

Chicago Tide Insurance Company

When Recorded Return To:

United States Small
Business Administration
Attn: Lorna Bell
2719 North Air Fresno
Drive, Suite 107
Fresno, CA 93727-1547

99081769

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD
99 OCT -5 AM 9:55
MORRIS W. CARTER
RECORDER

2000001706

Name: Carl R. Franzen and Carl T. Franzen, Trustees of The Heritage Investment Trust #1133, dated April 15, 1995.
Loan No.: CDC-426,899 30 02-IND

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SUBORDINATION AGREEMENT

Document is NOT OFFICIAL!

THIS AGREEMENT is dated for reference Aug. 13, 1999, and is between Carl R. Franzen and Carl T. Franzen, Trustees of The Heritage Investment Trust #1133, dated April 15, 1995, owner(s) of the land described in the security instruments referenced below ("Owner"), Lake Federal Savings & Loan Association ("Lender") and SMALL BUSINESS ADMINISTRATION, an agency duly created under and by virtue of an Act of Congress, having its principal office in Washington, in the District of Columbia, and a Commercial Loan Servicing Center at 2719 North Air Fresno Drive, Suite 107, Fresno, California 93727 (hereinafter called "SBA").

SBA is the present holder and beneficiary of that/those certain deed(s) of trust or mortgage(s), dated May 24, 1991, to secure a note or notes in the sum of One hundred twenty-five thousand dollars ("SBA Security Instrument(s)"). The SBA Security Instrument(s) was/were recorded on June 5, 1991 as Document Number(s) 91027552, Lake County Official Records, State of Indiana.

Owner has also executed, or is about to execute, a deed of trust or mortgage securing a note in a sum not to exceed \$58,255.00, in favor of Lender ("Lender's Security Instrument"). ~~Lender's Security Instrument shall be recorded concurrently herewith.~~ Said mortgage recorded May 10, 1999 as Document No. 99039839.

As a condition precedent to Lender's performance, the SBA Security Instrument(s) must be subordinated to the Lender's Security Instrument. SBA is willing to subordinate the lien(s) of the SBA Security Instrument(s) provided it retains its lien priority with regard to all other legal or equitable interests in the property.

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

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In consideration of the mutual benefits to the parties and to induce Lender to make a loan to Owner, it is hereby agreed as follows:

- (1) Lender's Security Instrument, and any renewals or extensions thereof, shall be a lien on the property prior to the lien of the SBA Security Instrument.
- (2) Lender would not make its loan without this subordination agreement.
- (3) Lender will not make any additional advances under its Security Instrument except such disbursements that become necessary to protect its security interest and for which Owner is liable under Lender's Security Instrument and related loan documents.
- (4) This agreement shall be the whole and only agreement with regard to the subordination of the SBA Security Instrument to Lender's Security Instrument.
- (5) Except as expressly provided herein, this agreement shall not operate or be construed to alter the priority of the SBA Security Instrument with regard to any legal or equitable interest in the property. Owner and Lender shall hold SBA harmless from any impairment of its lien (with regard to any third party) which is occasioned by this subordination.
- (6) All proceeds of Lender's loan shall be applied to satisfy debt secured by a lien(s) presently superior to the lien of the SBA Security Instrument, the following described uses, if any, plus customary closing costs. Any other use of proceeds not described herein shall void this agreement.
- (7) Lender shall provide notice to SBA of any default under the terms of the Lender's Security Instrument which remains uncured for 60 days. A default in the obligation secured by Lender's Security Instrument may be cured (including purchase of the property at or prior to foreclosure) by the SBA via cash, certified funds or a United States Treasury check, at SBA's option. Lender will not enforce any default provision in its Security Instrument to the detriment of the SBA, including, but not limited to, any provision regarding a default rate of interest.
- (8) SBA's agreement to subordinate its lien interest to that of the Lender is expressly conditioned upon Lender's Borrower's and Guarantor's execution of this subordination agreement. This subordination agreement is null and void if not duly executed by the foregoing parties.

(9) By executing this subordination agreement, the SBA does not waive federal immunity from state or local control, penalty, tax or liability. As to the SBA Security Instrument, the Owner may not claim or assert against SBA any state or local law to deny any obligation, defeat any claim of SBA or preempt federal law.

BY: Carl R. Franzen and Carl T. Franzen, Trustees of The Heritage Investment Trust #1133, dated April 15, 1995

Carl R. Franzen
Carl R. Franzen

Carl T. Franzen
Carl T. Franzen

STATE OF INDIANA)
COUNTY OF LAKE)

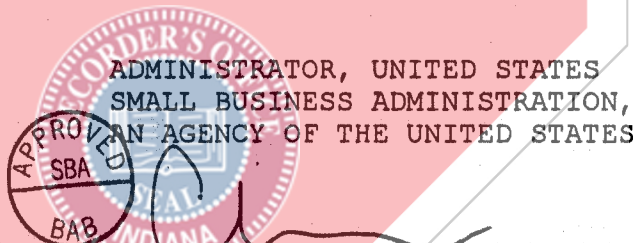
Document is
NOT OFFICIAL!

On SEPTEMBER 24, 1999 before me, LINDA MARIE KINZER, a Notary Public, personally appeared CARL R. FRANZEN & CARL T. FRANZEN, personally known to me (or provided to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

NOTARIAL SEAL

Signed: Linda Marie Kinzer
Notary Public
Print: LINDA MARIE KINZER
My Commission Expires: OCTOBER 20, 1999
My County of Residence: LAKE

LENDER: Lake Federal Savings & Loan Association



By: Gerald R. Skrabala
Gerald R. Skrabala

GARY WAMHOF
SENIOR LOAN SPECIALIST

State of California
County of Fresno

On Aug 13, 1999 before me, Lupe Marie Zamora, a Notary Public, personally appeared GARY WAMHOF, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

Signature Lupe Marie Zamora



STATE OF INDIANA)
)
COUNTY OF LAKE) SS:

On SEPTEMBER 23, 1999 before me, CECELIA SZEPLAKAY, a Notary Public, personally appeared GERALD R. SKRABALA, personally known to me (or provided to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

NOTARIAL SEAL

Signed: Cecelia Szeplakay
Cecelia Szeplakay Notary Public
Notary Public, State of Indiana: CECELIA SZEPLAKAY
Lake County My Commission Expires: 12-07-2000
My Commission Exp. 12/07/00 County of Residence: LAKE

