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**MORTGAGE AGREEMENT**

**WHEREAS, Alice J. Papay** is the owner providing rehabilitation of a home on certain real property (the "Premises") in Lake County, State of Indiana, described as:

**Lot 3, in Block 1 in Tri-State Manor Addition to the City of Hammond, as per plat thereof, recorded in Plat Book 31, page 23, in the Office of the Recorder of Lake County, Indiana.**

and;

**WHEREAS,** Lake Federal Savings and Loan Association of Hammond received a direct pay subsidy in the amount of \$5,000.00 ("Subsidy") under the Home Savings Program ("HSP") of the Federal Home Loan Bank of Indianapolis ("FHLBI"), subject to the Federal Housing Finance Board ("FHB"), regulations 12 C.F.R. 960.1 et seq., for the purposes of providing funding for Owner Occupied rehabilitation of the above mentioned property, and;

**WHEREAS,** for a period of five (5) years (Retention Period) after the recording date of this agreement, the HSP requires (1) that the owner(s) of the Premises qualify as "low-and moderate-income households" or "very-low-income households" as defined in 12 C.F.R. 960.1, AND (2) that the use of said Premises otherwise shall remain consistent with the purpose of the HSP, and;

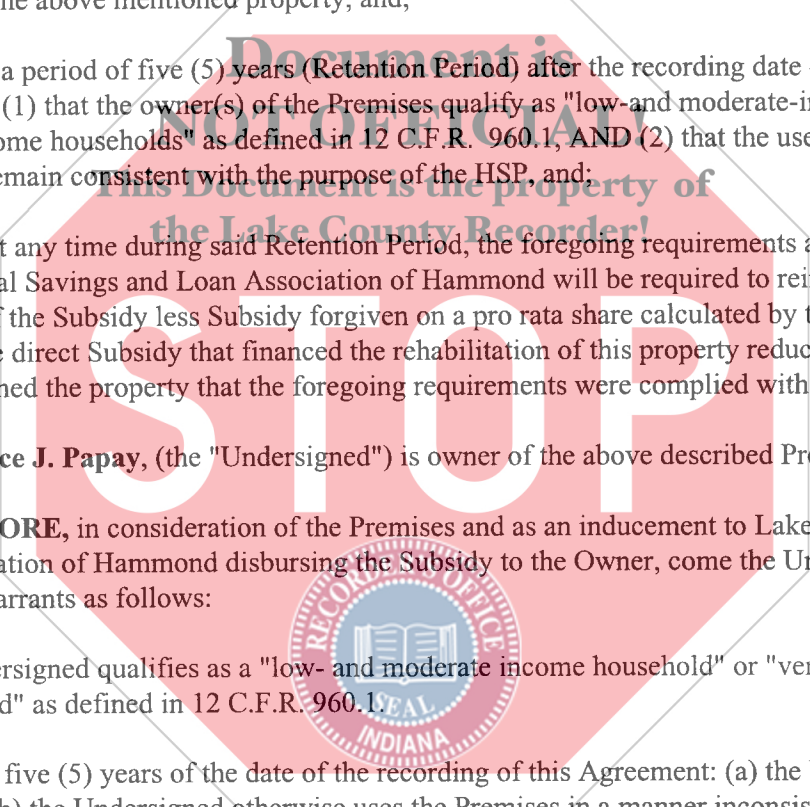
**WHEREAS,** if at any time during said Retention Period, the foregoing requirements are not complied with, Lake Federal Savings and Loan Association of Hammond will be required to reimburse the FHLBI for the amount of the Subsidy less Subsidy forgiven on a pro rata share calculated by the FHLBI on a per diem basis, of the direct Subsidy that financed the rehabilitation of this property reduced for every year the Borrower owned the property that the foregoing requirements were complied with, and;

**WHEREAS, Alice J. Papay,** (the "Undersigned") is owner of the above described Premises;

**NOW THEREFORE,** in consideration of the Premises and as an inducement to Lake Federal Savings and Loan Association of Hammond disbursing the Subsidy to the Owner, come the Undersigned and represents and warrants as follows:

1. That the Undersigned qualifies as a "low- and moderate income household" or "very-low-income household" as defined in 12 C.F.R. 960.1.
2. That if within five (5) years of the date of the recording of this Agreement: (a) the Undersigned sells the Premises or (b) the Undersigned otherwise uses the Premises in a manner inconsistent with the purposes of the HSP, the Undersigned shall immediately reimburse Lake Federal Savings and Loan Association of Hammond from the sale proceeds, if applicable, for the amount of the Subsidy then owing to the FHLBI as based on the pro rata Subsidy forgiveness for the period that the household was in compliance.

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Orange Title Insurance Co.

3. That the covenants of the within Agreement shall bind the successors and assigns of the Undersigned.

4. That in the event that any provision of this Agreement is in conflict with applicable law, such conflict shall not conflict with other provisions of this Agreement. To these end provisions of this Agreement are declared to be severable.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

Witness:  
\_\_\_\_\_

Owner: Alice J. Papay  
Alice J. Papay

Witness:  
\_\_\_\_\_

Owner:  
\_\_\_\_\_

State of Indiana)  
      ) SS:  
County of Lake)

The foregoing instrument was acknowledged before me this 19 day of June, 2002, by **Alice J. Papay.**

My commission expires: \_\_\_\_\_

Katrina M. Burns  
Notary Public

My County of Residence: \_\_\_\_\_

(Printed Name)

KATRINA M BURNS  
NOTARY PUBLIC STATE OF INDIANA  
LAKE COUNTY  
MY COMMISSION EXP. NOV. 15, 2009

