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PREPARED BY:  
Moss Codilis, L.L.P.  
475 CrossPoint Parkway  
Getzville, NY 14068  
Preparation By: Richelle Styn

MICHAEL A. BROWN  
RECORDER

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20478797

**SUBORDINATE  
MORTGAGE**

FHA Case No. 729 151-5858514  
Loan No. 0023454796

THIS SUBORDINATE MORTGAGE ("Security Instrument") is given on December 3, 2004. The Mortgagor is JOCELYN PUGH A/K/A JOCELYN N PEPPERS, a married person whose address is 1026 SPRUCE STREET, HAMMOND, INDIANA 46324 ("Borrower"). This Security Instrument is given to the Secretary of Housing and Urban Development and its successors and assigns, whose address is U.S. Department of HUD, c/o First Madison Servicing, Inc., 4 Corporate Dr., Shelton, CT 06484 ("Lender"). Borrower owes Lender the principal sum of FOUR THOUSAND, EIGHT HUNDRED THIRTY-SIX AND 14/100 Dollars (U.S. \$4,836.14). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for the full debt, if not paid earlier, due and payable on October 1, 2029. The Original Mortgage, dated September 17, 1999 was recorded as Document No. 99078188 in the County Records of Lake County, INDIANA, on September 22, 1999. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, warrant, grant and convey to the Lender the following described property located in Lake County, INDIANA:

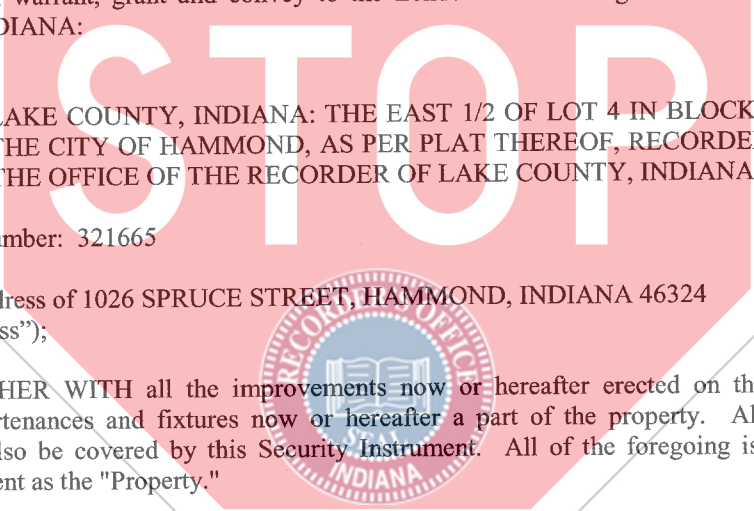
SITUATED IN LAKE COUNTY, INDIANA: THE EAST 1/2 OF LOT 4 IN BLOCK 5 IN COLUMBIA GARDENS, IN THE CITY OF HAMMOND, AS PER PLAT THEREOF, RECORDED IN PLAT BOOK 15, PAGE 2, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.

Tax ID/Parcel Number: 321665

which has the address of 1026 SPRUCE STREET, HAMMOND, INDIANA 46324 ("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

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 warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.



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THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

Borrower and Lender covenant and agree as follows:

UNIFORM COVENANTS.

1. **Payment of Principal.** Borrower shall pay when due the principal of the debt evidenced by the Note.
2. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time of payment of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successor in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.
3. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreement of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the term of this Security Instrument or the Note without that Borrower's consent.
4. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to: U.S. Department of HUD, c/o First Madison Servicing, Inc., 4 Corporate Dr., Shelton, CT 06484 or any address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.
5. **Governing Law; Severability.** This Security Instrument shall be governed by Federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.
6. **Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

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

7. **Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, 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 non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If the Lender's interest In this Security Instrument is held by the Secretary and the Secretary requires immediate payment in full under Paragraph 7 of the Subordinate Note, the Secretary may invoke the non-judicial power of sale provided in the Single Family Mortgage Foreclosure Act of 1994 ("Act") (12 U.S.C. 3751 et seq.) by requesting a foreclosure commissioner designated under the Act to commence foreclosure and to sell the Property as provided in the Act. Nothing in the preceding sentence shall deprive the Secretary of any rights otherwise available to a Lender under this paragraph or applicable law.

8. **Release.** Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

9. **Attorneys' Fees.** As used in this Security Instrument and the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

BY SIGNING BELOW, Borrower accepts and agrees to the terms contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

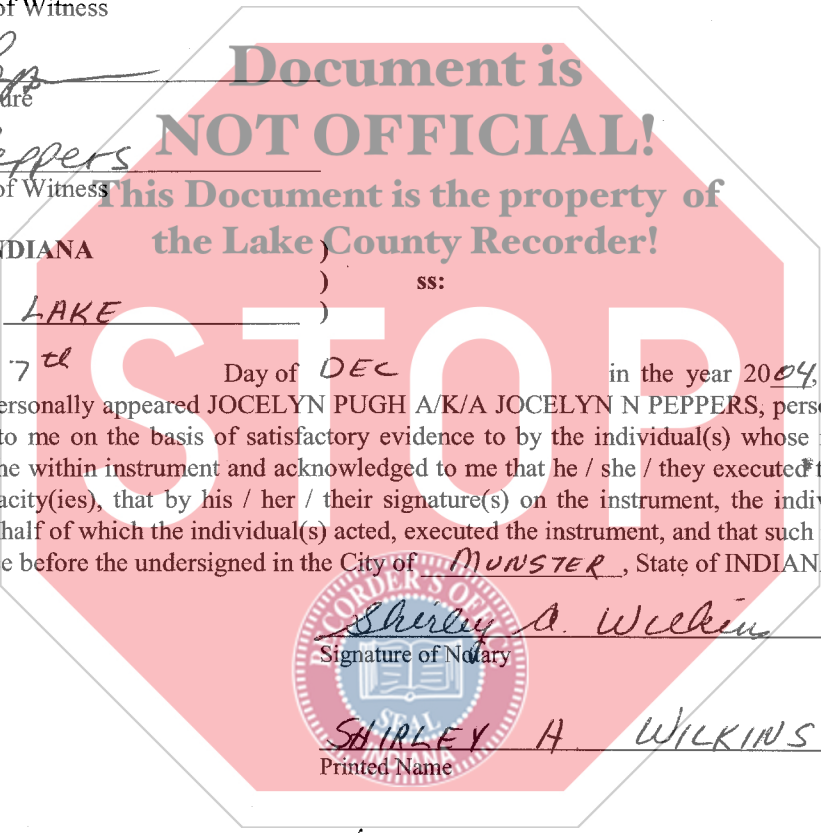
Shirley A. Wilkins  
Witness Signature

JOCELYN PUGH A/K/A JOCELYN N. PEPPERS  
JOCELYN PUGH A/K/A  
JOCELYN N PEPPERS-Borrower

SHIRLEY A. WILKINS  
Printed Name of Witness

Troy Peppers  
Witness Signature

Troy Peppers  
Printed Name of Witness



STATE OF INDIANA )

COUNTY OF LAKE )

ss:

On the 7<sup>th</sup> Day of DEC in the year 2004, before me, the undersigned, personally appeared JOCELYN PUGH A/K/A JOCELYN N PEPPERS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he / she / they executed the same in his / her / their capacity(ies), that by his / her / their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the City of MUNSTER, State of INDIANA.

Shirley A. Wilkins  
Signature of Notary  
SHIRLEY A WILKINS  
Printed Name

LAKE  
County of Residence

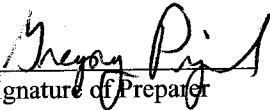
**MY COMMISSION EXPIRES:  
NOVEMBER 3, 2010**

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

This SUBORDINATE MORTGAGE document was prepared by:

**MOSS CODILIS, L.L.P.**  
(Company Name)

**475 CrossPoint Parkway**  
**Getzville, NY 14068**  
(Company Address)

  
Signature of Preparer

Gregory Pijanowski  
Printed Name of Preparer

Loss Mitigation Specialist  
Title

December 16, 2004  
Date

WHEN RECORDED RETURN TO:  
Old Republic Title  
Attn: Post Closing-Recording  
320 Springside Dr.  
Suite 320  
Akron, OH 44333

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

**STOP**

