROWER

8/12/03
DATE

[Signature]
PROGRAM DIRECTOR



STATE OF INDIANA, COUNTY OF LAKE ss.

On the 12th day of August, 2003, before me, a Notary Public, personally appeared Burt Sanders and are known to be the person(s) named in and who executed the foregoing instrument, and acknowledge that this was a voluntary act and deed.

[Signature]
NOTARY PUBLIC
Resident of Lake County

My Commission expires: April 16, 2010