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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

2005 004173

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MICHELLE A. BROWN
RECORDER

MORTGAGE

**Neighborhoods Incorporated of Hammond, Indiana
Healthy Neighborhood Program**

This Mortgage made this **Second** day of **December, 2002**, between **Mario Meraz and Telma Meraz** (hereinafter called, and if more than one party jointly and severally hereinafter called "Mortgagor"), residing at **264 Locust Hammond, LAKE County, Indiana, 46324** and **Neighborhoods Incorporated of Hammond, Indiana**, (hereinafter called "Mortgagee"), having an office at **6510 Indianapolis Blvd, Hammond, IN 46320**.

WITNESSETH, that to secure the payment of an indebtedness in the principal amount Loan **Ten Thousand and NO/100 (\$10,000.00) DOLLARS** with interest thereon, which shall be payable in accordance with a certain note bearing even date herewith, a true and correct copy of which, exclusive of the signature of the Mortgagor, is marked "**Exhibit A**" and is annexed hereto and made a part hereof, and to further secure all other indebtedness which the Mortgagor, jointly and severally, is obligated to pay to Mortgagee, including that evidenced by attached "**Exhibit A**", any advances or payments made by Mortgagee under the provisions of said Note or this Mortgage; any other indebtedness of any nature at any time incurred or owed by Mortgagor, either jointly or severally, to Mortgagee, including any Contingency Fund Loan hereafter granted by Mortgagee to Mortgagor pursuant to an "Agreement for Establishment of Contingency Fund; and any note evidencing the terms of such loan; any expenses, costs or attorneys' fees incurred by Mortgagee in connection with collection of any indebtedness owed it by Mortgagor; and any extensions or renewals of any obligation heretofore described, the Mortgagor hereby mortgages and warrants to Mortgagee the following described property situate in **LAKE County, Indiana**

KEY # 26-37-91-2

LEGAL DESCRIPTION:

The East 43 feet of the West 86 feet of the West 128.12 feet of that part of the South 1/2 of the Northwest 1/4 of Section 12, Township 36 North, Range 10 West of the 2nd Principal Meridian, described as follows: Beginning at the intersection of the North line of said tract with the West line of the right-of-way of the Chicago, Indianapolis and Louisville Railway; thence West 168.12 feet; thence South, parallel with said right-of-way line, 170 feet; thence East, parallel with the North line of said tract, 168.12 feet to said right-of-way line; thence North 170 feet to the place of beginning, in the City of Hammond, Lake County, Indiana.

Commonly known and referred to as: 264 Locust, Hammond, IN 46324

This Document prepared by: Neighborhoods Inc

**Return Recorded Documents to:
Neighborhoods Inc. of Hammond, IN
6510 Indianapolis Blvd
Hammond, IN 46320**

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TOGETHER, with all appurtenances thereto and all the estate and rights of the Mortgagor in and to such property or in anywise appertaining thereto; and all buildings and other structures now or hereafter thereon erected or installed, and fixtures and articles of personal property now or hereafter attached to, or used in, or in the operations of, any such land, buildings or structures which are necessary to the complete use and occupancy of such buildings or structures for the purpose for which they were or are to be erected or installed, including, but not limited to all heating, plumbing, bathroom, lighting, cooking, laundry, ventilating, refrigerating, incinerating, and air-conditioning equipment and fixtures and all replacements thereof and additions thereto, whether or not the same are or shall be attached to such land, buildings or structures in any manner;

TOGETHER, with any and all awards now or hereafter made for the taking of the property mortgaged hereby, or any part thereof (including any easement), by the exercise of the power of eminent domain, including any award for change of grade of any street or other roadway, which awards are hereby authorized to collect and receive the proceeds of such awards, to give proper receipts and acquitances thereof, and to apply the same toward the payment of the indebtedness secured by this Mortgage, notwithstanding the fact that the amount owing thereon may not then be due and payable; and the Mortgagor hereby agrees, upon request, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning each such award to Mortgagee, free, clear and discharged of any encumbrances of any kind or nature whatsoever; and

TOGETHER, with all right, title and interest of the Mortgagor in and to the land lying in the streets and roads in front of and adjoining the above described land (all the above described land, buildings, other structures, fixtures, articles of personal property, awards and other rights and interest being hereinafter called the "mortgaged property"), TO HAVE AND TO HOLD the mortgaged property and every part thereof unto Mortgagee, its successors and assigns forever for the purposes and uses herein set forth.

AND the Mortgagor further covenants and agrees Mortgagee, as follows:

1. The Mortgagor will promptly pay the principal of and interest of the indebtedness evidenced by the Note, and all other charges and indebtedness provided therein and in this Mortgage, at the times and in the manner provided in the Note and in this Mortgage.
2. The Mortgagor will pay when due, as hereinafter provided, all ground rents, if any, and all taxes, assessments, water rates and other governmental charges, fines and impositions, of every kind and nature whatsoever, now or hereafter imposed on the mortgaged property, or any part thereof, and will pay when due every amount of indebtedness secured by any lien to which the lien of this Mortgage is expressly subject.
3. This Mortgage and the Note were executed and delivered to secure moneys advanced, or to be advanced, by Mortgagee as or on account of a loan evidenced by the Note, for the purpose of purchasing and/or making the improvements described or referred to in the LOAN COMMITMENT LETTER dated , to or on the mortgaged property, and for such other purpose, if any, described or referred to therein, which improvements are hereafter collectively called "Improvements". The Mortgagor shall make or cause to be made all the Improvements. If the construction or installation of the Improvements shall not be carried out with reasonable diligence, or shall be discontinued at any time for any reason, other than strikes, lockouts, acts

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of God, floods or other similar catastrophes, riots, war or insurrection, Mortgagee after due notice to the Mortgagor is hereby authorized (a) to enter upon the mortgaged property and employ any watchmen to protect the Improvements from depredation or injury and to preserve and protect such property, (b) to carry out any or all then existing contracts between the Mortgagor and other parties for the purpose of making any of the improvements, (c) to make and enter into additional contracts and incur obligations for the purposes of completing the Improvements pursuant to the obligations of the Mortgagor hereunder, either in the name of Mortgagee or the Mortgagor, and (d) to pay and discharge all debts, obligations and liabilities incurred by reason of any action taken by Mortgagee, as provided on demand and shall be secured by this Mortgage; provided, however, that Mortgagee shall not be required to perform any act so authorized.

4. No building or other structure or improvement, fixture or personal property mortgaged hereby shall be removed or demolished without the prior written consent of the Mortgagee. The Mortgagor will not make, permit or suffer any alteration of or addition to any building or other structure or improvement now or which may hereafter be erected or installed upon the mortgaged property, or any part thereof, except the improvements required to be made pursuant to Paragraph 3 hereof, nor will the Mortgagor use, or permit or suffer the use of, any of the mortgaged property for any purpose other than the purpose or purposes for which the same is now intended to be used, without the prior written consent of Mortgagee. The Mortgagor will maintain the mortgaged property in good condition and state of repair and will not suffer or permit any waste to any part thereof, and will promptly comply with all the requirements of Federal, State and Local governments, or of any departments, divisions or bureaus thereof, pertaining to such property or any part thereof.

5. The Mortgagor will not voluntarily create or permit or suffer to be created or to exist, on or against the mortgaged property, or any part thereof, any lien superior to the lien of this Mortgage, exclusive of the lien or liens, if any, to which this Mortgage is expressly subject, as set forth in the granting clause above, and will keep and maintain the same free from the claims of all parties supplying labor or materials which will enter into the construction or installation of the improvements.

6. The Mortgagor will keep all buildings, other structures and improvements, including equipment, now existing or which may hereafter be erected or installed on the land mortgaged hereby, insured against loss by fire and other hazards, casualties and contingencies, in such amounts and manner, and for such periods, all as may be required from time to time by Mortgagee. Unless otherwise required by Mortgagee, all such insurance shall be affected by Standard Fire and Extended Coverage Insurance policies, in amounts not less than necessary to comply with the coinsurance clause percentage of the value applicable to the location and character of the property to be covered. All such insurance shall be carried in companies approved by Mortgagee and all policies therefore shall be in such form and shall have attached thereto loss payable clauses in favor of Mortgagee and any other parties as shall be satisfactory to Mortgagee. All such policies and attachments thereto shall, be delivered promptly to Mortgagee, unless they are required to be delivered to the holder of a lien of a mortgage or similar instrument to which this Mortgage is expressly subject, in which latter event certificates thereof, satisfactory to Mortgagee, shall be delivered promptly to Mortgagee. The Mortgagor will pay promptly when due, as hereinafter provided, and any and all premiums on such insurance, and in every case in which payment thereof is not made from the deposits therefore required by this Mortgage, promptly submit to Mortgagee for examination receipts or other evidence of such payment as shall be satisfactory to the Mortgagee. The Mortgagee may obtain and pay the premium on (but shall be under no

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obligation to do so) every kind of insurance required hereby if the amount of such premium has not been deposited as required by this Mortgage, in which event the Mortgagor will pay to Mortgagee every premium so paid by Mortgagee.

(a) In the event of loss or damage to the mortgaged property the Mortgagor will give to Mortgagee immediate notice thereof by mail, and Mortgagee may make and file proof of loss if not made otherwise promptly by or on behalf of the Mortgagor. Each insurance company issuing any such policy is hereby authorized and directed to make payment hereunder for such loss directly to Mortgagee, instead of to the Mortgagor and Mortgagee jointly, unless the amount of loss is payable first to the holder of a lien under a mortgage or similar instrument to which this Mortgage is expressly subject; and the insurance proceeds or any part thereof is received by Mortgagee may be applied by the Mortgagee, at its option, either in reduction of indebtedness hereby secured, or to the restoration or repair of the mortgaged property damaged. In the event of foreclosure of this Mortgage, or of any transfer of title to the mortgaged property in extinguishment of such indebtedness, all right, title and interest of the Mortgagor in and to every such insurance policy then in force, subject to the rights and interests of the holder of any such prior lien, shall pass to the grantee acquiring title to the mortgaged property together with such policy and appropriate assignment of such right, title and interest which shall be made by the Mortgagor.

7. The Improvements and all plans and specifications therefore shall comply with all applicable municipal ordinances, regulations and rules made or promulgated by lawful authority, and upon their completion shall comply therewith,

8. Upon any failure by the Mortgagor to comply with or perform any of the terms, covenants or conditions of this Mortgage requiring the payment of any money by the Mortgagor, other than the principal amount of the loan evidenced by the Note, interest and other charges, as provided in the Note, the Mortgagee may at its option make such payment. Every payment so made by Mortgagee (including reasonable attorney's fees incurred thereby), with interest thereon from the date of such payment, at the rate of **Three point Nine percent (3.90%) per annum**, except any payment for which a different rate of interest is specified herein, shall be payable by the Mortgagor to the Mortgagee on demand and shall be secured by this Mortgage. This Mortgage with respect to any such amount and the interest thereon, shall constitute a lien on the mortgaged property prior to any other lien attaching or accruing subsequent to the lien of this Mortgage.

9. The Mortgagee, by any of its agents or representatives, shall have the right to inspect the mortgaged property from time to time at any reasonable hour of the day. Should the mortgaged property, or any part thereof, at any time require inspection, repair, care or attention of any kind or nature not provided by this Mortgage as determined by the Mortgagee in its sole discretion, the Mortgagee may, after notice to the Mortgagor, enter or cause entry to be made upon, the mortgaged property, and inspect, repair, protect, care for or maintain such property, as the Mortgagee may in its sole discretion deem necessary, and may pay all amounts of money therefore, as the Mortgagee may in its sole discretion deem necessary.

10. The principal amount owing on the Note together with interest thereon and all other charges, as therein provided and all other amounts of money owing by the Mortgagor to Mortgagee pursuant to and secured or intended to be secured by this Mortgage, shall immediately become due and payable without notice or demand upon the appointment of a receiver or liquidator, whether voluntary or involuntary, for the Mortgagor or any of the property

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of the Mortgagor, or upon the filing of a petition by or against the Mortgagor under the provisions of any State insolvency law or under the provisions of any Federal Bankruptcy Act or Code, as amended, or upon the making by the Mortgagor of an assignment for the benefit of the Mortgagor's creditors. The Mortgagee is authorized to declare, at its option, all or any part of such indebtedness immediately due and payable upon the happening of any of the following events:

(a) Failure to pay the amount of any payment, or other charges payable on the Note or the occurrence of any circumstances by which the entire remaining balance of the Note by its terms is immediately due and payable;

(b) Nonperformance by the Mortgagor of any covenant, agreement, term or condition of this Mortgage, or of the Note (except as otherwise provided in subdivision (a) hereof) or of any other agreement heretofore, herewith or hereafter made by the Mortgagor with the Mortgagee in connection with such indebtedness;

(c) Failure of the Mortgagor to perform any covenant, agreement, term of condition in any instrument creating a lien upon the mortgaged property or any part thereof, which shall have priority over the lien of this Mortgage;

(d) The Mortgagee's discovery of the Mortgagor's failure in any application of the Mortgagor to Mortgagee to disclose any fact deemed by the Mortgagee to be material, or of the making therein or in any of the agreements entered into by the Mortgagor with the Mortgagee (including, but not limited to, the Note and this Mortgage) of any misrepresentation by, on behalf of or for the benefit of the Mortgagor;

(e) The sale, lease or other transfer of any kind or nature of the mortgaged property, or any part thereof, without the prior written consent of the Mortgagee;

(f) The enactment after the date of this Mortgage of any law of the State of Indiana deducting from the value of the mortgaged property (or any part thereof), for the purpose of taxation, any lien thereon, or changing in any way its laws for the taxation of mortgages or debts secured by mortgage for state or local purposes, or the manner of collection of any such tax, so as to affect this Mortgage and if after such enactment or change the holder of the Note and this Mortgage gives written notice to the Mortgagor declaring the Note and all other indebtedness secured by this Mortgage to be due and payable because of any such enactment change, immediately upon the expiration of thirty (30) days after such notice.

(g) Impairment or deterioration of the mortgaged premises or any improvement thereon or waste committed or permitted by the Mortgagor in regard to the mortgaged premises or any improvement thereon.

The Mortgagee's failure to exercise any of its rights hereunder shall not constitute a waiver thereof. All the events in this Paragraph enumerated upon the happening of any of which the Note shall become, or may be declared to be immediately due and payable are in this Mortgage called "events of default".

11. The Mortgagee may from time to time cure each default under any covenant or agreement in any instrument creating a lien upon the mortgaged property or any part thereof, which shall have priority over the lien of this Mortgage, to such extent as the Mortgagee may

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exclusively determine and each amount paid (if any) by the Mortgagee to cure any such default shall be paid by the Mortgagor to the Mortgagee; and the Mortgagee shall also become subrogated to whatever rights the holder of the prior lien might have under such instrument.

12.

(a) After the happening of any default hereunder, the Mortgagor shall upon demand of the Mortgagee surrender possession of the mortgaged property to the Mortgagee and the Mortgagee may enter such property and let the same and collect all the rents therefrom which are due or to become due, and apply the same after payment of all charges and expenses, on account of the indebtedness hereby secured and all such rents and all leases existing at the time of such default are hereby assigned to the Mortgagee as further security for the payment of the indebtedness secured hereby; and the Mortgagee may also dispossess, by the usual summary proceedings, any tenant defaulting in the payment of any rent to the Mortgagee.

(b) In the event that the Mortgagor occupies the mortgaged property or any part thereof, the Mortgagor agrees to surrender possession of such property to the Mortgagee immediately after any such default hereunder and if the Mortgagor remains in possess after such default, such possession shall be as a tenant of the Mortgagee, and the Mortgagor shall pay in advance, upon demand by the Mortgagee, as a reasonable monthly rental for the premises occupied by the Mortgagor, an amount at least equivalent to 1/60th of the original principal sum of the Note, plus the actual amount of the annual ground rent, if any, taxes, assessments, water rates, other governmental charges and insurance premiums payable in connection with the mortgaged property during such year, and upon the failure of the Mortgagor to pay such monthly rental, the Mortgagor may also be disposed by the usual summary proceedings applicable to tenants. This covenant shall become effective immediately upon the happening of any such default, as determined in the sole discretion of the Mortgagee, who shall give notice of such determination to the Mortgagor; and in the case of foreclosure and the appointment of a receiver of the rents, the within covenant shall inure to the benefit of such receiver. This provision shall not affect Mortgagee's rights to foreclose this mortgage or to payment of the amounts secured hereby.

13. The Mortgagee in any action to foreclose this Mortgage shall be entitled to the appointment of a receiver without notice, as a matter of right and without regard to the value of the mortgaged property, or the solvency or insolvency of the Mortgagor or other party liable for the payment of the Note and other indebtedness secured by this Mortgage.

14. The Mortgagor, within ten (10) days upon request in person or within twenty (20) days upon request by mail, will furnish promptly a written statement in form satisfactory to the Mortgagee, signed by the Mortgagor and duly acknowledged, of the amount then owing on the Note and other indebtedness secured by this Mortgage, and whether any offsets or defenses exist against such indebtedness or any part thereof.

15. The Mortgagor will give immediate notice by registered or certified mail to the Mortgagee of any fire, damage or other casualty affecting the mortgaged property, or of any conveyance, transfer or change in ownership of such property or any part thereof.

16. Notice and demand or request may be made in writing and may be served in person or by mail.

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17. In case of a foreclosure sale of the mortgaged property it may be sold in one (1) parcel.

18. The Mortgagor will not assign the rents, if any, in whole or in part, from the mortgaged property, or any part thereof, without the prior written consent of the Mortgagee.

19. The Mortgagor warrants that Mortgagor is lawfully seized of the mortgaged property and has good right, full power and lawful authority to mortgage the same in the manner above provided and will warrant and defend the same to the Mortgagee forever against the lawful claims and demands of any and all parties whatsoever.

20. This Mortgage and all the covenants, agreements, terms and conditions herein contained shall be binding upon and inure to the benefit of the Mortgagor and the heirs, legal representatives and assigns of the Mortgagor and to the extent permitted by law, every subsequent owner of the mortgaged property; and shall be binding upon and inure to the benefit of the Mortgagee and its assigns. If the Mortgagor, as defined herein, consists of two (2) or more parties, this Mortgage shall constitute a grant and mortgage by all of them jointly and severally, and they shall be obligated jointly and severally under all the provisions hereof and under the Note. The word "Mortgagee" shall include any person, corporation or other party who may from time to time be the holder of this Mortgage. Wherever used herein the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall be applicable to all genders wherever the sense requires.

21. Mortgagor shall not commit, suffer or permit any impairment or deterioration of the mortgaged property or any improvement thereon, and shall maintain the mortgaged property and all improvements thereon in good condition and repair. Mortgagor will not commit or permit any waste and will keep the mortgaged premises in as good order and condition as they now are, reasonable wear and tear excepted. In the event that Mortgagor shall not comply with the obligations heretofore stated in this paragraph, then the Mortgagee, in addition to any other available remedy, shall be entitled immediately to restrain same by injunction or other appropriate proceeding.

22. In addition to any monthly or other payments to be made pursuant to the Note attached as Exhibit "A", at Mortgagee's option, Mortgagor shall pay to the Mortgagee -- on the same date as each installment payment provided for by Exhibit "A", or if no installment payment is therein specified, then on the 15th day of each month, beginning with the month immediately following that in which this mortgage is signed by Mortgagor -- an amount equal to the sum of one-twelfth (1 / 12) of the annual real estate taxes on the property and one-twelfth (1 / 12) of the annual premium for property damage insurance, for said property as said sum may be increased or decreased from time to time by increase or decrease in real estate taxes and/or insurance premium. Said payments shall be deposited by Mortgagee in a non-interest bearing account and applied by Mortgagee to payment of real estate taxes and insurance premiums as the same shall fall due.

23. Additional Events of Default and Remedies Therefore:

23.1 Events of Default....The occurrence and continuance of and of the following events shall constitute an "event of default" hereunder:

(a) Failure of the OWNER to pay any installment of interest principle or other sums required to be paid under the Note, or Loan Agreement, hereinafter collectively

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referred to as MORTGAGE, whether at maturity or upon any date fixed for payment or by acceleration or otherwise, and the continuance of such failures for five (5) business days, or

(b) Any default upon at under any mortgage shall be and constitutes and event of default under this MORTGAGE.

(c) The incorrectness, when made, in any material respect, of any representation or warranty made by the OWNER in the MORTGAGE, Loan Agreement, or the Agreement with Owner Acting as General Contractor.

(d) Failure of the OWNER to perform or observe any covenant, condition's or provisions contained in this MORTGAGE on its part to be performed or observes, and any such failure shall remain unremedied for thirty (30) days after written notice thereof shall have been given to the OWNER by the Mortgagee; or

(e) The lien and security interest in The Project created by the MORTGAGE or financing statement shall for any reason cease to be in full force and effect, valid and perfected, subordinate only to Permitted Encumbrances; or

(f) The OWNER shall default in the payment of any obligations for borrowed money or for the deferred purchased price of property or any rental obligation under any lease required to be capitalized in accordance with generally accepted accounting principals, or shall default in the performance of any obligation in connection therewith and the result thereof shall be to accelerate or permit the holder thereof (or a trustee on such holder's behalf) to accelerate the payment of such obligations or capitalized lease obligation; or

(g) The OWNER shall become insolvent or unable to pay its debts as the mature, or shall file a voluntary petition seeking reorganization or to effect a plan or other arrangement with creditors, or shall file and answer admitting the jurisdiction of the court and the material allegations of an involuntary petition pursuant to any act relating to bankruptcy or to any act purporting to be amendatory thereof, or shall be adjudicated bankrupt or insolvent, or shall make an assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its assets, or shall apply for or consent to or suffer the appointment of any receiver or trustee for it or a substantial part of its property or assets; or

(h) A proceeding shall be instituted, without the application, approval or consent of the OWNER, pursuant to any act relating to bankruptcy or to any act purporting to be amendatory thereof, seeking:

(i) Adjudication of the OWNER as bankrupt or insolvent;

(ii) Reorganization of, or an order appointing any receiver or trustee of a substantial part of the property or assets of the OWNER; or

(iii) Issuance of a writ of attachment or any similar process against a substantial part of the property or assets of the OWNER; or

(iv) Any "Event of Default" then, and in any such event, the MORTGAGEE

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may, in its sole discretion, but shall not be obligated to,

- (a) By notice to the OWNER, declare the Obligations and all other obligations of the OWNER hereunder to be forthwith due and payable, and the same shall thereupon become due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived; provided, however, that upon the occurrence of an event described in subparagraph (g) or (h) of this section and the obligations of the OWNER hereunder shall automatically become due and payable without presentment, demand, protest or notices of any kind, all of which are hereby expressly waived;
- (b) Take such other action under the MORTGAGE as shall be permitted thereby; or
- (c) Take such other action as is permitted by law

Upon the occurrence of any Event of Default:

(A) Neighborhoods Inc personally or by its agents or attorneys, may to the extent permitted by law enter into and upon all or any part of The Project and each and every part thereof, and may exclude the OWNER, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control The Project for any lawful purpose, and upon every such entry, Neighborhoods Inc at the expense of the OWNER either by purchase, repairs or construction, may from time to time maintain and restore The Project whereof it shall become possessed as aforesaid, and may insure and reinsure the same as may seem to it to be judicious; and likewise, from time to time at the expense of the OWNER, Neighborhoods Inc may make all necessary or proper repairs, renewals, and replacements, and alterations, additions, betterments and improvements thereto and thereon as to it may seem judicious; and Neighborhoods Inc shall be entitled to collect and receive all earnings, revenues, rents, issues, profits and income of the same and every part thereof; and after deducting the expenses of operations, maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and all payments which may be made for taxes, assessments, insurance and prior or other proper charges upon The Project or any part thereof, as well as, all advances by The MORTGAGEE and compensation for the services of The MORTGAGEE and for all counsel, agents, clerks and other employees by its properly engaged and employed by its properly engaged and employed. Mortgagee shall apply the moneys arising as aforesaid, first to the payment of the Obligations and then to the remedying of any other event of default then existing;

(B) Mortgagee with or without entry, personally or by attorney, may in its discretion, proceed to protect and enforce its rights by suit or suits in equity or at law, whether for damages or for the specific performance of any covenant or agreement contained in the MORTGAGE or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or remedy, as Mortgagee shall deem most effectual to protect and enforce any of its rights or duties hereunder; provided, however, that all costs incurred by Mortgagee under this Article shall be paid to Mortgagee by the OWNER on demand; and;

(C) Mortgagee in its discretion may, with or without entry, personally or by attorney,

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sell, to the extent permitted by law, to the highest bidder all or any part of The Project and all right, title, interest, claim and demand therein, and the right of redemption thereof, in one lot as an entirety, or in separate lots, as Mortgagee may elect, and in one sale or in any number of separate sales held at one time or any number of times, which such sale or lease shall be made at public auction at such place in the county in which The Project to be sold is situated and at such time and upon such terms as may be fixed by Mortgagee and briefly specified in the notice of such sale or sales. Any sale by Mortgagee may nevertheless, at its option, be made at such other place or places, and in such other manner, as may now or hereafter be authorized by law.

23.2. **Receipt Sufficient Discharge for Purchaser.** The receipt of Mortgagee or of the court officer conducting any such sale for the purchase money paid at any such sale shall be a sufficient discharge therefore to any purchaser of the property, or any part thereof, sold as aforesaid; and no such purchaser or his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for the purpose of this MORTGAGE, or shall be answerable in any manner whatsoever for any loss, misapplication or non-application of any such purchase money or any part thereof, not shall any such purchaser be bound to inquire as to the necessity or expediency of any such sale.

23.3. **Application of Proceeds of Sale,** The purchase money proceeds or avails of any such sale, together with any other sums which then may be held by Mortgagee under this MORTGAGE as part of The Project or the proceeds thereof, whether under the provisions of this Article or otherwise, shall be paid to Mortgagee who shall apply such funds as follows:

FIRST: To the payment of the costs and expenses of such sale including reasonable compensation Mortgagee, its agents and counsel, and the expenses of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred permitted by this MORTGAGE, except any taxes, assessments, liens, or other charges, subject to which the property shall have been sold.

SECOND: To the payment of the whole amount of the obligations.

THIRD: To the payment of any other sums required to be paid by the OWNER pursuant to any provisions of the MORTGAGE.

FOURTH: To the payment of the surplus, if any, to the OWNER or its successors or assigns, upon the written request of the OWNER or to whomsoever may be lawfully entitled to receive the same upon its written request, or as any court of competent jurisdiction may direct.

23.4. **Appointment of Receiver:** The OWNER further covenants that upon the happening of any Event of Default and thereafter during the continuance of such Event of Default unless the same shall have been waived as herein before provided, Mortgagee shall be entitled as a matter of right if it shall so elect at any time to the appointment of a receiver or receivers of The Project and of all the earnings, revenues, rents, issues, profits and income thereof, with such powers as the court making such appointment shall confer, which may comprise any or all of the powers which Mortgagee is authorized to exercise. The OWNER, if requested so to do by Mortgagee will consent to the appointment of any such receiver as aforesaid.

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23.5. **Assignment:** By the majority vote of its Board of Directors, Mortgagee may assign and or transfer its participatory interest in the LOAN without either the written or verbal consent of the Recipient.

IN WITNESS WHEREOF, the Mortgagor has executed this mortgage as of the date and year first written above.

Mario Meraz

Mario Meraz

Telma Meraz

Telma Meraz



STATE OF INDIANA
SS:
COUNTY OF LAKE

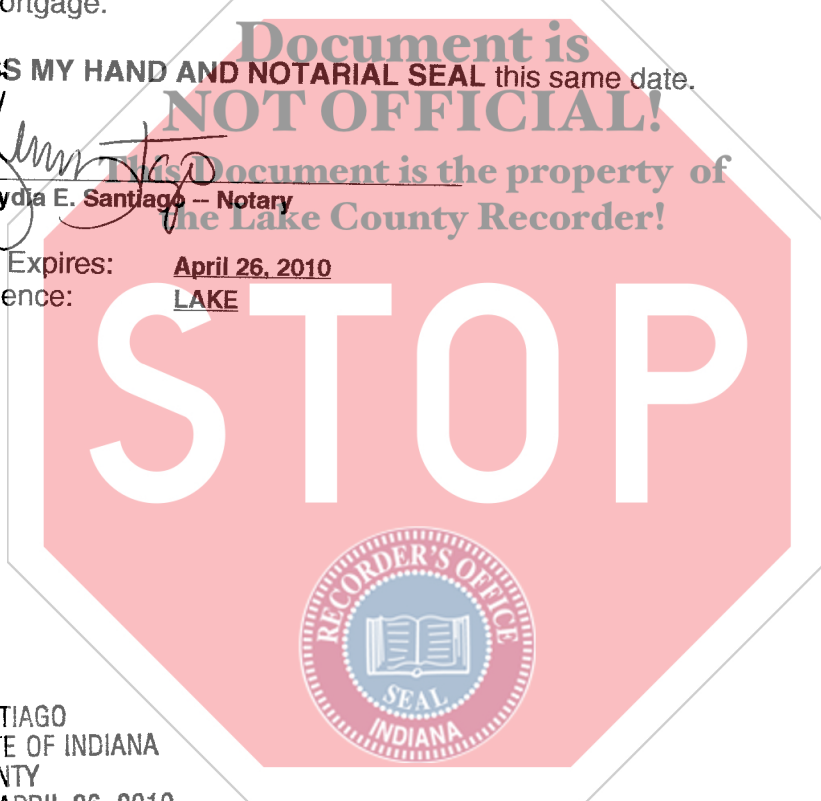
Before me, the undersigned, a Notary Public, in and for said County and State, personally appeared **Mario Meraz and Telma Meraz**, who acknowledged the execution of the foregoing mortgage.

WITNESS MY HAND AND NOTARIAL SEAL this same date.

Lydia E. Santiago

Lydia E. Santiago -- Notary

My Commission Expires: April 26, 2010
County of Residence: LAKE



LYDIA E. SANTIAGO
NOTARY PUBLIC STATE OF INDIANA
LAKE COUNTY
MY COMMISSION EXP. APRIL 26, 2010

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Exhibit "A"

PROMISORY NOTE

1. BORROWER'S PROMISE TO PAY

I / We, Mario Meraz and Telma Meraz, in return for a loan that I have received, promise to pay Ten Thousand and NO/100 (10,000.00) U.S. DOLLARS (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is Neighborhoods Incorporated of Hammond Indiana. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of Three point Nine Percent (3.90%). The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) on this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making payments every month.

I will make my monthly payments on the 1st day of each month beginning February 1, 2003. I will make these payments every month until I have paid all of the principal, interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal. If, on January 1, 2018 I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date."

I will make my monthly payments at:

6510 Indianapolis Blvd, Hammond Indiana, 46320

Or by mail at

P.O. Box # 4055, Hammond, IN 46324

Or at such other place as directed by the Note Holder.

(B) Amount of Monthly Payments

Our regular monthly payment will be in the amount of:

Seventy Three and 47/100 (\$73.47) U.S. DOLLARS

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.



5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of **10 calendar days** after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be **5%** of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(D) No Waiver by Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person, who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.



