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SUBORDINATION AGREEMENT

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Agreement made this 1 day of April, 1997, by and between U.S. BANK, an Illinois Banking corporation (hereinafter referred to as "Lender") and THE BRUCE COMPANY OF WISCONSIN, INC., a Wisconsin corporation (hereinafter referred to as "Subordinate Lien Holder" when mentioned in the context of the Inferior Instruments referred to below).

W I T N E S S E T H:

WHEREAS, SCHEMA DEVELOPMENT COMPANY, INC. (hereinafter referred to as "Mortgagor") has applied to Lender for mortgage loans in order to acquire and improve certain real property located in Hobart, Lake County, Indiana which is legally described in Exhibit "A", attached hereto and incorporated herein; and

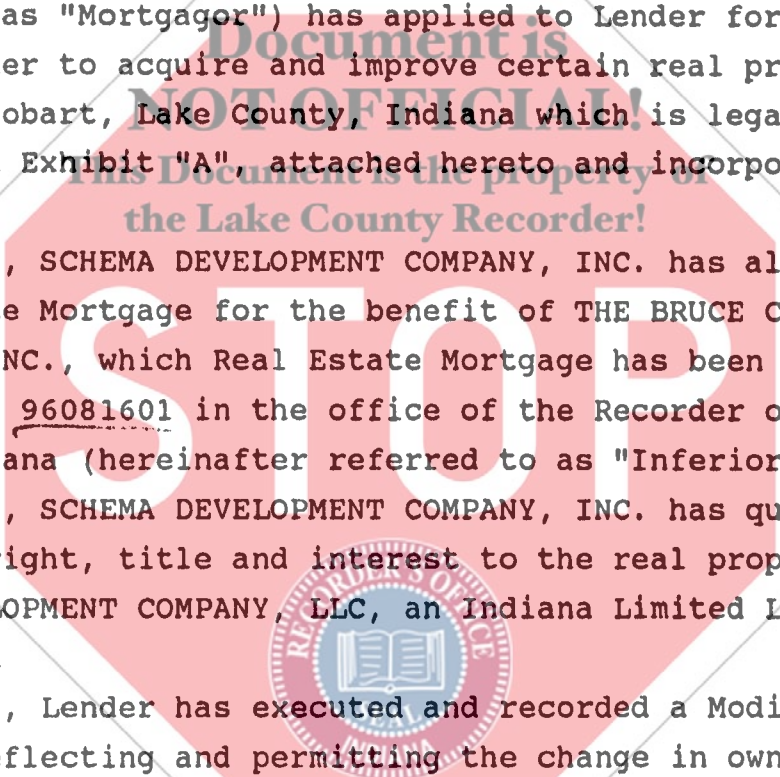
WHEREAS, SCHEMA DEVELOPMENT COMPANY, INC. has also executed a Real Estate Mortgage for the benefit of THE BRUCE COMPANY OF WISCONSIN, INC., which Real Estate Mortgage has been recorded as Document No. 96081601 in the office of the Recorder of Lake County, Indiana (hereinafter referred to as "Inferior Lien"); and

WHEREAS, SCHEMA DEVELOPMENT COMPANY, INC. has quitclaimed all of its right, title and interest to the real property to SCHEMA DEVELOPMENT COMPANY, LLC, an Indiana Limited Liability Company; and

WHEREAS, Lender has executed and recorded a Modification Agreement reflecting and permitting the change in ownership from SCHEMA DEVELOPMENT COMPANY, INC. to SCHEMA DEVELOPMENT COMPANY, LLC; and

WHEREAS, subordinate lien holder has agreed to subordinate the lien of the Inferior Lien with regard to the property described below so as to facilitate the Lender's loan to Mortgagor and the Modification Agreements, and to consent to the quitclaim deed from SCHEMA DEVELOPMENT COMPANY, INC. to SCHEMA DEVELOPMENT COMPANY, LLC.

Chicago Title Insurance Company



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NOW, THEREFORE, in consideration of the mutual covenants herein contained and the sum of One Dollar (\$1.00) in hand paid by each of the parties to the other, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree as follows:

1. Subordinate Lien Holder covenants and agrees that the encumbrance of the Inferior Lien with regard to the above-described real property and all rights held by Subordinate Lien Holder therein and all other security interests related thereto, shall be and remain at all times secondary and inferior to the lien of the note dated April 10, 1996 in the amount of Five Hundred Thousand Dollars (\$500,000.00), payable to the Lender, secured by Mortgage dated April 11, 1996, recorded on April 15, 1996, by the Lake County, Indiana Recorder as Document No. 96023947 and to the Modification Agreement dated April 1, 1997.

2. Subordinate Lien Holder hereby consents to the transfer by quitclaim deed of the above-described real property from SCHEMA DEVELOPMENT COMPANY, INC. to SCHEMA DEVELOPMENT COMPANY, LLC.

3. Subordinate Lien Holder warrants that it has full authority and right to enter into this Agreement.

4. Subordinate Lien Holder will not assign or transfer to others any interest it has in the Inferior Lien for so long as any of the indebtedness secured by the Lender's mortgage remains outstanding, unless such assignment or transfer is expressly made subject to this Subordination Agreement.

IN WITNESS WHEREOF, the parties hereto set their hands and seals the date and year first above written.

LENDER: U.S. BANK

SUBORDINATE LIEN HOLDER:
THE BRUCE COMPANY OF WISCONSIN, INC.

BY: William Ber
ASST. VICE PRES.
WILLIAM BER

BY: Richard A. Bruce
President

ATTEST: Margaret A. Mucharski
LOAN ADMIN. OFFICER
MARGARET A. MUCHARSKI

ATTEST: William T. Barton
C.F.O.

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

I, the undersigned, a Notary Public, in and for said County and State DO HEREBY CERTIFIED that the above named William Ber & Margaret A. Mucharski personally known to me to be the same persons who names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed and delivered this said instrument as such officers of said Bank and caused the seal of said Bank to be their into affixed as their free and voluntary act and as the free and voluntary act and deed of said Bank for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 15th day of April, 1997.

Document is NOT OFFICIAL!
This Document is the property of the Lake County Recorder!

Kory Pickle
Notary Public
OFFICIAL SEAL
KORY PICKLE
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. FEB. 1, 1999

My Commission Expires: _____
My County of Residence: _____

STATE OF WISCONSIN)
) SS:
COUNTY OF DANE)

I, the undersigned, a Notary Public, in and for said County and State DO HEREBY CERTIFIED that the above named Leland C. Bruce and William T. Bolton personally known to me to be the same persons who names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed and delivered this said instrument as such officers of said Corporation and caused the seal of said Corporation to be their into affixed as their free and voluntary act and as the free and voluntary act and deed of said Corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 3rd day of April, 1997.

Leland C. Bruce
Notary Public

My Commission Expires: is permanent
My County of Residence: Dane

This instrument prepared by:

David K. Ranich, Attorney No. 5878-45, 720 W. Chicago Avenue, East Chicago, Indiana 46312

Lots 1 to 70, both inclusive, Lot 72 and Lots 74 to 113, both inclusive, Deep River Pointe, Phase One, as shown in Plat Book 80, Page 96 in the office of the Recorder of Lake County, Indiana.

Commonly known as Deep River Pointe Subdivision, Randolph Road & Norris Drive, Hobart, Indiana.



EXHIBIT "A"