

MARKTOWN  
EXTERIOR FAÇADE RENOVATION PROGRAM  
FORGIVABLE MORTGAGE

This Forgivable Mortgage (Mortgage) made as of the 13<sup>th</sup> day of November, 2023 between Lorraine R. Pollack (hereinafter called, and if more than one party, jointly and severally hereinafter called "Mortgagor"), residing at 414 Liberty Street, East Chicago, Lake County, Indiana, and the City of East Chicago Department of Redevelopment (hereinafter called "Mortgagee"), having an office at 4525 Indianapolis Boulevard, East Chicago, Lake County, and State of Indiana.

WITNESSETH, that to secure the payment of an indebtedness in the principal amount of Eighty Thousand Seven Hundred and No/100 Dollars (\$80,700.00) with any interest thereon, which shall be paid in accordance with a certain Forgivable Loan Promissory Note bearing even date herewith ("Note"), and all other indebtedness which the Mortgagor is obligated to pay to the Mortgagee pursuant to the provisions of the Note and this Mortgage, the Mortgagor hereby grants, mortgages, conveys and warrants to the Mortgagee a security interest in all of Mortgagor's right, title, and interest in and to the following described real property ("Mortgaged Property") located in Lake County, Indiana:

Legal Description: Lot Sixty-two (62), Mark Subdivision in the City of East Chicago, as shown in Plat Book Fifteen (15), Page Thirty-six (36), in Lake County, Indiana.

Tax ID No. (45-03-16-310-019.000-024)

The Mortgaged Property or its address is commonly known as: 414 Liberty Street, East Chicago, IN 46312

TOGETHER, with all appurtenances thereto and all the estate and rights of the Mortgagor in and to such property or in any way appertaining thereto; all buildings and other structures now or hereafter thereon erected or installed, and all 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, incineration, 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 assigned to the Mortgagee and are deemed a part of the property mortgaged hereby, and the Mortgagee is hereby authorized to collect and receive the proceeds of such awards, to give proper receipts and acquaintances therefore, 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 the 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 interests being hereinafter collectively called the "Mortgaged Property").

TO HAVE AND TO HOLD the Mortgaged Property and every part thereof unto the Mortgagee, its successors and assigns forever for the purposes and uses herein set forth.

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

1. The Mortgagor will promptly pay the principal of and interest on 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

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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 the Mortgagee as or on account of a forgivable loan evidenced by the Note, for the purpose of making the repairs described or referred to in the Scope of Work/Specifications dated 414 Liberty Street, to or on the mortgaged property, and for such other purpose, if any, described or referred to therein, which repairs are hereafter collectively called "Repairs." The Mortgagor shall make or cause to be made all the Repairs. If the construction, installation, or removals of the Repairs are not carried out with reasonable diligence, or discontinued at any time for any reason, other than strikes, lockouts, acts of God, fires, floods or other similar catastrophes, riots, war or insurrection, the Mortgagee after due notice to the Mortgagor is hereby authorized (a) to enter upon the mortgaged property and employ any watchmen to protect the Repairs from depreciation 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 Repairs, (c) to make and enter into additional contracts and incur obligations for the purposes of completing the Repairs pursuant to the obligations of the Mortgagor hereunder, either in the name of the Mortgagee or the Mortgagor, and (d) to pay and discharge all debts, obligations and liabilities incurred by reason of any action taken by the Mortgagee, as provided in this Paragraph, all of which amounts so paid by the Mortgagee, with interest thereon from the date of each such payment, at the rate of eight percent (8%) per annum, shall be payable by the Mortgagor to the Mortgagee on demand and shall be secured by this Mortgage.

4. The Repairs and all plans and specifications therefore shall comply with all applicable local municipal ordinances, state and federal regulations, and rules made or promulgated by lawful authority, and upon their completion shall comply therewith.

5. 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, 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 the 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.

6. Except for a bona fide first, purchase money mortgage, 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 Repairs.

7.1 The Mortgagor will keep all buildings, other structures and Repairs, 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 the Mortgagee. Unless otherwise required by the 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 the Mortgagee and all policies therefore shall be in such form, shall name Mortgagee as an additional insured upon terms satisfactory to Mortgagee in Mortgagee's sole discretion, and shall contain a mortgage clause in favor of Mortgagee in form and substance satisfactory to Mortgagee. All such policies and attachments thereto shall be delivered promptly to the Mortgagee, unless they are required to be delivered to the holder of a lien of a mortgage or similar instrument to which the Mortgage is expressly subject, in which latter event certificates thereof, satisfactory to the Mortgagee, shall be delivered promptly to the 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 the 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 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 the Mortgagee every premium so paid by the Mortgagee together with interest as expressed in the Note.

7.2 In the event of loss or damage to the Mortgaged Property, the Mortgagor will give to the Mortgagee immediate notice thereof by mail, and the 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 the Mortgagee, instead of to the Mortgagor and the 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 the Mortgagee may be applied by the Mortgagee, at its option, either in reduction of the 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 interest 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.

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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 amount of 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 the Mortgagee (including reasonable attorneys' fees incurred thereby), with interest thereon from the date of such payment, at the rate of eight percent (8%) per annum or that rate expressed in the Note, whichever is greater, 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, may make reasonable entries upon, and perform inspections of, the Mortgaged Property as set forth below. 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 any interest thereon and all other charges, as therein provided, and all other amounts of money owing by the Mortgagor to the 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 of the Mortgagor, or upon the filing of any bankruptcy petition by or against the Mortgagor under the provision of any Applicable Law, 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:

10.1 Failure to pay the amount of any installment of principal and interest, or other charges payable on the Note, which shall have become due, prior to the due date of the next such installment;

10.2 Nonperformance by the Mortgagor of any covenant, agreement, term or condition of this Mortgage, or of the Note (except as otherwise provided in subdivision 10.1 hereof) or of any other agreement heretofore, herewith or hereafter made by the Mortgagor with the Mortgagee in connection with such indebtedness;

10.3 Failure of the Mortgagor to perform any covenant, agreement, term or 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;

10.4 The Mortgagee's discovery of the Mortgagor's failure in any application of the Mortgagor to the 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;

10.5 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;

10.6 The enactment after the date of this Mortgage of any Applicable Law 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 or change, immediately upon the expiration of thirty (30) days after such notice.

The Mortgagee's failure to exercise any of its rights hereunder shall not constitute a waiver thereof. Each event 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, is in this Mortgage called an "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 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.

12.1 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 any and all the rents there from 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 any and all such rents and any 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.

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12.2 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 possession 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 one-twelfth of the aggregate of the twelve monthly installments payable in the current calendar year, 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 any rents, the within covenant shall inure to the benefit of such receiver.

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. 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.

17. In case of a foreclosure sale of the mortgaged property it may be sold in one 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 represents and warrants that Mortgagor is lawfully seized of the Mortgaged Property and has good right, full power and lawful authority to sell, mortgage, encumber, and convey 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. If any of one or more terms or conditions of this Mortgage should be determined to be illegal, invalid or otherwise unenforceable by reason of any Applicable Law as determined by a court of competent jurisdiction, then to the extent and within the jurisdiction which that term or condition is illegal, invalid or unenforceable, it shall be severed and deleted from that clause and the remaining terms and conditions shall survive, remain in full force and effect and continue to be binding and enforceable. Such remaining terms and conditions shall, to the extent necessary to preserve the intentions of the parties as evidenced by this Mortgage, be modified by such court of competent jurisdiction.

21. Mortgagor shall promptly discharge any lien that has priority over this Mortgage unless Mortgagor: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Mortgagee; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings that in the Mortgagee's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Mortgagee subordinating the lien to this Mortgage. If Mortgagee determines that any part of the Property is subject to a lien that may attain priority over this Mortgage, Mortgagee may give Mortgagor a notice identifying the lien. Mortgagor shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

22. Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Mortgaged Property. Mortgagor shall not do, nor allow anyone else to do, anything affecting the Mortgaged Property that is in violation of any one or more Applicable Laws that relate to health, safety, or environmental protection (collectively, "Environmental Laws"). The preceding two sentences shall not apply to the presence, use, or storage on the Mortgaged Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Mortgaged Property. As used in this Paragraph 22, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials.

23. Mortgagor shall promptly give Mortgagee written notice of any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Mortgaged Property and any Hazardous Substance or Environmental Law of which Mortgagor has actual knowledge. If Mortgagee learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any

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Hazardous Substance affecting the Mortgaged Property is necessary; Mortgagor shall promptly take all necessary remedial actions in accordance with Environmental Law. As used in this Paragraph 23, "Environmental law" means federal laws and laws of the jurisdiction where the Mortgaged Property is located that relate to health, safety, or environmental protection.

24. This Mortgage and all the covenants, agreements, terms and conditions herein contained shall be governed by the laws of the State of Indiana and binding upon, and inure to the benefit of, the Mortgagor and the heirs, legal representatives, assigns, grantees, and successors-in-interest of the Mortgagor. If the Mortgagor, as defined herein, consists of two 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.

25. By way of reference, this Mortgage expressly incorporates the pertinent terms, provisions, and requirements set forth in any and all public notices, statutes, and regulations governing or pertaining to the use of certain funds in connection with the forgivable loan evidenced by the Note and this Mortgage, including, but not limited to, the City's Tax Increment Finance ("TIF") Program funds, and Mortgagor acknowledges that Mortgagor has had sufficient opportunity to review all such notices, statutes, and regulations, together with notices and information required by them, before signing the Note and this Mortgage. To the extent any provision of this Mortgage conflicts or otherwise fails to comply with the terms, provisions, or requirements set forth in any such public notice, statute, or regulation, this Mortgage shall be interpreted in such a way that only its provisions which so conflict or fail to comply are deemed modified to the extent necessary to validate and enforce this Mortgage.

This Mortgage secures the repayment of funds supplied under the City of East Chicago Tax Increment Finance ("TIF") Program funds, and the Note contains certain recapture provisions that permit the Mortgagee to recapture any of the debt secured by this Mortgage.

IN WITNESS WHEREOF this Mortgage has been duly signed and sealed by the Mortgagor(s) on or as of the day and year first above written.

R. R. Pollack  
Owner Signature

N/A  
Co-Owner Signature

Lorraine R. Pollack  
Printed Name

N/A  
Printed Name

STATE OF INDIANA )  
 ) SS:  
COUNTY OF LAKE )

Before me, Roselyn A. Sakevicius, a Notary Public this 13<sup>th</sup> day of November, 2023, personally appeared, Lorraine R. Pollack, who acknowledged the execution of the foregoing Mortgage and who having duly sworn stated that the representations contained are true.

Roselyn A. Sakevicius  
Notary Public

County of Residence: Lake County, IN  
My Commission Expires: 12/21/2024



I affirm, under the penalties for perjury, that I have taken reasonable care to ascertain the correct legal description number in this document, unless required by law. This Instrument Prepared By:

Ashonda Stephens  
City of East Chicago, Indiana Department of Redevelopment 4525 Indianapolis Boulevard East Chicago, IN 46312

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## MARKTOWN EXTERIOR FAÇADE RENOVATION PROGRAM FORGIVABLE LOAN PROMISSORY NOTE



Nov. 13, 2023  
[Date]

EAST CHICAGO, INDIANA  
[City] [State]

414 LIBERTY STREET  
[Property Address]

24242-01  
[Client Number]

**BORROWER:** Lorraine R. Pollack  
414 Liberty Street  
East Chicago, IN 46312

**LENDER:** City of East Chicago  
Department of Redevelopment  
4525 Indianapolis Boulevard  
East Chicago, IN 46312

For the value received, I (We) ("**BORROWER**") jointly and severally promise to pay to the *Department of Redevelopment* ("**LENDER**"), its successors or assigns, the sum of: (A), Eighty Thousand Seven Hundred and No/100 Dollars (\$80,700.00) ("**LOAN**" PRINCIPAL"); or (B), the amount as determined under the Terms and Conditions provisions set forth below. I will make all payments under this Note in the form of check or money order. 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."

**Terms and Conditions:** The **BORROWER** agrees that:

1. **AFFORDABILITY PERIOD.** The **BORROWER** shall comply with the terms of this Forgivable LOAN Promissory Note for a term of *five (5) years* ("**AFFORDABILITY PERIOD**") beginning on the date of that final payment is made for the residential renovations (the "**CONSTRUCTION COMPLETION DATE**"). The **LOAN** shall be forgiven 1/5<sup>th</sup> on each anniversary of the **CONSTRUCTION COMPLETION DATE** for each year during the **AFFORDABILITY PERIOD** as described on the recapture schedule below.

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## Recapture Schedule 5-Year AFFORDABILITY PERIOD

<u>YEAR</u>	<u>PERCENTAGE</u>
Number of Years Fulfilled (Anniversary date)	Percentage of Mortgage LOAN Due and Payable to the Department of Redevelopment upon Default of BORROWER
Less than 1 Year Fulfilled	100%
After Year 1 Fulfilled	80% (-20%)
After Year 2 Fulfilled	60% (-40%)
After Year 3 Fulfilled	40% (-60%)
After Year 4 Fulfilled	20% (-80%)
After Year 5 Fulfilled	0% (-100%)

2. **Principal Residence Requirement: Notice of Sale and Recapture.** The BORROWER shall own and occupy the real property that serves as security for this LOAN located at 414 Liberty Street, East Chicago, Indiana 46312 ("PROPERTY") as the BORROWER's principal residence throughout the AFFORDABILITY PERIOD. The BORROWER shall notify the LENDER if the BORROWER no longer occupies the PROPERTY as the BORROWER's principal residence or if the BORROWER sells or transfers for any reason, undergoes foreclosure, or converts into rental, the PROPERTY during the AFFORDABILITY PERIOD. If the BORROWER sells, transfers, or undergoes any of the previously mentioned occurrences concerning the PROPERTY during the AFFORDABILITY PERIOD, the BORROWER shall pay the LENDER the un-forgiven balance of the LOAN, unless the Net Proceeds (defined as the sale price minus the payoff on the first mortgage lien on the property and any usual and customary sellers' closing costs) of the sale are not sufficient to cover the un-forgiven balance of the LOAN. If the Net Proceeds are not sufficient to cover the un-forgiven balance of the LOAN, the amount of the LOAN subject to recapture shall be determined in accordance with the provisions of paragraph 3, below.

3. **Insufficient Proceeds.** If the Net Proceeds are insufficient to repay the un-forgiven balance of the LOAN, any Net Proceeds that are available shall be distributed to the BORROWER and the LENDER based on a ratio of the Original LOAN Amount ("OLA") to the sum of the OLA and the BORROWER's Investment ("BI" – defined as any out-of-pocket down payment paid by the BORROWER plus any verified capital improvements made by the BORROWER), as follows:

$$\text{OLA} + (\text{OLA} + \text{BI}) \times \text{Net Proceeds} = \text{Recapture Amount payable to LENDER}$$

$$\text{BI} + (\text{OLA} + \text{BI}) \times \text{Net Proceeds} = \text{Proceeds payable to BORROWER}$$

If there are no Net Proceeds to distribute, the recapture amount payable to the LENDER shall be zero.

4. **Refinancing.** If the BORROWER refinances the first lien on the Mortgaged Property with a LENDER approved by the East Chicago Redevelopment Commission (ECRC) for participation in the Department's "Marktown Exterior Renovation Program" during the AFFORDABILITY PERIOD, the LENDER may, in its sole discretion, agree to sign a subordination agreement subordinating the mortgage securing this debt to the new mortgage held by the ECRC's approved LENDER. If the BORROWER refinances both the first mortgage and this mortgage during the AFFORDABILITY PERIOD, the BORROWER shall pay the LENDER the entire un-forgiven balance of the LOAN.

5. **Interest.** NO interest will be charged on unpaid original LOAN amounts that fulfill the five (5) year AFFORDABILITY PERIOD.

6. **Payments.** I will make all payments due by me by mail or at the offices of the City of East Chicago Department of Redevelopment located at 4525 Indianapolis Boulevard, East Chicago, IN 46312; or at a different place if required by the Note Holder.

7. **BORROWER'S Failure to Pay as Required.**

(A) **Late Charge for Overdue Payment**

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If the Note Holder has not received the full amount of any payment due by the end of 30 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 10 % of my overdue payment of principal and interest or \$10,00, whichever is greater. I will pay this late charge promptly. If this Note be reduced to judgment, such judgment should bear the statutory interest rate on judgments, but not to exceed 8% per annum.

## **(B) Default**

If I do not pay the full amount of 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 mailed to me or delivered by other means.

## **(D) 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 reasonable attorneys' fees and court costs.

8. **Giving 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 delivering it or by mailing it by first class mail to the Note Holder at the address stated as LENDER above or at a different address if I am given a notice of that different address.

9. **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.

10. **Waivers.** I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

11. **Collateral and Mortgage.** BORROWER acknowledges this Forgivable LOAN Promissory Note is secured by a Mortgage of even date and like amount, duly filed for record in Lake County, Indiana. BORROWER further agrees to be bound by the terms and conditions of the Mortgage and agrees that the terms and conditions of the Mortgage are incorporated into this Forgivable LOAN Promissory Note as fully set forth herein. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

**(A)** 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.

**(B)** If LENDER exercises this option, LENDER shall give BORROWER notice of acceleration. The



