

18

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

2009 066169

2009 SEP 30 AM 8:54

MICHAEL A. BROWN  
RECORDER

Return To:

Lake Federal Bank, FSB  
7048 Kennedy Avenue  
Hammond, IN 46323-2212

[Space Above This Line For Recording Data]

620094199 LD

MORTGAGE

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated September 21, 2009, together with all Riders to this document.

(B) "Borrower" is Martha B Koroluk and Susan McDowell

Borrower is the mortgagor under this Security Instrument.

INDIANA-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

Form 3015 1/01

VMP-6 (IN) (0604)

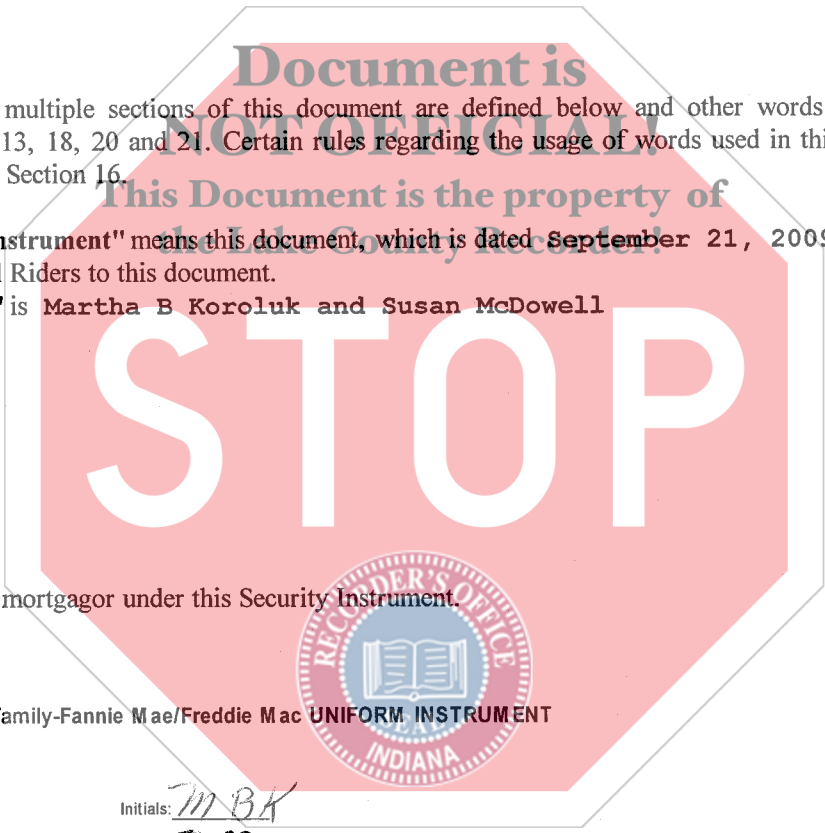
Page 1 of 15

Initials: *MBK*

*SM*

VMP Mortgage Solutions, Inc.

Chicago Title Insurance Company



*of*  
*48.*  
*MB*

Initials: M.B.K. S.M.

(O) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(N) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Loan.

(M) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, value and/or condition of the Property.

(L) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the

(K) "Escrow Items" means those items that are described in Section 3.

(J) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(I) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(H) "Applicable Law" means all controlling, applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(G) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- Adjustable Rate Rider
- Balloon Rider
- VA Rider
- Condominium Rider
- Planned Unit Development Rider
- Biweekly Payment Rider
- Second Home Rider
- I-4 Family Rider
- Other(s) [specify]

(F) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(E) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(D) "Note" means the promissory note signed by Borrower and dated September 21, 2009. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than October 1, 2039.

(C) "Lender" is Lake Federal Bank, FSB

Lender is a Federal Savings Bank organized and existing under the laws of the United States of America

Lender's address is 7048 Kennedy Avenue, Hammond, IN 46323-2212

Lender is the mortgagee under this Security Instrument.

The Note states that Borrower owes Lender TWENTY THOUSAND AND 00/100 Dollars

(U.S. \$ 20,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than October 1, 2039

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in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(P) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

#### TRANSFER OF RIGHTS IN THE PROPERTY

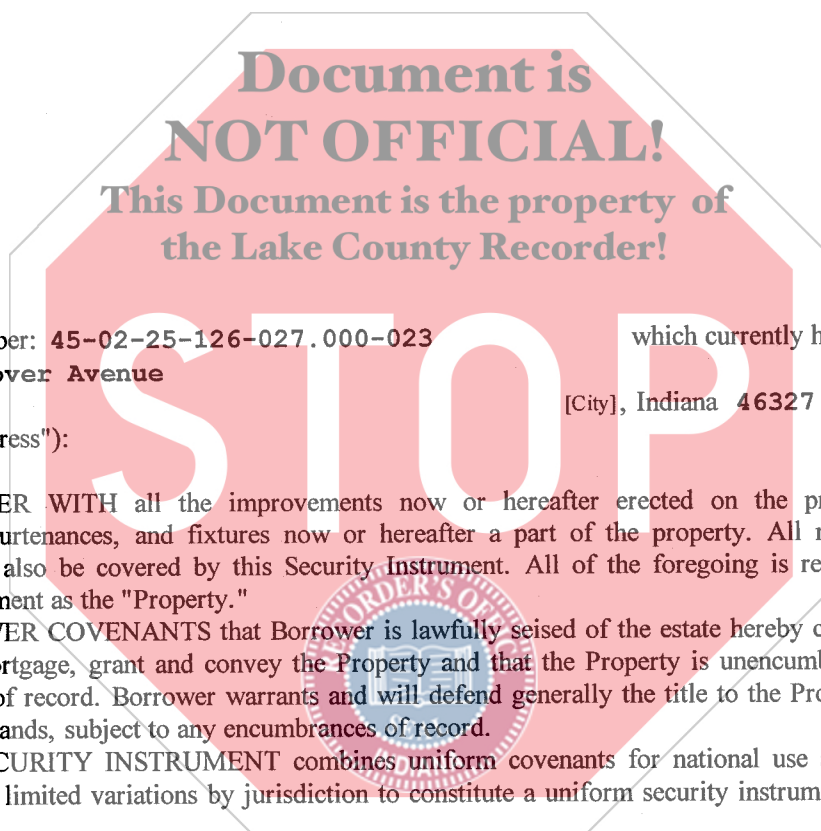
This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender and Lender's successors and assigns, the following described property located in the County

of Lake

[Type of Recording Jurisdiction]

[Name of Recording Jurisdiction] :

Lots thirty-seven (37) and thirty-eight (38) in block three (3) in J. Wm. Eschenburg's State Line Addition to Hammond, as per plat thereof, recorded in Plat Book No. 2, at page No. 2, in the office of the Recorder of Lake County, Indiana.



Parcel ID Number: 45-02-25-126-027.000-023  
4136 S. Grover Avenue  
Hammond  
("Property Address"):

which currently has the address of  
[Street]  
[City], Indiana 46327 [Zip Code]

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 seised 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.

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.

Initials  
S.M.

3. **Funds for Escrow Items.** Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall be applied first to any prepayment charges and then as described in the Note. More Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, Lender may apply any payment received from Borrower to the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a

then to reduce the principal balance of the Note. shall be applied first to late charges, second to any other amounts due under this Security Instrument, and shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest

2. **Application of Payments or Proceeds.** Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest

Instrument. the Note and this Security Instrument or performing the covenants and agreements secured by this Security might have now or in the future against Lender shall relieve Borrower from making payments due under principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay payments in the future, but Lender is not obligated to apply such payments at the time such payments are current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan Lender may return any payment or partial payment if the payment or partial payments are insufficient to such other location as may be designated by Lender in accordance with the notice provisions in Section 15.

Payments are deemed received by Lender when received at the location designated in the Note or at federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer. cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or due under the Note and this Security Instrument be made in one or more of the following forms, as Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments currency. However, if any check or other instrument received by Lender as payment under the Note or this pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any

1. **Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges.** Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

(c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or

Initials: MBK SM

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and

shall name Lender as mortgagee and/or as an additional loss payee. In the event of, or destruction of, the Property, such policy shall include a standard mortgage clause and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as All insurance policies required by Lender and renewals of such policies shall be subject to Lender's Lender to Borrower requesting payment.

at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall acknowledge that the cost of the insurance coverage so obtained might significantly exceed the cost of hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance review of any flood zone determination resulting from an objection by Borrower.

payment of any fees imposed by the Federal Emergency Management Agency in connection with the reasonably might affect such determination or certification. Borrower shall also be responsible for the and certification services and subsequent charges each time remappings or similar changes occur which determination, certification and tracking services; or (b) a one-time charge for flood zone determination require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of This insurance shall be maintained in the amounts (including deductible levels) and for the periods that other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. the Property insured against loss by fire, hazards included within the term "extended coverage," and any 5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on reporting service used by Lender in connection with this Loan.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or more of the actions set forth above in this Section 4. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or lien which can attain priority over this Security Instrument. Lender may give Borrower a notice identifying the the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable Borrower shall promptly discharge any lien which has priority over this Security Instrument unless the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3. ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To

Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

**6. Occupancy.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

**7. Preservation, Maintenance and Protection of the Property; Inspections.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

**8. Borrower's Loan Application.** Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.





As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

**11. Assignment of Miscellaneous Proceeds; Forfeiture.** All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if

Initials: M.B.R. S.M.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's

of such overcharge. direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge. prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by reduction will be treated as a partial prepayment without any prepayment charge (whether or not a owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the that the interest or other loan charges collected or to be collected in connection with the Loan exceed the If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so fees that are expressly prohibited by this Security Instrument or by Applicable Law.

fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, Lender may charge Borrower fees for services performed in connection with

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Section 20) and benefit the successors and assigns of Lender. The covenants and agreements of this Security Instrument shall bind (except as provided in Borrower's obligations and liability under this Security Instrument. Borrower shall not be released from all of Borrower's rights and benefits under this Security Instrument, and is approved by Lender, shall obtain Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes co-signer's consent.

make any accommodations with regard to the terms of this Security Instrument or the Note without the Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the co-signs this Security Instrument but does not execute the Note (a "co-signer"); (a) is co-signing this and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants to include the exercise of any right or remedy. Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or amortization of the sums secured by this Security Instrument by reason of any demand made by the original any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower payment or modification of amortization of the sums secured by this Security Instrument granted by Lender

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for applied in the order provided for in Section 2. All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be are hereby assigned and shall be paid to Lender. any award or claim for damages that are attributable to the impairment of Lender's interest in the Property impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be

change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

**16. Governing Law; Severability; Rules of Construction.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. 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.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

**17. Borrower's Copy.** Borrower shall be given one copy of the Note and of this Security Instrument.

**18. Transfer of the Property or a Beneficial Interest in Borrower.** As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**19. Borrower's Right to Reinstate After Acceleration.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to Section 22 of this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check,



Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

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

**22. Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). 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 nonexistence 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 Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

**23. Release.** Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

**24. Waiver of Valuation and Appraisal.** Borrower waives all right of valuation and appraisal.

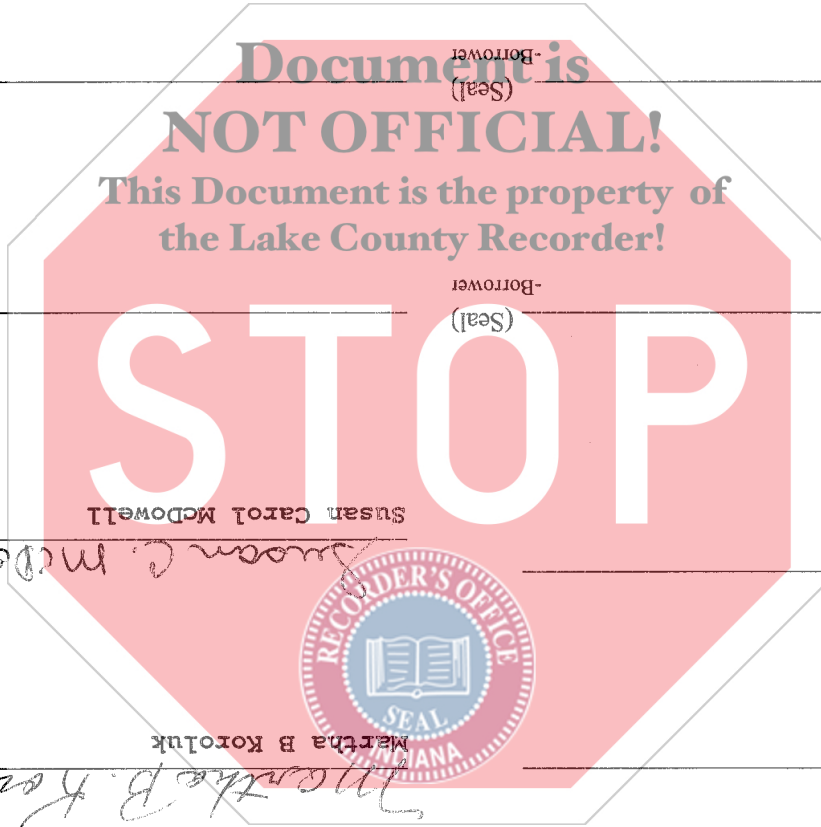
\_\_\_\_\_  
(Seal) -Borrower

\_\_\_\_\_  
(Seal) -Borrower

\_\_\_\_\_  
(Seal) -Borrower

\_\_\_\_\_  
(Seal) -Borrower

\_\_\_\_\_  
(Seal) -Borrower



Witnesses:

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

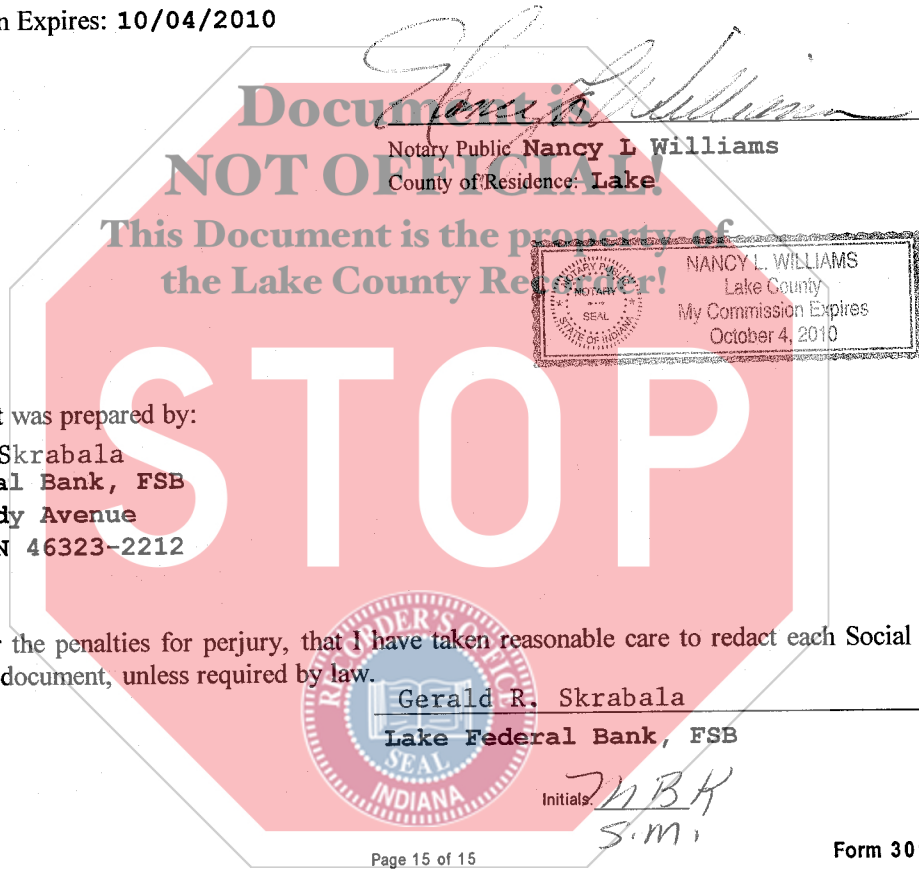
STATE OF INDIANA, Lake

County ss:

On this 21st day of September 2009, before me, the undersigned, a Notary Public in and for said County, personally appeared Martha B Koroluk, Susan Carol McDowell

and acknowledged the execution of the foregoing instrument.  
WITNESS my hand and official seal.

My Commission Expires: 10/04/2010



This instrument was prepared by:  
Gerald R. Skrabala  
Lake Federal Bank, FSB  
7048 Kennedy Avenue  
Hammond, IN 46323-2212

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.

Gerald R. Skrabala  
Lake Federal Bank, FSB

Initials: *J.B.K.*  
*S.M.*

## 1-4 FAMILY RIDER (Assignment of Rents)

THIS 1-4 FAMILY RIDER is made this 21<sup>st</sup> day of September 2009, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to Lake Federal Bank, FSB

(the "Lender") of the same date and covering the Property described in the Security Instrument and located at: 4136 S. Grover Avenue  
Hammond, IN 46327

[Property Address]

**1-4 FAMILY COVENANTS.** In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

**A. ADDITIONAL PROPERTY SUBJECT TO THE SECURITY INSTRUMENT.** In addition to the Property described in the Security Instrument, the following items now or hereafter attached to the Property to the extent they are fixtures are added to the Property description, and shall also constitute the Property covered by the Security Instrument: building materials, appliances and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the Property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, attached mirrors, cabinets, paneling and attached floor coverings, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Property covered by the Security Instrument. All of the foregoing together with the Property described in the Security Instrument (or the leasehold estate if the Security Instrument is on a leasehold) are referred to in this 1-4 Family Rider and the Security Instrument as the "Property."

**B. USE OF PROPERTY; COMPLIANCE WITH LAW.** Borrower shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

**C. SUBORDINATE LIENS.** Except as permitted by federal law, Borrower shall not allow any lien inferior to the Security Instrument to be perfected against the Property without Lender's prior written permission.

**D. RENT LOSS INSURANCE.** Borrower shall maintain insurance against rent loss in addition to the other hazards for which insurance is required by Section 5.

**MULTISTATE 1- 4 FAMILY RIDER - Fannie Mae/Freddie Mac UNIFORM INSTRUMENT  
Form 3170 1/01**

Wolters Kluwer Financial Services

VMP®-57R (0411).01

Page 1 of 3

Initials: SIM

MBK



Initials: S.M.  
MIRK

**I. CROSS-DEFAULT PROVISION.** Borrower's default or breach under any note or agreement in which Lender has an interest shall be a breach under the Security Instrument and Lender may invoke any of the remedies permitted by the Security Instrument.

Property shall terminate when all the sums secured by the Security Instrument are paid in full. Lender, or Lender's agents or a judicially appointed receiver, shall not be required to enter upon, take control of or maintain the Property before or after giving notice of default to Borrower. However, Lender, or Lender's agents or a judicially appointed receiver, may do so at any time when a default occurs. Any application of Rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of Rents of the

Borrower represents and warrants that Borrower has not executed any prior assignment of the Rents and has not performed, and will not perform, any act that would prevent Lender from exercising its rights under this paragraph.

If the Rents of the Property are not sufficient to cover the costs of taking control of and managing the Property and of collecting the Rents any funds expended by Lender for such instrument pursuant to Section 9.

Borrower shall become indebtedness of Borrower to Lender secured by the Security Instrument pursuant to Section 9. If the Rents of the Property are not sufficient to cover the costs of taking control of and managing the Property and of collecting the Rents any funds expended by Lender for such instrument pursuant to Section 9. Borrower represents and warrants that Borrower has not executed any prior assignment of the Rents and has not performed, and will not perform, any act that would prevent Lender from exercising its rights under this paragraph.

**H. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.** Borrower absolutely and unconditionally assigns and transfers to Lender all the rents and revenues ("Rents") of the Property, regardless of to whom the Rents of the Property are payable. Borrower authorizes Lender's agents to collect the Rents, and agrees that each tenant of the Property shall pay the Rents to Lender or Lender's agents. However, Borrower shall receive the Rents until: (i) Lender has given Borrower notice of default pursuant to Section 22 of the Security Instrument, and (ii) Lender has given notice to the tenant(s) that the Rents are to be paid to Lender or Lender's agent. This assignment of Rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of default to Borrower: (i) all Rents received by Borrower shall be held by Borrower as trustee for the benefit of Lender only, to be applied to the sums secured by the Security Instrument; (ii) Lender shall be entitled to collect and receive all of the Rents of the Property; (iii) Borrower agrees that each tenant of the Property shall pay all Rents due and unpaid to Lender or Lender's agents upon Lender's written demand to the tenant; (iv) unless applicable law provides otherwise, all Rents collected by Lender or Lender's agents shall be applied first to the costs of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, repair and maintenance costs, insurance premiums, taxes, assessments, and other charges on the Property; and then to the sums secured by the Security Instrument; (v) Lender, Lender's agents or any judicially appointed receiver shall be liable to account for only those Rents actually received; and (vi) Lender shall be entitled to have a receiver appointed to take possession of and manage the Property and collect the Rents and profits derived from the Property without any showing as to the inadequacy of the Property as security.

**G. ASSIGNMENT OF LEASES.** Upon Lender's request after default, Borrower shall assign to Lender all leases of the Property and all security deposits made in connection with leases of the Property. Upon the assignment, Lender shall have the right to modify, extend or terminate the existing leases and to execute new leases, in Lender's sole discretion. As used in this paragraph G, the word "lease" shall mean "sublease" if the Security Instrument is on a leasehold.

**F. BORROWER'S OCCUPANCY.** Unless Lender and Borrower otherwise agree in writing, Section 6 concerning Borrower's occupancy of the Property is deleted.

**E. "BORROWER'S RIGHT TO REINSTATE" DELETED.** Section 19 is deleted.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this 1-4 Family Rider.

Martha B. Koroluk (Seal)  
Martha B Koroluk -Borrower

Susan McDowell (Seal)  
Susan McDowell -Borrower

\_\_\_\_\_ (Seal)  
-Borrower

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-Borrower

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-Borrower

