

SUBORDINATION AGREEMENT

This Subordination Agreement entered into by Julius Lorince and Lorince Enterprises, Inc. as subordinated creditors,

WITNESSETH:

WHEREAS, Julius Lorince, individually, and his corporation, Modern Machine & Grinding, Inc. amended to Lorince Enterprises, Inc., sold the real estate and all assets to the business in Dyer, Indiana, known as Modern Machine & Grinding, Inc.

WHEREAS, the transaction closed on September 1, 1995, and was financed by the National City Bank, Indiana, a National Banking corporation at 8001 Broadway, Merrillville, Indiana, and the Northwest Indiana Regional Development Company, an Indiana Corporation, at 6100 Southport Road, Portage, Indiana.

WHEREAS, the contract provided in part as follows: Buyer obtains financing, acceptable to Buyer, from National City Bank ("NCB Loan") and a Small Business Administration 504 Loan ("SBA Loan"). This contract is also contingent on Buyer receiving a credit of Three Hundred Thousand Dollars (\$300,000.00) against the purchase price or cash from Julius Lorince at closing ("Lorince Loan"). The Lorince Loan will bear interest at 7.8% per year and will mature in ten (10) years with payment of principal and interest amortized over the life of the loan. Payment of the Lorince Loan will commence ninety (90) days after closing with no interest accruing prior to thirty (30) days before the date of the first installment payable on the Lorince Loan.

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WHEREAS, the Lorince Loan is to be subordinate to the NCB Loan and the SBA Loan.

WHEREAS, a "Consulting Agreement" signed simultaneously therewith provided that the new owners will employ Julius Lorince for three (3) years at Twenty Five Thousand Dollars (\$25,000.00) per year with payment to be made to Lorince's estate in the event of his death during the term of the agreement.

WHEREAS, personal guarantors of the Consulting Agreement, Lorince Note, NCB Loan and SBA Loan, are Bruce Givens, Dennis Reed and Timothy Holshauer.

NOW THEREFORE, for mutual consideration to induce National City Bank and Northwest Indiana Regional Development Company to loan monies, the parties agree;

1. That the provisions set forth in the following recitals survive all loan closings.
2. That Lorince and his corporation hereby agree that any and all amounts owing to Lorince and his corporation are and shall continue to be subordinate in lien to the mortgages and liens of the NCB Loan and the SBA Loan and their successors and assigns.

LEGAL: LOT 4, CHEKER INDUSTRIAL PARK, AN ADDITION TO THE TOWN OF DYER, AS SHOWN IN PLAT BOOK 50, PAGE 94, IN LAKE COUNTY, INDIANA

Chicago Title Insurance Company

95052583

STATE OF INDIANA
LAKE COUNTY
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3. That subordination of the liens of the NCB Loan and SBA Loan include all principal, interest and penalties as to the original NCB Loan and SBA Loan and subsequent advances, extensions or renewals made on said loans.

4. That this Subordination Agreement is binding on heirs, successors and assigns.

5. That this Subordination Agreement may be assigned by the National City Bank, the Northwest Indiana Regional Development Company and the Small Business Administration in connection with any assignment or transfer of the NCB Loan and SBA Loan.

6. That this Subordination Agreement is executed and delivered in and shall be construed under and governed by the laws of the State of Indiana.

WITNESS THE EXECUTION HEREOF, this 1ST day of Sept, 1995.

This Document is the property of
SUBORDINATED CREDITOR the Lake County Recorder



Julius Lorince
JULIUS LORINCE

LORINCE ENTERPRISES, INC.

Julius Lorince
JULIUS LORINCE
President

ATTEST:

Jerry L. Towle
JERRY L. TOWLE
Vice President

The undersigned Borrower hereby acknowledges receipt of a copy of the foregoing Subordination Agreement, waives notice of acceptance by the National City Bank and Northwest Indiana Regional Development Company and agrees to be bound by the terms and provisions thereof, to make no payments or distributions contrary to the terms and provisions thereof, and to do every other act and thing necessary or appropriate to carry out such terms and provisions. In the event of any violation of any of the terms and provisions of the foregoing Subordination Agreement by the Borrower, then at the election of the National City Bank or Northwest Indiana Regional Development Company any and all obligations of the undersigned Borrower shall forthwith become due and payable and any and all agreements of the National City Bank and Northwest Indiana Regional Development Company to make loans, advances or other financial accommodations to the undersigned Borrower shall forthwith terminate, notwithstanding any provisions thereof to the contrary.

Dated this 1ST day of Sept, 1995.

G & H MANUFACTURING, INC.

By: Dennis Reed, President

By: _____

ACCEPTED BY:

GUARANTORS:

[Signature]
BRUCE GIVENS

Dennis Reed
DENNIS REED

[Signature]
TIMOTHY HOLZHAUER

Document is
NOT OFFICIAL!

This Document is the property of
the Lake County Recorder!

STATE OF INDIANA

COUNTY OF LAKE

ON THIS 1ST DAY OF SEPTEMBER, 1995, BEFORE ME, SUSAN M. DOWNING, A NOTARY PUBLIC, IN AND FOR SAID STATE AND COUNTY, PERSONALLY APPEARED JULIUS LORINCE, INDIVIDUALLY AND JULIUS LORINCE, AS PRESIDENT OF *LORINE ENTERPRISES, INC., AND ACKNOWLEDGED THE EXECUTION OF THE FOREGOING INSTRUMENT.

*LORINCE
WITNESS MY HAND AND OFFICIAL SEAL.

MY COMMISSION EXPIRES:
4/10/99

MY COUNTY OF RESIDENCE:
LAKE



NOTARY PUBLIC

SUSAN M. DOWNING
PRINTED NAME OF NOTARY

STATE OF INDIANA

COUNTY OF LAKE

ON THIS 1ST DAY OF SEPTEMBER, 1995, BEFORE ME, SUSAN M. DOWNING, A NOTARY PUBLIC, IN AND FOR SAID STATE AND COUNTY, PERSONALLY APPEARED G & H MANUFACTURING, INC. BY _____ DENNIS REED PRESIDENT

AND BRUCE GIVENS, DENNIS REED AND TIMOTHY HOLZHAUER AS GUARANTORS, AND ACKNOWLEDGED THE EXECUTION OF THE FOREGOING INSTRUMENT.

WITNESS MY HAND AND OFFICIAL SEAL.

MY COMMISSION EXPIRES:
4/10/99

MY COUNTY OF RESIDENCE:
LAKE

[Signature]
NOTARY PUBLIC

3 SUSAN M. DOWNING
PRINTED NAME OF NOTARY