

**"THIS INSTRUMENT SECURES A ZERO (0) INTEREST RATE OR OTHER
SUBSIDIZED LOW RATE LOAN SUBJECT TO IC 24-9-3-2"**

DATE: February 7, 2006

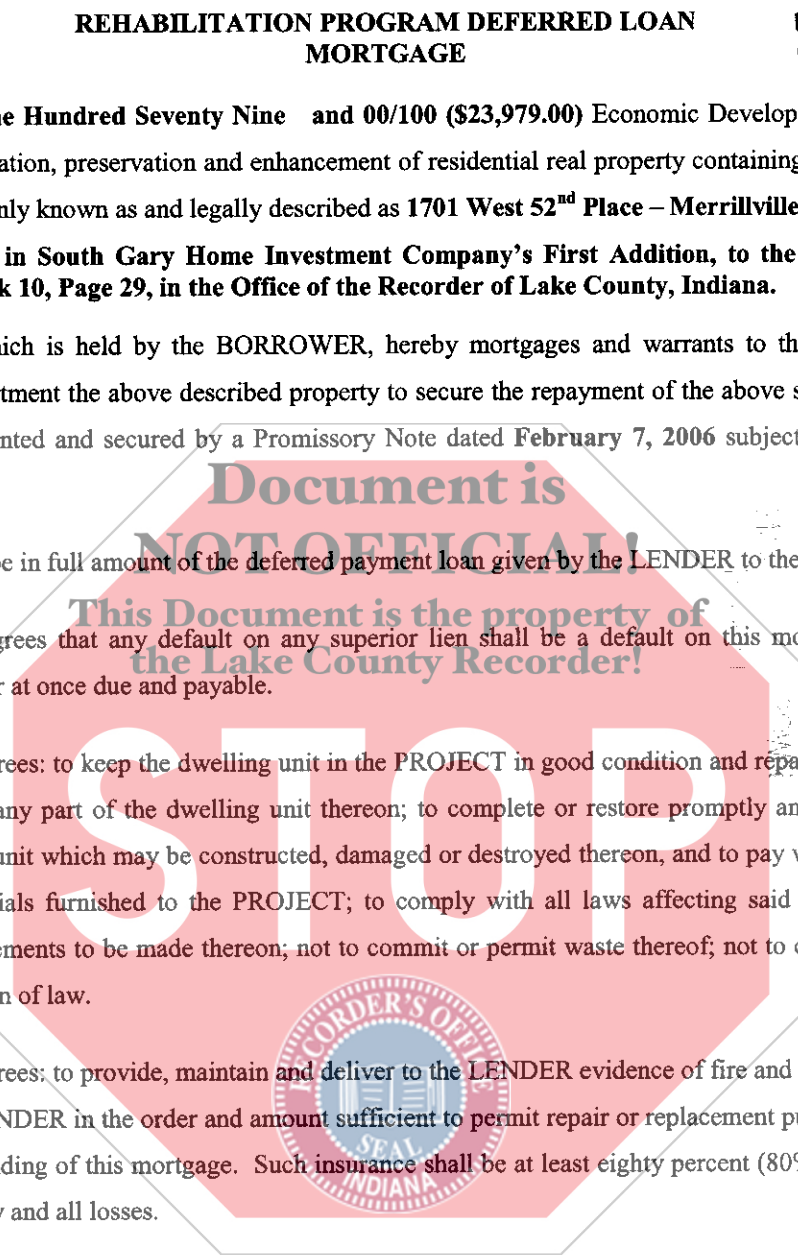
**REHABILITATION PROGRAM DEFERRED LOAN
MORTGAGE**

Twenty Three Thousand Nine Hundred Seventy Nine and 00/100 (\$23,979.00) Economic Development Department (hereafter, the LENDER) for the rehabilitation, preservation and enhancement of residential real property containing one dwelling unit occupied by the owner, which is commonly known as and legally described as 1701 West 52nd Place – Merrillville, Indiana 46410

Lots 26 and 27, in Block 2, in South Gary Home Investment Company's First Addition, to the City of Gary, as per plat thereof, recorded in Plat Book 10, Page 29, in the Office of the Recorder of Lake County, Indiana.

Legal or equitable title to which is held by the BORROWER, hereby mortgages and warrants to the Lake County Community Economic Development Department the above described property to secure the repayment of the above stated deferred payment loan for which the mortgage is granted and secured by a Promissory Note dated February 7, 2006 subject to the following terms and conditions:

1. Such mortgage shall be in full amount of the deferred payment loan given by the LENDER to the BORROWER.
2. The BORROWER agrees that any default on any superior lien shall be a default on this mortgage and shall render the balance due hereunder at once due and payable.
3. The BORROWER agrees: to keep the dwelling unit in the PROJECT in good condition and repair, fully habitable; and not to remove or demolish any part of the dwelling unit thereon; to complete or restore promptly and in good and workmanlike manner the dwelling unit which may be constructed, damaged or destroyed thereon, and to pay when due all claims for labor performed and materials furnished to the PROJECT; to comply with all laws affecting said PROJECT or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act thereon in violation of law.
4. The BORROWER agrees: to provide, maintain and deliver to the LENDER evidence of fire and extended coverage insurance satisfactory to the LENDER in the order and amount sufficient to permit repair or replacement pursuant to Paragraph 3 above of the balance outstanding of this mortgage. Such insurance shall be at least eighty percent (80%) co-insurance to value and sufficient to cover any and all losses.
5. The BORROWER agrees to pay all taxes, assessments, utilities, and other expensed of the PROJECT when due, and without delinquency, and shall not permit any liens to be imposed on the PROJECT by reason of any delinquency.
6. The BORROWER agrees not to convert the dwelling unit in the PROJECT to rental, commercial, or industrial use, or any form of cooperative ownership for the period of the loan.
7. The term of this mortgage shall be until the balance due is paid in full.
 - A. In the event that all BORROWER(S) become deceased, this mortgage shall become due and payable immediately upon settlement of the Estate unless the LENDER desires to make other arrangements with the heirs.
8. During the term of this mortgage, the BORROWER shall make no payments of principal or interest; PROVIDED HOWEVER, that if the BORROWER shall be in default of any of the terms or conditions of this mortgage, then the unpaid and remaining balance shall become immediately due and payable upon demand by the LENDER and, PROVIDED FURTHER, if the instance or default be the conversion of any or all said unit to rental, commercial, or industrial use, or to cooperative ownership, then the full initial amount of the deferred payment shall be due and payable immediately.
9. The deferred payment loan evidenced by this mortgage may be assigned and/or assumed only with approval of an by written agreement with the Lake County Community Economic Development Department at the time such action is to take place;



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PROVIDED, that any and all terms and conditions shall remain in full force and effect for any assignee or successor to the BORROWER as described herein.

- A. Any sale of this property after completion of this rehabilitation PROJECT will constitute a default by the BORROWER and will make remaining the principal balance due in full.
10. Any subordination of this mortgage to additional liens or encumbrances of the assignee or successor to the BORROWER shall be only upon the written consent of the LENDER. Such additional liens and encumbrances shall extend to, and include any contract for deed, land contract, or other agreement between BORROWER and his assignee or successor. Such consent to subordinate shall not be unreasonably withheld so long as the LENDER has the assurance, reasonable to the LENDER, that the provisions of this mortgage remain enforceable and are adequately secured by the PROJECT.
11. During the term of this mortgage, to assure and protect its rights in this mortgage and the PROJECT, the LENDER shall have right of access and inspection of the PROJECT and all owner's records at reasonable times and with reasonable notice to the BORROWER. Failure to properly maintain the property shall constitute default and payment in full shall be due immediately.
12. Any forbearance by the LENDER with respect to any of the terms and conditions of this mortgage in no way constitutes a waiver of any of the LENDER'S rights or privileges granted hereunder.
13. Any notice of one party to be other shall be in writing to the parties as follows:
The LENDER:

The BORROWER: Carol Kubacki
1701 West 52nd Place
Merrillville, Indiana 46410
- The BORROWER, or his executor, in the event of the death of the BORROWER, or any assignee or successor shall notify the LENDER of any changes in the BORROWER'S name and address, or of any assignee or successor of the BORROWER.
14. The interpretation and application of the mortgage shall be in accordance with the laws and procedures of the State of Indiana as they may from time to time be amended.
15. In the event of default and non-payment of the balance due by the BORROWER, the LENDER may take such measures as may be lawful to it for the recovery of the indebtedness and including, but limited to, foreclosure and sale of the BORROWER'S right in the PROJECT and/or the assignment and collection of the rent and profits of the PROJECT.
16. Upon satisfactory completion of all terms and conditions of this mortgage by the BORROWER, or upon payment of any and all balance due, the BORROWER shall be entitled to a release and satisfaction of this mortgage by the LENDER at the LENDER'S own cost.
17. The Executive Director of the Lake County Community Economic Development Department shall have the right to waive any conditions of this Mortgage so long as the waiver does not infringe on the rights of the BORROWER under this instrument.

This mortgage is expressly created and imposed upon the above described PROJECT for the purpose of assuring the compliance of the BORROWER with terms and conditions incident to the deferred payment loan evidenced by this mortgage, such loan being exclusively for the purpose of rehabilitating, preserving, and enhancing the dwelling in the PROJECT in accordance with the rules and procedures of the Deferred Loan Rehabilitation Program of the Lake County Community Economic Development Department.

February 7, 2006
Date

Carol Kubacki
Borrower

February 7, 2006
Date

Borrower

February 7, 2006

William A. [Signature]
Lender's Designee

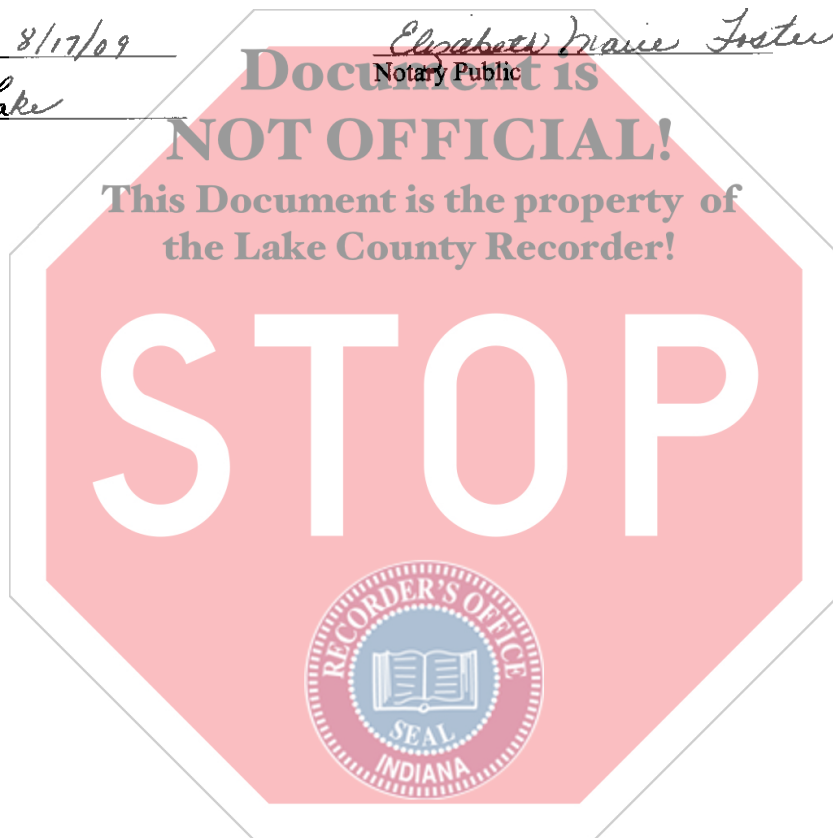
STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

On the 7th day of February, 2006, before me, a Notary Public, personally appeared **Carol Kubacki** are to me known to be the person(s) named in and who executed the foregoing instrument, and acknowledged that this was her voluntary act and deed.

My Commission Expires: 8/17/09

Elizabeth Marie Foster
Notary Public

County of Residence: Lake



Declaration

This form is to be signed by the preparer of a document and recorded with each document in accordance with IC 36-2-7.5-5(a).

I, the undersigned preparer of the attached document, in accordance with IC 36-2-7.5, do hereby affirm under the penalties of perjury:

1. I have reviewed the attached document for the purpose of identifying and, to the extent permitted by law, redacting all Social Security number in attached document.
2. I have redacted, to the extent permitted by law, each Social Security number in the attached document.

I, undersigned, affirm under the penalties of perjury, that the foregoing declarations are true.



Elizabeth Foster
Signature of Declarant

ELIZABETH FOSTER
Printed Name of Declarant