



**INDIANA HOUSING AND COMMUNITY  
DEVELOPMENT AUTHORITY**

**MARKET STABILIZATION PROGRAM  
(MSP)**

**Training Guide for Non-Participating Lenders**

# WHAT IS MSP?

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- Federally funded program (\$33.7 million)
  - 18-month program
  - Used on foreclosed homes in HUD approved areas of greatest need (Property lookup at [www.indianahousingnow.org](http://www.indianahousingnow.org))
  - Money can be used for down payment, closing costs, rehab or for any combination of the 3
- 
- Non-Participating Lenders will only be allowed to use this program as a Stand-Alone (**IHCDA does the 2<sup>nd</sup> mtg only**)

# PROGRAM GUIDELINES

- Can do FHA, VA, Conv, USDA, any conforming loan
- DPA 20% of Purchase Price or \$15,000 whichever is less
- If a participating lender with FHLB , FHLB is also offering \$10,000 to be used as DPA/closing costs
- Must be owner occupied
- Required 8 hours of homebuyer training through any HUD approved agency or any HomeEC certified agency
- No cash back except what the borrower put into the loan
- Purchase Price must be a minimum of 1% less than appraised value
- All repairs must be completed before closing unless lender holds escrow
- Homes over 50 years old may be subject to historic review. Examples of possible review:
  - Ground disturbance
  - Exterior rehabilitation with the exception of painting
  - Remediation of hazardous materials (ex. Lead, Asbestos)
- 10 year forgive ability period
  - Years 1-5: repay total amount
  - Years 6-10: pro-rated 1/5 each year

# PROGRAM GUIDELINES CONTINUED

- Lender must agree to program guidelines before using program
  - [www.ihcdaonline.com](http://www.ihcdaonline.com)
- Lender will receive a Lender ID from IHCD
- Use 120% AMI income limits (Found on website)
- Lender retains the 1<sup>st</sup> mtg
- IHCD services the 2<sup>nd</sup> mtg
- Do not have to be a first-time homebuyer
- No cap on Lender charged fees
- No fee to reserve the loan
- Cannot close loan until you have approval from IHCD
- Use link above to check loan status

# APPLICATION PACKAGE AS A STAND-ALONE

- MSP-1 As A Stand-Alone (Checklist found under Documents tab after loan is reserved)
- 1003
- MSP-All as a Stand-Alone doc (Also found under Documents tab)
- Pay stubs (within 30 days for all working in household)
- Purchase Agreement (signed by all)
- Appraisal done within 60 days (Purchase Price must be a minimum of 10% less than appraised value)
- 3<sup>rd</sup> party inspection (List of approved inspectors and inspection form on our website)
- 3 Estimates for repairs or Cost of Repair per Appraiser (if applicable)
- Final Inspection for Repairs (if available)
- Title Work
- Escrow Approval from Lenders Underwriter (if applicable)
- Homebuyer Education Certificate (8 hrs of training)

# AFTER PRELIMINARY APPROVAL SEND:

- MSP Funding Request  
(Found under Documents tab)
- Worked up HUD-1
- Fax to 317-233-2558

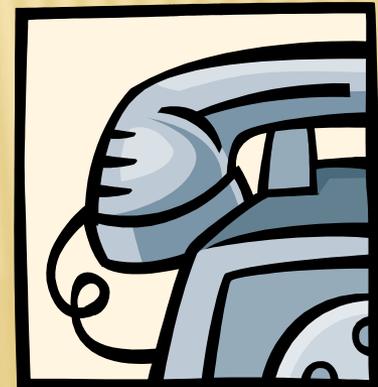


# CLOSING PACKAGE USING AS A STAND-ALONE

- MSP-5 As A Stand-Alone(Checklist found under Documents Tab)
- Final signed 1003
- Final signed MSP-All as a Stand-Alone Doc
- Final signed HUD-1
- Final inspection
- Original 2<sup>nd</sup> mtg (Found under Documents tab)
- Original 2<sup>nd</sup> Note (Found under Documents tab)
- Proof of Insurance listing IHEDA as second mortgagee
- Conditions from Application package (any additional information needed or document corrections that IHEDA underwriter asks for)
- Review of MSP Documents

# FOR QUESTIONS PLEASE CONTACT THE SINGLE FAMILY STAFF

- ✘ Kim Harris – Single Family Manager
  - + 317-233-5367 or [kiharris@ihcda.in.gov](mailto:kiharris@ihcda.in.gov)
- ✘ Lee McClendon – Assistant Manager
  - + 317-232-2582 or [lmccclendon@ihcda.in.gov](mailto:lmccclendon@ihcda.in.gov)
- ✘ Karen Gatewood – Underwriter
  - + 317-234-5178 or [kgatewood@ihcda.in.gov](mailto:kgatewood@ihcda.in.gov)
- ✘ Kim Williams – Underwriter
  - + 317-234-0202 or [kiwilliams@ihcda.in.gov](mailto:kiwilliams@ihcda.in.gov)
- ✘ Marianne Fraps – Underwriter
  - + 317-232-7023 or [mfraps@ihcda.in.gov](mailto:mfraps@ihcda.in.gov)
- ✘ Sara Hawk – Underwriter
  - + 317-233-0702 or [shawk@ihcda.in.gov](mailto:shawk@ihcda.in.gov)
- ✘ Marquet Smith – System Specialist
  - + 317-232-3566 or [msmith@ihcda.in.gov](mailto:msmith@ihcda.in.gov)
- ✘ Melanie McNair – Single Family Specialist
  - + 317-233-3895 or [mmcnair@ihcda.in.gov](mailto:mmcnair@ihcda.in.gov)
- ✘ Liann Doyle – Underwriter
  - + 317-233-1826 or [ldoyle@ihcda.in.gov](mailto:ldoyle@ihcda.in.gov)
- ✘ **Website address:**
  - + [www.in.gov/ihcda](http://www.in.gov/ihcda)



**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY  
NEIGHBORHOOD STABILIZATION PROGRAM AS A STAND-ALONE  
APPLICATION PACKAGE DOCUMENT ORDER CHECKLIST**

Borrower Name (s)		
Property Address		
Reservation #		
Lender Name		
Processor	Phone #	Processor Email address
1 <sup>st</sup> Loan Amount		
Purchase Price	County	
DPA Loan Amount	Rehab Loan Amount	

- |     |   |                          |
|-----|---|--------------------------|
| 1.  | Document Order Checklist - <b>Original</b> (NSP-1)                              | <input type="checkbox"/> |
| 2.  | Loan Application -- Typed and Signed - <b>Copy</b> (FNMA 1003)                  | <input type="checkbox"/> |
| 3.  | NSP-ALL AS A STAND-ALONE – <b>Original</b>                                      | <input type="checkbox"/> |
| 4.  | Pay stubs for all working and living in home – <b>Within 30 days</b>            | <input type="checkbox"/> |
| 5.  | Purchase Agreement fully executed- <b>Copy</b>                                  | <input type="checkbox"/> |
| 6.  | Appraisal - <b>Copy</b>   | <input type="checkbox"/> |
| 7.  | 3 <sup>rd</sup> Party Inspection - <b>Copy</b>                                  | <input type="checkbox"/> |
| 8.  | 3 Estimates for repairs or Cost of Repair from Appraiser – <b>If Applicable</b> | <input type="checkbox"/> |
| 9.  | Final Inspection for Repairs – <b>If Available</b>                              | <input type="checkbox"/> |
| 10. | Title work to Evidence Ownership  | <input type="checkbox"/> |
| 11. | Escrow Approval from Lender Underwriter – <b>If Applicable</b>                  | <input type="checkbox"/> |
| 12. | Homebuyer Education Certificate   | <input type="checkbox"/> |

**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY**  
**NEIGHBORHOOD STABILIZATION PROGRAM**  
**USED AS A STAND-ALONE PRODUCT**  
**BORROWER(S) APPLICATION AGREEMENT**  
*There Are Important Legal Consequences to This Document*  
*Read it carefully before signing*  
**EXECUTE THE BORROWER AND CO-BORROWER SECTION IF APPLICABLE**  
**LENDER MUST COMPLETE ALL GRAYED AREAS AND ALL**  
**HIGHLIGHTED LINES**

The undersigned ("Buyer(s)"), as part of the application for mortgage financing from the Indiana Housing and Community Development Authority ("IHCDA"), and as a material inducement for IHCDA to provide such financing to me, for my purchase of a single-family residence, state the following:

Reservation #

1<sup>st</sup> Borrower

2<sup>nd</sup> Borrower

3<sup>rd</sup> Borrower

4<sup>th</sup> Borrower

1. I understand that my purchase of a single-family dwelling may be financed through the Indiana Housing & Community Development Authority. Financing will include a first lien mortgage loan thru the lender of my choosing. My eligibility for the Program and down payment assistance amount, if any, will be determined by the total gross income of my household. The financing may also include a second lien mortgage loan (second mortgage). The second mortgage will have an interest rate of zero (0) percent and no monthly payments (with additional terms as provided in the Second Mortgage Note). **AS A RESULT OF THIS SECOND MORTGAGE NO ADDITIONAL MORTGAGES WILL BE ALLOWED**

The residence being purchased is located in the State of Indiana at the following Address:

Street

city

zip

County of Subject Property: \_\_\_\_\_

2. The Residence is an existing, previously occupied residence.

3. Check and complete one of the two following statements:

I, individually or together with another person, have not had an ownership interest in a principal residence within three (3) years from the date my loan closes on the above referenced property.

I, individually or with another person, have had an ownership interest in a principal residence within three (3) years from the date my loan closes on the above referenced property. I understand that because I have had an ownership interest in a principal residence, I am only eligible to purchase property in a targeted county or census tract.

4. The Acquisition Cost of the Residence to be purchased does not exceed the maximum acquisition cost limit of \$ \_\_\_\_\_ for \_\_\_\_\_ County. There are no other agreements, written or oral, between me and the Seller(s), and no compensation of any kind has been or will be exchanged between me and the Seller(s), which has not been disclosed and included as part of the acquisition cost.

5. My total household income as disclosed on the "Household Income Affidavit" does not exceed the applicable income limit of \$ \_\_\_\_\_ for the number of persons indicated below in the second half of this statement, for the county where the Residence is located. I understand that I



## HOUSEHOLD INCOME AFFIDAVIT INFORMATION

All income as listed below must be recorded and counted to determine Borrower eligibility, even if that income would be excluded under normal credit underwriting procedures. Therefore, it is possible for the income calculated for the Neighborhood Stabilization Program qualifying purposes to be greater than the income counted for credit underwriting purposes. You must list the Gross Annualized Income of all persons the age of 18 and over (not including full-time students) who intend to reside in the home.

	1st Borrower	2nd Borrower
1. a. Base wages and salaries from employment Above figure may include overtime, shift differential, bonuses, commission income	_____	_____
b. Annualized Factor (e.g., x 52 weeks)	x_____	x_____
c. Annualized Gross Base Pay (1a x 1b)	_____	_____
2. Part-time employment, all regular pay, special pay and allowances of a member of the armed forces, not including hazardous duty pay (whether or not living in the unit).	_____	_____
3. Child support, alimony, separate maintenance payments	_____	_____
4. Social Security, all public assistance (Must include Section 8 Homeownership Voucher but will exclude Medicaid and Food stamps).	_____	_____
5. Interest and dividends. Imputed income from savings, stocks, bonds or other investment assets Amount by which education grants, scholarships or veterans administration benefits are intended as a subsistence allowance to cover rent, utility cost, and board of a student living away from home. (Do not include any portion of a student loan in income). Periodic payments from Trusts, annuities, inheritances, Insurance policies, pensions, retirement plans, and lottery winnings paid in periodic payments; recurring monetary contributions or gifts regularly received from persons not living in the unit.	_____	_____
6. Income from the Operation of a Business Including Rental Income from Property Owned by Participant, Income from Partnerships	_____	_____
7. Payments in lieu of earnings including employment benefits, workers' compensation, severance pay, disability or death benefits. Any payments that will begin during the next 12 months must be included.	_____	_____
8. Any other sources of income not listed above	_____	_____
9. Total of lines 1C – 8 for First and Second Borrower	_____	_____

Borrower and Co Borrower Total           

List all persons, other than Borrower(s) intending to reside in the home:

Name	Age	Relationship	Annualized Gross Income
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

10a Total number           

10b Total Other Income           

11 Total House Hold Income \$

I/we do hereby swear or affirm under the penalties for perjury that the foregoing is true, accurate and complete.

Date \_\_\_\_\_

Buyer's Signature \_\_\_\_\_

Date \_\_\_\_\_

Buyer's Signature \_\_\_\_\_

## ACQUISITION COST AFFIDAVIT

### ACQUISITION COST CALCULATION

1. Amount paid, either in cash or kind, to the seller per the Purchase/Sales Agreement \$ \_\_\_\_\_
2. Any additional amount to repair the dwelling to make it habitable or bring to code + \_\_\_\_\_
3. Settlement and financing costs in excess of usual and reasonable costs paid by the borrower + \_\_\_\_\_
4. Acquisition Cost, total of lines 1-3 \$ \_\_\_\_\_

I acknowledge and understand that this agreement will be relied on for purposes of determining my eligibility for mortgage financing, this agreement and statements made in it are made under penalty of perjury and a fraudulent statement made in this agreement may constitute a violation of federal law punishable by a fine of not more than \$10,000 and any other criminal penalty imposed by law.

I/we do hereby swear or affirm under the penalties for perjury that the foregoing is true, accurate and complete.

Date \_\_\_\_\_

Buyer's Signature \_\_\_\_\_

Date \_\_\_\_\_

Buyer's Signature \_\_\_\_\_

## SELLER (S) AFFIDAVIT

The undersigned Seller(s), jointly and severally, do hereby affirm and aver that the purchase price of the residence being sold to: \_\_\_\_\_

Pursuant to the Purchase and Sales Agreement is \$ \_\_\_\_\_

Appraised value \$ \_\_\_\_\_

To comply with the Housing and Economic Recovery Act of 2008 Neighborhood Stabilization Program, please check applicable boxes:

Foreclosed Property Discount of  10%  15%  20%  Other \_\_\_\_\_ was applied to the Purchase Price reflected in the Purchase and Sales Agreement by the Foreclosure Judgment Holder, or its agent, as required by IHCDA's Market Stabilization Program.

There is no agreement, written or oral, between the Borrower(s) and the undersigned Seller(s) to pay or exchange any compensation of any type which has not been disclosed in the Purchase (Sales) Agreement and included in the purchase price.

Any and all defects identified as a result of a property inspection have been corrected in an appropriate and workmanlike manner. There are no known defects to the property, whether existing at the time of inspection or arising later that have not been previously disclosed.

I understand that Federal funds may be used toward this purchase. I further understand that the sale is voluntary and that the Borrower(s) do not have the power to acquire property by condemnation (i.e., eminent domain).

Since the purchase is a voluntary, arm's length transaction, I am not eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA"), or any other law or regulation.

The statements made are made under penalty of perjury. A fraudulent statement made in this affidavit may constitute a federal violation punishable by a fine of \$10,000 and any other criminal penalty imposed by law.

**I/we do hereby swear or affirm under the penalties for perjury that the information contained in the foregoing affidavit is true, accurate and complete.**

Date \_\_\_\_\_

Seller's Signature \_\_\_\_\_

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### PARTICIPATING LENDER'S MORTGAGE LOAN CLOSING CERTIFICATE

The undersigned Participating Lender (the "Lender") does hereby represent and certify to the Indiana Housing Community Development Authority ("IHCDA") as follows:

The undersigned officer of Lender has knowledge of the facts described herein and is authorized to execute this Certificate for and on behalf of Lender.

The Lender has, with due diligence, verified the information in the Borrower's Application Agreement and determined such information to be true and correct, including that:

- (A) The Residence is expected to be the principal dwelling of the Borrower within 60 days after loan closing for an existing home.
- (B) The Second Mortgage Loan is not being used to refinance, acquire or replace an existing loan or mortgage of the Borrower.
- (C) To comply with the Housing and Economic Recovery Act of 2008 Neighborhood Stabilization Program, the following Foreclosed Property Discount was applied by Seller:
- (D) **Foreclosed Property Discount of  10%  15%  20%  Other \_\_\_\_\_ as required by IHCDA's Market Stabilization Program.**

The Second Mortgage Loan has been underwritten with industry standards and has been made to an Eligible Borrower.

The Lender has received title insurance binders and/or commitments insuring the IHCDA with respect to matters of title to the residence and, all premiums required to establish such insurance in full force and effect have been paid. These binders and/or commitments comply with the

requirements of industry standards and, the Lender is not aware of any fact or circumstance which would affect the timely delivery of the final title insurance policies in an acceptable form.

All required hazard and mortgage insurance has been obtained. The Second Mortgage Loan is not subject to any pledge or assignment.

The information supplied by us has been accurately stated and we know of no material misstatement or omission in information supplied by the Borrower or us in connection with the Second Mortgage Loan.

**I/we do hereby swear or affirm under the penalties for perjury that the information contained in the foregoing affidavit is true, accurate and complete.**

Date \_\_\_\_\_

Lender's Signature \_\_\_\_\_

**I certify that I am an employee or agent of the Lender and that I obtained the information listed above from the Borrower(s) and that such information is true, complete, and accurate, to the best of the Lender's knowledge. I further certify that the Borrower(s) signed this document in my presence**

Date \_\_\_\_\_

Signature \_\_\_\_\_

Printed \_\_\_\_\_

**IF BORROWER(S) IS RECEIVING DOWN PAYMENT ASSISTANCE, LENDER IS REQUIRED TO PRINT IHCDA SECOND MORTGAGE INSTRUMENT AND SECOND MORTGAGE NOTE SEPARATELY AND HAVE SIGNED BY ALL PARTIES**

**The information provided herein has been reviewed by \_\_\_\_\_,  
an authorized representative of the Indiana Housing and Community Development  
Authority, on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ ("Date of Approval").**

**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY  
NEIGHBORHOOD STABILIZATION PROGRAM AS A STAND-ALONE  
CLOSING PACKAGE TRANSMITTAL LETTER**

Resv #

1st Mortgage Amt

2nd Mortgage Amt

Borrower Name(s)

Property Address

*street*

*city*

*zip*

County of Residence

Please Check off and submit forms in the order listed below:

- |  |  |
|--|--|
| <input type="checkbox"/> 1. Transmittal Letter (NSP-5 Stand-Alone) <b>Original</b> | <input type="checkbox"/> 6. <b>Original</b> 2nd Mortgage                                   |
| <input type="checkbox"/> 2. Final Loan Application <b>Copy</b>                     | <input type="checkbox"/> 7. <b>Original</b> 2 <sup>nd</sup> Note                           |
| <input type="checkbox"/> 3. Final signed (NSP-All Stand-Alone) <b>Original</b>     | <input type="checkbox"/> 8. Proof of insurance listing <b>IHCDA</b><br>as second mortgagee |
| <input type="checkbox"/> 4. HUD-1 Settlement Statement <b>Copy</b>                 | <input type="checkbox"/> 9. Conditions from Preliminary<br>Approval                        |
| <input type="checkbox"/> 5. Final Inspection <b>If Applicable</b>                  |  |

PLEASE ADDRESS EVERY LINE & USE A MONTHLY FIGURE WHERE APPLICABLE

Closing Date	_____	Purchase Price	\$_____
Loan Amount (w/MIP)	\$_____	Appraised Value	\$_____
Loan Type	_____	Household Size	_____
Term	360 MONTHS		
Interest Rate	_____		
Comments:			

Lender

Date

, 20

Closer

Phone

ext.



**NEIGHBORHOOD STABILIZATION PROGRAM  
INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY  
PROMISSORY NOTE**

Borrower's Name(s):

Property Address:

IN

(the "Property")

This is the Agreement that covers your loan from the INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY ("IHCDA") for the money borrowed pursuant to the NEIGHBORHOOD STABILIZATION PROGRAM MARKET STABILIZATION Loan Program. If you agree to be bound by the promises in this Agreement, sign your name below. If more than one person signs, each will be responsible for repaying the loan in full.

We use the words you and your to mean the Borrower and anyone else who signs the Agreement. We, us, and our, refer to IHCDA and its assigns.

**PROMISE TO PAY.** You promise to pay us or to our order the principal sum of \_\_\_\_\_ and \_\_\_\_\_/100 Dollars ( \_\_\_\_\_ ) with NO interest on the outstanding principal balance existing from time to time, until Maturity (defined below), but thereafter or during any period while there exists any uncured default at the rate of eighteen percent (18%) per annum together with costs of collection, attorneys' fees and without relief from valuation or appraisal laws, (the "Loan"). Payments shall be made as described below.

Principal and interest, if any, shall be paid upon the first to occur of the following: (1) sale of the property; (2) payoff or refinancing of the first mortgage on the Property; or, (3) your changing your principal place of residence from the Property; ("**Maturity**"). All payments shall be first applied to interest and the balance, if any, to principal.

You agree to make payment in full on or before Maturity, consistent with and subject to the forgiveness policy as stated herein.

You are authorizing us to pay, on your behalf, the amount you are borrowing to the company from whom you are receiving your mortgage loan to purchase the Property for disbursement.

You must make your payment to IHCDA or to anyone to whom this Note is sold or assigned.

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

<b>ANNUAL PERCENTAGE RATE</b> The cost of your credit as a yearly rate.	<b>FINANCE CHARGE</b> The dollar amount the credit will cost you.	<b>AMOUNT FINANCED</b> The amount of credit provided to you or on your behalf.	<b>TOTAL OF PAYMENTS</b> The amount you will have paid after you have made all payments as scheduled.
% 0	\$ 0	\$	\$
Payment Schedule:			
<b>Number of Payments</b>	<b>Amount of Payments</b>	<b>When Payments Are Due</b>	
1		UPON MATURITY	
<b>DEMAND FEATURE:</b>			
This Loan has a demand feature as follows: (1) sale of the Property; (2) payoff or refinancing of the first mortgage on the Property; or (3) your changing your principal place of residence from the Property.			
<b>SECURITY:</b> You are giving a security interest in the real estate you are purchasing with this loan identified above as the Property (the "Mortgage").			
<b>ASSUMPTION:</b> Someone buying this property cannot assume the remaining balance due under original mortgage terms.			
<b>FILING/RECORDING FEES:</b> \$			
<b>PREPAYMENT:</b> If you pay off your loan early, you will not have to pay a penalty.			
See your contract documents for any additional information regarding non-payment, default, required repayment in full before scheduled date, and prepayment refunds and penalties.			

**Collateral for the Loan.** You are giving us a mortgage/security interest in the Property. If you do not repay this loan or if you breach any promise or agreement you have made with us, the Property may be sold or otherwise disposed of to satisfy this loan.

**Forgiveness.** Under certain conditions, all or part of the principal balance of this loan will be forgiven. If you sell the home within the first 5 years, you must repay IHCD on a shared net proceeds basis. "Net proceeds" means the total sale price minus all loan and/or lien repayments and the costs of the transaction, such as title fees, appraisal fees and/or commissions. **If you refinance within the first 5 years, the entire loan amount is repayable to IHCD.** After year 5, you may retain 20% of the loan balance per year as equity for the next 5 years. After year 10, you will not be expected to repay any of the loan balance at the time of sale or refinance.

**Finance Charge - Interest - Computations.** This is a simple interest loan. Interest is charged only after Maturity or during any period there exists any uncured default on the remaining outstanding balance.

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

**Entire Balance Due.** You agree that without giving you any advance notice, we can require you to pay the unpaid balance of your loan at once for material cause, which includes, but is not limited to: (i) your failure to abide by the material terms of this loan; (ii) you do not make any payment on time; (iii) a promise in this Agreement, the Mortgage or any other agreement with us related to this loan is broken; or (iv) you sell, refinance or change your principal residence from the Property. If we require the entire balance to be paid, the amount due will be determined in the same manner as if you prepay the loan, consistent with and subject to the forgiveness policy stated herein.

**Change of Address:** While any part of our loan to you is unpaid, you promise to tell us in writing before changing your address, or the address where you will be residing. Notification to IHCDA of your change of address will not waive the residency requirement set forth in this promissory note. Additionally, IHCDA may periodically need to verify you continue to reside in the property for compliance with this program and you agree to promptly provide verification of continued residency in the Property to IHCDA upon request.

**Assumption:** This loan may not be assumed.

**Remedies:** If you do not comply with this Agreement, the Property may be sold or otherwise disposed of and the proceeds will be applied to the amount you owe us. If we bring suit against you, a court may award us a judgment against you for the amount you owe plus collection costs, including reasonable attorneys' fees.

**Additional Terms:** Please refer to the Mortgage you are giving us, the additional terms and conditions of which are incorporated herein.

**Delay of Enforcement; Reservation of Rights.** We can delay enforcing any of our rights under this Agreement any number of times without losing them. We can waive or delay enforcing a right as to one Borrower without waiving it as to any other Borrower. Also, we can release one Borrower from his or her responsibilities under this Agreement without releasing any other Borrower. We may release the security interest in the Property or agree to accept other collateral without releasing you from your obligation to pay this loan. We need not give anyone notice of our waiver, delay or release. We can enforce this agreement against your heirs and legal representatives.

**IF YOU HAVE RECEIVED A COMPLETED COPY OF THIS AGREEMENT AND PROMISE TO FULFILL ITS TERMS, PLEASE SIGN BELOW.**

Dated this                      day of                      , 20                      .

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

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

**NEIGHBORHOOD STABILIZATION PROGRAM  
INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY  
SECOND REAL ESTATE MORTGAGE**

**THIS INSTRUMENT ("Mortgage") WITNESSES:** That the undersigned

jointly and severally, ("*Mortgagors*") of the State of Indiana, hereby MORTGAGE and WARRANT to INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY ("*Mortgagee*"), the real estate and improvements located at

("Real Estate") located in

County, State of Indiana , more particularly described as:

together with all rights, privileges, interests, easements, hereditaments, appurtenances, fixtures and improvements now or hereafter belonging, appertaining, attached to, or used in connection with, the Real Estate, and all the rents, issues, income and profits thereof (collectively, the "*Mortgaged Property*").

This Mortgage is given to secure performance of the provisions hereof and to secure payment of (i) a certain promissory note (*the "Note"*) of even date herewith, executed and delivered by Mortgagors, with interest computed on the unpaid balance from time to time at the rate set forth therein, and any other amounts payable to Mortgagee pursuant to the terms and provisions of the Note ("*Primary Debt*"); (ii) all sums advanced and costs and expenses incurred by Mortgagee which are made or incurred pursuant to, or allowed by, the terms of this Mortgage and the Note ("*Advancements*"); (iii) all costs of repossession, collection, disposition and reasonable attorney's fees incurred by Mortgagee ("*Costs*"); (iv) all other indebtedness, obligations and liabilities of Mortgagor to Mortgagee, now existing or hereafter arising, whether fixed or contingent, direct or indirect, primary or secondary, joint or several, and regardless of how created or evidenced ("*Additional Liabilities*"); and (v) any and all extensions or renewals of any of the foregoing indebtedness ("*Extensions*"). (Hereinafter, the Primary Debt, Advancements, Costs, Additional Liabilities and Extensions are referred together as the "*Indebtedness*").

Mortgagors jointly and severally, covenant with Mortgagee as follows:

1. **Payment of Sums Due.** Mortgagors shall pay when due all Indebtedness secured by this Mortgage, on the dates and in the amounts, respectively, as provided in the Note or in this Mortgage, as and when the payment(s) thereof become due, all without relief from valuation and appraisal laws and with attorneys' fees.
2. **No Liens.** Mortgagors shall not permit any lien of mechanics or materialmen to attach to and remain on the Mortgaged Property or any part thereof for more than 45 days after receiving notice thereof from Mortgagee.
3. **Repair of Mortgaged Premises; Insurance.** Mortgagors shall keep the Mortgaged Property in good repair and shall not commit waste thereon. Mortgagors shall procure and maintain in effect at all times adequate insurance in insurance companies acceptable to Mortgagee against loss, damage to, or destruction of the Mortgaged Property because of fire, windstorm or other such hazards in such amounts as Mortgagee may reasonably require from time to time, and all such insurance policies shall contain property clauses making all proceeds of such policies payable to Mortgagee and Mortgagors as their respective interests may appear. Upon request, all such policies of insurance shall be delivered to and retained by the Mortgagee until Indebtedness secured hereby is fully paid.

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SUBSIDIZED LOW RATE LOAN SUBJECT TO IC 24-9-3-2**

4. **Warranties.** Mortgagor covenants and warrants that: (a) Mortgagor is lawfully seized of the Real Estate in fee simple, has valid and indefeasible title to the Mortgaged Property and has a good and legal right to convey and mortgage the Mortgaged Property; (b) the Mortgaged Property is and will remain free from all liens and encumbrances except only mortgages and liens in favor of Mortgagee or approved by it; and, (c) Mortgagor will warrant and defend title to the Mortgaged Property against all claims made thereon.
5. **Taxes and Assessments.** Mortgagors shall pay all taxes or assessments levied or assessed against the Mortgaged Property, or any part thereof, as and when the same become due and before penalties accrue.
6. **Advancement to Protect Security.** Mortgagee may, at its option, advance and pay all sums necessary to protect and preserve the security intended to be given by this Mortgage. All sums so advanced and paid by Mortgagee shall become part of the Indebtedness secured hereby and shall bear interest from the date or dates of payment at the rate of eighteen percent (18%) per annum. Such sums may include, but are not limited to, insurance premiums, taxes, assessments and liens which may be or become due prior and senior to this mortgage as a lien on the Mortgaged property, or any part thereof, and all costs, expenses and attorneys' fees incurred by Mortgagee for any and all legal or equitable proceedings which relate to this Mortgage or to the Mortgaged Property.
7. **Default by Mortgagor; Remedies of Mortgagee.** Upon default by Mortgagor in any payment provided for herein or in the Note, or in the performance of any covenants or agreement by Mortgagor hereunder or in the Note, including any other mortgage applicable to the Mortgaged Property, or if Mortgagors shall abandon the Mortgaged Property, then and in any such event, the entire Indebtedness secured hereby shall become immediately due and payable at the option of the Mortgagee, without notice, and this Mortgage may be foreclosed accordingly. Upon such foreclosure, Mortgagee may obtain appropriate title evidence to the Mortgaged Property, and may add the cost thereof to the principal balance due.
8. **Non-Waiver; Remedies Cumulative.** No delay by Mortgagee in the exercise of any of its rights hereunder shall preclude the exercise thereof so long as Mortgagor is in default hereunder, and no failure of Mortgagee to exercise any of its rights hereunder shall preclude the exercise thereof in the event of a subsequent default by Mortgagor hereunder. Mortgagee may enforce any one or more of its rights or remedies hereunder successively or concurrently.
9. **Extensions; Reductions; Renewals; Continued Liability of Mortgagor.** Mortgagee may extend the time for payment of the Indebtedness, or reduce the payments thereon, or accept a renewal note or notes thereafter, without consent of any junior lien holder, and without the consent of Mortgagors. No such extension, reduction or renewal shall affect the priority of this Mortgage or impair the security hereof in any manner whatsoever, or release, discharge or affect in any manner the personal liability of Mortgagors to Mortgagee.
10. **Subordination.** This Mortgage shall be subordinate only to Mortgagors' purchase money mortgage of even date herewith, the proceeds of which being utilized only to purchase the Mortgaged Property.
11. **General Agreement of Parties.** All rights and obligations hereunder shall extend to and be binding upon the several heirs, representatives, successors and assigns of the parties to this Mortgage. When applicable, use of the singular form of any word also shall mean or apply to the plural and masculine form shall mean and apply to the feminine or the neuter. The titles of the several paragraphs of this Mortgage are for convenience only and do not define, limit or construe the contents of such paragraphs.

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