

CITY OF EAST CHICAGO
DOWN PAYMENT ASSISTANCE PROGRAM
RESIDENTIAL MORTGAGE NOTE

Date: August 27, 2008

Due Date: August 28, 2009

Loan Amount: \$5,000.00

Loan Number: 2008-03

2008 063662

BORROWER(S) ^{M.} Birdie Watson residing at 5126 Sophia Street/Road/Avenue, East Chicago, Indiana, 46312, has received from the City of East Chicago, with its principal place of business at 4525 Indianapolis Boulevard, East Chicago, Indiana, 46312, a loan of Five Thousand and 00/100 Dollars (\$5,000.00) on August 27, 2008.

LEGAL DESCRIPTION

LOT 13, IN BLOCK 1 IN KOSCIUSKO PARK ADDITION TO EAST CHICAGO, INDIANA, AS PER PLAT THEREOF, RECORDED IN PLAT BOOK 20, PAGE 5, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

2008 SEP 10 AM 10:33
MICHAEL A. BROOKS
RECORDER

1. Borrower shall repay the principal balance of this Residential Mortgage Note (The "Note") as provided under the terms of this Note, except for any amounts of the principal balance that are forgiven as provided below. In the event Borrower is required to pay all or any portion of the principal balance of this Note, Borrower also will repay to Lender interest on such outstanding principal balance to be repaid by Borrower at the rate of eight percent (8%) per annum, such interest to accrue from and after the date such principal balance is due.
2. If any payments of principal or interest are due under this Note, such payment will be made to Lender at its above address, or to any other person who holds this Note at any address specified in any written notice to Borrower.
3. Payment will be credited first to interest, if any, then payments of principal then due, if any.
4. Borrower may pay all or a part of the principal amount of this loan before it is due. This is called a "prepayment". There will be no penalty for prepayments.
5. If the subject property is transferred by sale, contract, lease or other transfer of ownership or possession while any portion of the principal balance of this Note remains outstanding, the entire principal balance of the Note then outstanding shall be immediately due and payable.
6. Borrower covenants and agrees, at all times while any portion of the principal balance remains outstanding that: (a) the Property shall remain the principal residence of Borrower, (b) Borrower shall not refinance any mortgages in existence on the date of this Note and shall not encumber the Property with any other mortgages or other liens without the prior written consent of Lender, and (c) the proceeds of this Note shall be used solely for a down payment on the Property.

NORTHWEST INDIANA TITLE
162 WASHINGTON STREET
LOWELL, IN 46356
219-696-0100
1701824

1394
[Signature]

7. If Borrower does not pay any payment, Borrower is required to make under this Note, or if Borrower fails to keep any other promises, conditions, covenants and agreements in this Note or in the Mortgage (hereinafter defined) within fifteen (15) days after written notice required below, Lender may require immediate payment, in full, of the remaining unpaid balance. This failure to pay by Borrower, or the failure to keep a promise, condition, covenant or agreement, is called a "default".

8. Lender will send Borrower a written notice that such payment is past due or that Borrower has committed any other default. If Lender does not require Borrower to pay the remaining unpaid principal balance, in full, immediately upon a default, Lender does not waive the right to do so later.

9. If payment or all or any portion of the principal balance of the Note is due and payable, interest will continue to be charged at the above rate until the entire principal balance then outstanding is paid in full.

10. This Note may not be changed unless both Lender and Borrower agree to a change in writing.

11. Borrower waives "demand", "protest", "and notice of protest", "presentment", "dishonor and notice of dishonor".

12. If the lender requires Borrower to pay all or any portion of the principal balance of the Note, in full, because of a default, Lender may charge Borrower for all of its expenses in collecting the amount due, including reasonable attorneys' fees.

13. Borrower will give a mortgage on the Property ("Mortgage"), and the terms of that Mortgage are included in this Note.

14. Notices will be sent to Borrower at the address of the Property.

15. If more than one person signs this Note, Lender may collect the amounts due from either or both persons.

16. The Borrower must remain employed at least one (1) year after the point of payment; otherwise must reimburse the City of East Chicago Down Payment Assistance Program at a pro-rated amount of the total payment starting the date of the check presentation.

17. If Borrower is not in breach of the conditions under Sections 6 and 7 above, the principal balance of the Note will be forgiven, beginning with the anniversary date of the Note in the first year, in accordance with the following schedule:

<u>Term/Date</u>	<u>Amount of Forgiveness</u>
1 st year / <u>August 28, 2009</u>	20%
2 nd year / <u>August 28, 2010</u>	40%
3 rd year / <u>August 28, 2011</u>	60%
4 th year / <u>August 28, 2012</u>	80%
5 th year / <u>August 28, 2013</u>	100%

18. This Note shall be governed by and construed in accordance with the laws of the State of Indiana.

I/We acknowledge that I/We have read the above and understand the terms and conditions regarding the City of East Chicago Down Payment Assistance Program. I/We acknowledge that it is understood the actual recapture of my/our loan will be 5 years during which Borrower(s) must reside in the property as his/her/their principal residence.

IN WITNESS WHEREOF, Marker has executed and delivered this Note this 27th day of August, 2008.

Birdie Watson
(Signature) _____ (Signature) _____

(Signature) _____ (Signature) _____

STATE OF Indiana
COUNTY OF Lake

SS: I AFFIRM UNDER THE PENALTIES FOR PERJURY THAT I HAVE TAKEN REASONABLE CARE TO REDACT EACH SOCIAL SECURITY NUMBER IN THIS DOCUMENT UNLESS REQUIRED BY LAW.

Alvin Caputo

Before me, a Notary Public in and for County and State, personally appeared Birdie Watson who acknowledges execution of the foregoing mortgage.

Witness my hand and Notary Seal this 27th day of August, 2008.

Roselyn F. Sakevicius
(Signature) _____ (Printed Name) Notary Public

My Commission Expires:
March 4, 2009

County of Residence:
Lake