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SUBORDINATION AGREEMENT FOR GARY HOMESTEADING

Mercantile Natl Bk
7227 Columbus Ave
Hm 46324

This agreement entered into on this 9th day of April 19 91, by and between the City of Gary, Indiana acting through its designated agent, the Department of Housing Conservation Program (hereinafter called "City") and the undersigned lending institution (hereinafter called "Mortgagee").

WITNESSETH:

WHEREAS, Rita F. Sandidge Berry & Benny Berry (hereinafter called "Homesteader") is a successful Homesteading applicant and has received title to certain property for the sum of One Dollar (\$1.00) through the City's Homesteading Program; said property being more particularly described as follows (hereinafter called "Property"): 1911 W. 7th Avenue -- Lot 2, Block 8, Gary Land Company's 4th Subdivision.

WHEREAS, Pursuant to Indiana statutes, 18-7-21 et seq, Rita F. Sandidge Berry & Benny Berry, as an applicant under the City of Gary Homesteading Program, must meet specified qualifications for eligibility for the program one of which is to comply with certain conditions and terms under a Homesteading Agreement required under the program; and

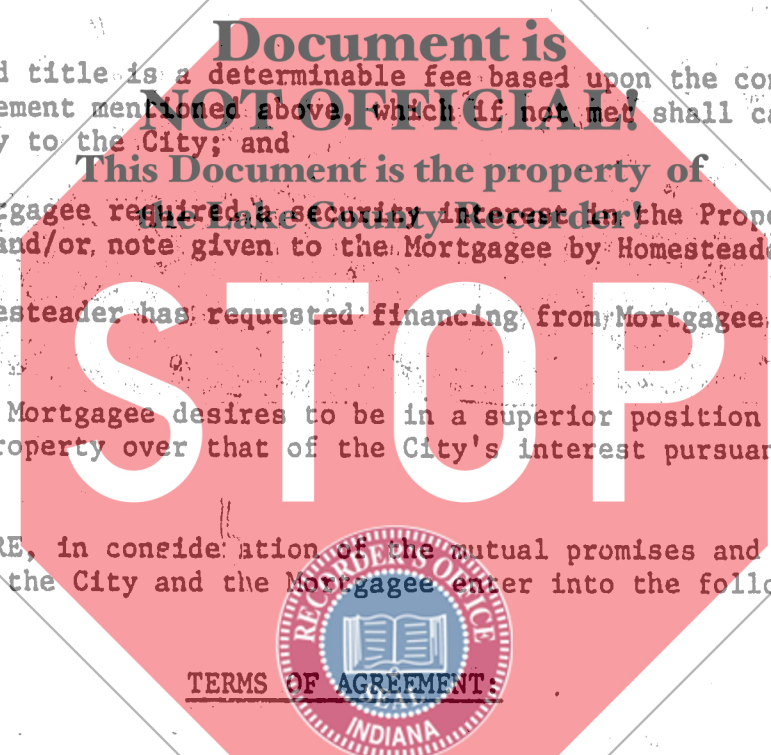
WHEREAS, said title is a determinable fee based upon the conditions set out in the Homesteading Agreement mentioned above, which if not met shall cause the Property to revert immediately to the City; and

WHEREAS, Mortgagee required a security interest in the Property to secure the underlying obligation and/or note given to the Mortgagee by Homesteader; and

WHEREAS, Homesteader has requested financing from Mortgagee in order to improve the Property; and

WHEREAS, the Mortgagee desires to be in a superior position as to the Mortgagee's interest in the Property over that of the City's interest pursuant to the determinable fee.

NOW, THEREFORE, in consideration of the mutual promises and covenants and conditions herein contained, the City and the Mortgagee enter into the following:



1. The City agrees and acknowledges that any interest in the Property which the City may now or hereafter acquire, including, but not limited to, any interest pursuant to the determinable fee, shall be junior and subordinated to any security interest the Mortgagee now has or may hereafter acquire up to the amount of \$ 10,000.00, plus any interest, cost of collection and attorney's fees.

2. The City hereby agrees, acknowledges and represents to Mercantile NB of Indiana that as of the date of this Subordination Agreement the grantee, Rita F. Sandidge Berry Benny Berry, named in a special warranty deed for the property involved dated 8-15-88, is in full compliance with all the terms and conditions of said deed and no commission or omission has in any way occurred which would entitle the grantor in said deed and/or its successors and/or its assigns and/or the City of Gary to recover or title or possession of said property and/or to exercise any or the rights of remedy under said special warranty deed.

3. The City may, without the Mortgagee's consent, exercise its reversionary interest in the Property pursuant to the determinable fee; provided, however, the following shall be applicable in the event of the City's exercise of its reversionary interest:

(a) After notifying the City, the Mortgagee may, if it so desires, foreclose its mortgage.

(b) The City may allow the Property to be used on a month-to-month rental basis by any person it so desires. The City, upon doing this, shall immediately notify the Mortgagee of the new occupant and the Mortgagee shall have the right to object to the occupancy of the Property by such person's removal from the Property.

(c) The City may propose to the Mortgagee one, or more, new homesteader(s) or new

STATE OF INDIANA
LAKE COUNTY
RECORDER OF DEEDS
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owner(s) for the Property who may not assume the mortgage without the consent of the Mortgagee.

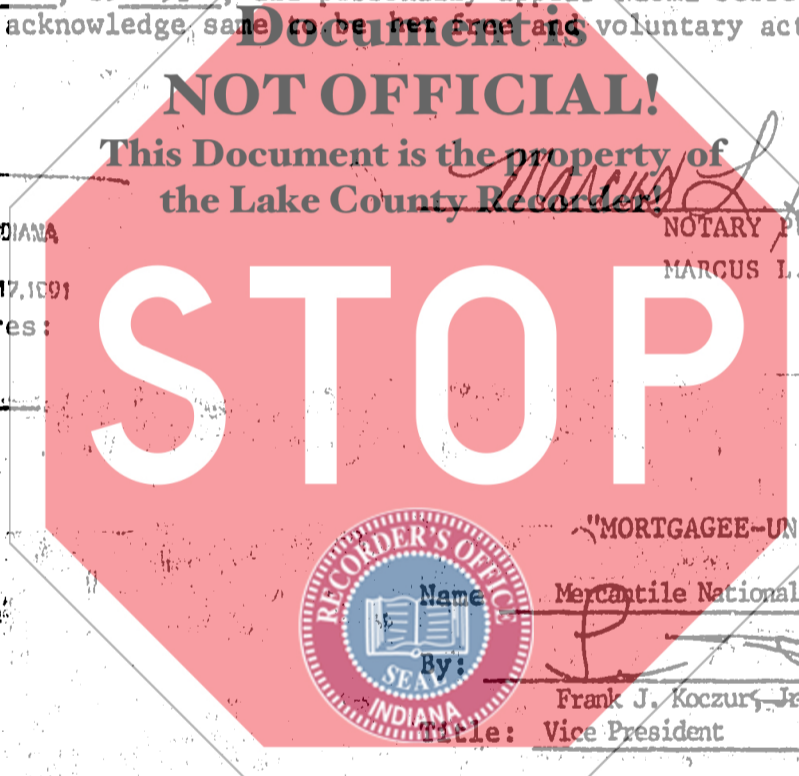
IN WITNESS WHEREOF, the parties have set their hands and/or seals on the date last written below.

"CITY OF GARY"

BY: Naomi J. Jefferson
Naomi J. Jefferson, Director
DEPARTMENT OF HOUSING CONSERVATION

State of Indiana)
County of Lake) SS:

Before me a Notary Public in and for said County and State on the 9th day of April, 19 91, did personally appear Naomi Jefferson and execute the above document and acknowledge same to be her free and voluntary act.



MARCUS L. HUBBARD
NOTARY PUBLIC STATE OF INDIANA
LAKE COUNTY
MY COMMISSION BEG. SEPT 17, 1991
My Commission Expires:
9-17-91

Marcus L. Hubbard
NOTARY PUBLIC
MARCUS L. HUBBARD

"MORTGAGEE-UNDERSIGNED"
Name: Mercantile National Bank of Indiana
By: [Signature]
Frank J. Koczur, Jr.
Title: Vice President

State of Indiana)
County of Lake) SS:

Before me a Notary Public in and for said County and State this 1st day of May, 19 91, did personally appear Frank J. Koczur, Jr. and acknowledge the above annexed document to be his/her free and voluntary act.

Linda Harwood
NOTARY PUBLIC
Linda Harwood County of Residence: Lake

My Commission Expires: 10/9/94