

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

WHEN RECORDED RETURN TO: 2000 057879

2000 AUG 14 AM 9:52

StanCorp Mortgage Investors, LLC  
920 SW SIXTH AVENUE  
PORTLAND, OREGON 97204  
ATTN: Holly Raymond, PSB11E

MORRIS W. CARTER  
RECORDER

SMI Loan No. A0051002

H 6200064 LD

Document is  
**NOT OFFICIAL!**  
**SUBORDINATION AGREEMENT**

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR INTERESTS IN THE PROPERTY BECOMING SUBJECT TO AND OF A LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

**Recitals**

A. The Lessor, **Zoldan Family Ohio Limited Partnership**, an Ohio limited partnership and the undersigned Lessee are parties to a lease dated **May 1, 1997** ("the Lease"), which lease covers part or all of the real property (the "Property") described as follows:

See Exhibit "A" attached hereto and by this reference made a part hereof for legal description.

B. **StanCorp Mortgage Investors, LLC**, an Oregon limited liability company ("Lender") has agreed to make or purchase a loan to Lessor in the original principal sum of **\$925,000.00**, evidenced by a promissory note, dated **June 13, 2000**, and secured by a mortgage of even date (the "Mortgage") on the Property and by such other security instruments as Lender may require (the "Security Instruments").

C. As a condition precedent to Lender's disbursement of loan proceeds, Lender has required that Lessee subordinate the Lease and Lessee's interest in the Property in all respects to the lien of the Mortgage, which will be recorded in the county in which the Property is located, and to the lien and security title of the Security Instruments, if any, securing Lender's other interests in the Property.

D. It will be of substantial benefit to the Lessee for Lender to disburse the loan proceeds.

E. Lender is disbursing the loan proceeds in reliance upon the agreements contained in this instrument.

AC  
2/00  
AC

Chicago Title Insurance Company

## Agreement

NOW, THEREFORE, in order to induce Lender to make or purchase the loan to Lessor, and in consideration of the promises made herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Lessee, it is hereby agreed as follows:

1. **Subordination.** The Lease and Lessee's leasehold estate created thereby and any renewals, extensions, amendments or modifications thereof, shall be and are completely and unconditionally subject and subordinate to the lien of the Mortgage and to the liens of the Security Instruments, if any, and to all the terms, conditions and provisions thereof, to all advances made or to be made thereunder, and to any renewals, extensions, modifications or replacements thereof.

2. **Reliance By Lender.** The undersigned is executing this instrument in order to induce Lender to disburse the loan proceeds secured by the Mortgage, and the undersigned agrees that the disbursement by Lender of all or any part of the loan proceeds shall constitute conclusive reliance by Lender upon this instrument and the provisions hereof and the subordination affected hereby.

3. **Foreclosure.** In the event action is taken to foreclose the lien of the Mortgage, either pursuant to a power of sale or by judicial proceedings, or, in the event Lender acquires possession of the Property by deed in lieu of foreclosure, Quitclaim Deed or like action, Lender, or any purchaser of the Property at foreclosure sale, shall not be required to recognize the Lease, or the rights of the Lessee under the Lease, and the rights of the Lessee thereunder, including any option thereunder, shall, at the sole election of Lender or such other purchaser at foreclosure sale, cease and terminate upon acquisition of title to or upon possession of the Property by Lender or any purchaser at foreclosure sale.

4. **Purchase Options.** Any options or rights contained in the Lease allowing Lessee to acquire title to the Property are hereby made subject and subordinate to the rights of Lender under the Mortgage, any acquisition of title to the Property made by Lessee during the term of the Mortgage shall be made subordinate and subject to the Mortgage.

5. **Condemnation.** Without limiting the generality of the foregoing, Lessee subordinates its right, title and interest under the Lease to the interest of Lender in any award of condemnation or eminent domain, and Lessee does assign and transfer to Lender the right and privilege to receive any interest of Lessee in and to the full extent of such award of condemnation or eminent domain, or, if the Mortgage is not yet fully satisfied, to the extent necessary to pay in full any and all sums secured by the Mortgage (Lessee authorizing Lender to apply any funds so received in satisfaction of any sums secured by the Mortgage).

6. **Attornment.** The undersigned represents to Lender that the exercise by Lender of its rights and remedies under the Mortgage, under the Security Instruments or under the note secured thereby, including without limitation its rights of foreclosure, shall not constitute an event

of default under the Lease. If the interests of Lessor shall be transferred to and owned by Lender by reason of foreclosure or other proceedings brought by Lender in lieu of or pursuant to a foreclosure, or by any other manner, and Lender succeeds to the interests of the Lessor under the Lease, and if Lessor shall have elected not to terminate the interests of Lessee, Lessee shall be bound to Lender under all of the terms, covenants and conditions of the Lease for the balance of the term remaining, and any extensions or renewals thereof which may be affected in accordance with any option therefor in the Lease, with the same force and effect as if Lender were the lessor under the Lease, and Lessee does hereby attorn to Lender as its landlord, said attornment to be effective and self-operative immediately upon Lender succeeding to the interests of the Lessor under the Lease without the execution of any further instruments on the part of any of the parties hereto, **provided that Lessee shall be under no obligation to pay rent to Lender until Lessee receives written notice from Lender that it has succeeded to the interests of the Lessor under the Lease.** The respective rights and obligations of Lessee and Lender upon such attornment, to the extent of the then remaining balance of the term of the Lease, and any such extensions and renewals, shall be and are the same as now set forth therein.

7. **Lender Not Bound By Certain Acts of Lessor.** Lender shall not be (a) liable for any act or omission of any prior lessor (including Lessor), (b) subject to any offsets or defenses which Lessee might have against any prior lessor (including Lessor), (c) bound by any rent or additional rent which Lessee might have paid for more than the then current installment, (d) bound by any amendment or modification of the Lease made without its consent, or (e) liable for any security or other deposits which were paid by Lessee, or any predecessor in interest to Lessee, to any Lessor, and which were not received by Lender.

8. **Waiver.** Without limiting the generality of the foregoing, Lessee waives presentment, demand, protest, and notice and agrees that Lender, without notice to or consent of Lessee, upon such terms as Lender may deem advisable, without releasing or discharging Lessee from this Subordination Agreement or affecting the lien or priority of the Mortgage, may:

- (a) extend, in whole or in part, by renewal or otherwise, the time of payment or performance of any obligation secured by the Mortgage;
- (b) release, surrender, exchange, or modify any obligation secured by the Mortgage, or any security for such obligation; and/or
- (c) settle or compromise any claim with respect to any obligation secured by the Mortgage or any claim against any person who has given security for any such obligation.

The undersigned ratifies any such extension, renewal, release, surrender, exchange, modification, settlement, or compromise and waives all defenses, counterclaims, or offsets which it might have by reason thereof.

9. **Successors and Assigns.** This Agreement and each and every covenant, agreement and other provision hereof shall be binding upon the parties hereto and their heirs, executors, administrators, representatives, successors and assigns, including without limitation each and every lessee and lessor under the Lease or any other person having an interest therein and shall inure to the benefit of Lender and its successors and assigns.

10. **Choice of Law.** The law of the state in which the Property is located shall govern the validity, interpretation, construction, and performance of this Agreement.

11. **Captions and Headings.** The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine and neuter shall be freely interchangeable.

12. **Notices.** All notices required or permitted under this Agreement shall be in writing and shall be telexed, cabled, delivered by hand, or mailed by first class registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Lender:

**StanCorp Mortgage Investors, LLC  
Mortgage Loan Servicing, PSB11D  
920 SW Sixth Avenue  
Portland, Or 97204**

If to Lessee:

**B. J. Alan Fireworks of Indiana, Inc.  
3101 E. Lincoln Highway  
Merrillville, IN 46410**

Changes in the respective addresses to which such notices shall be directed may be made from time to time by either party by notice to the other party. Notices given by mail in accordance with this provision shall be deemed to have been given three (3) days after the date of dispatch; notices given by any other means shall be deemed to have been given when received.

13. **Severability.** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

**SIGNATURES ON FOLLOWING PAGE**

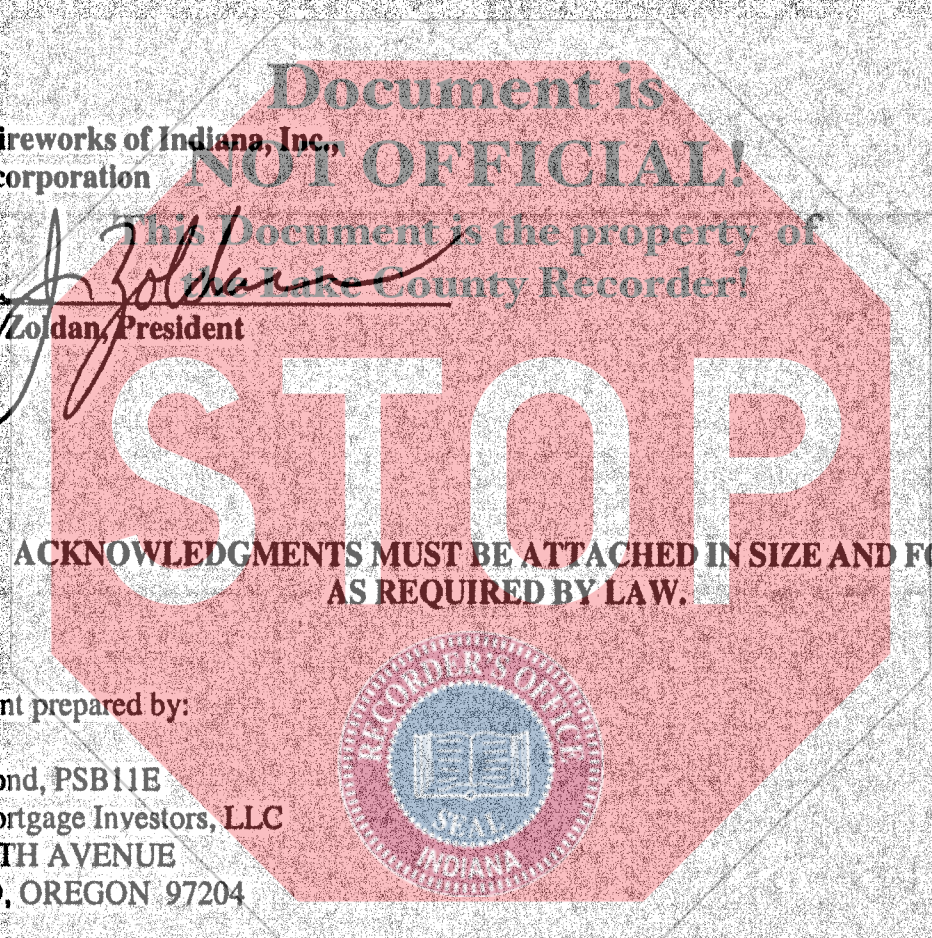
IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE UNDERSIGNED CONSULT WITH ITS ATTORNEYS WITH RESPECT THERETO.

DATED: \_\_\_\_\_, 2000.

LESSEE

**B. J. Alan Fireworks of Indiana, Inc.,  
an Indiana corporation**

By:   
**Bruce J. Zoldan, President**



**ACKNOWLEDGMENTS MUST BE ATTACHED IN SIZE AND FORM  
AS REQUIRED BY LAW.**

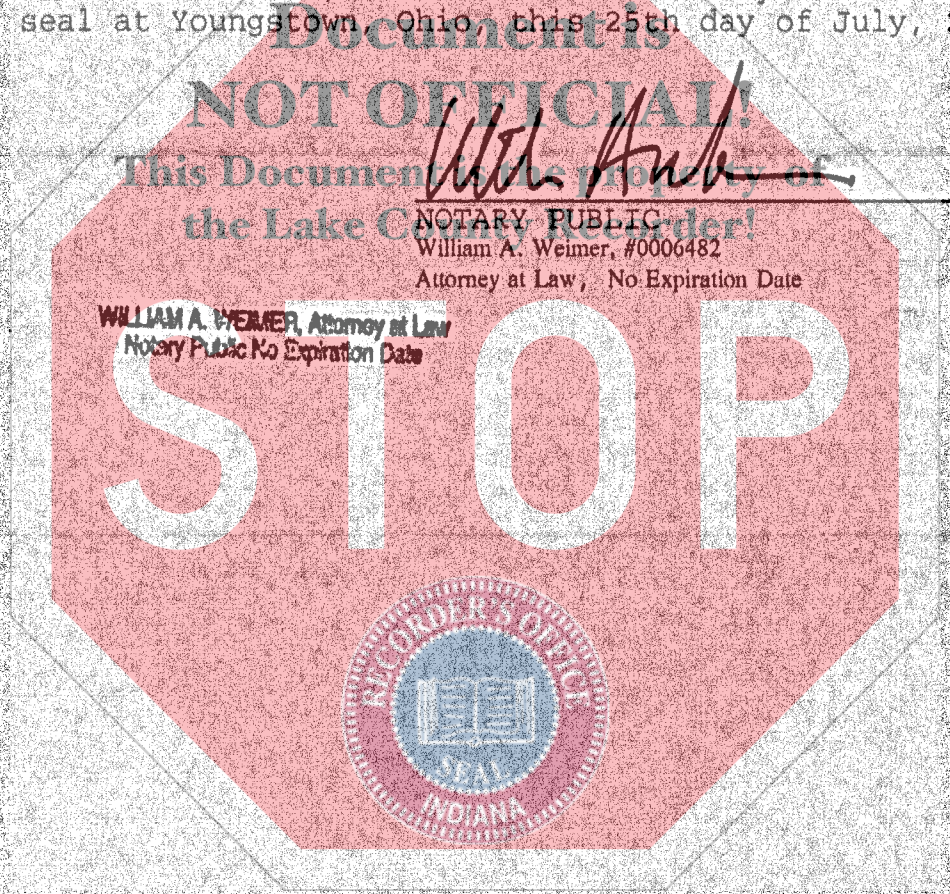
This document prepared by:

Holly Raymond, PSB11E  
StanCorp Mortgage Investors, LLC  
920 SW SIXTH AVENUE  
PORTLAND, OREGON 97204

STATE OF OHIO            )  
COUNTY OF MAHONING    ) ss.

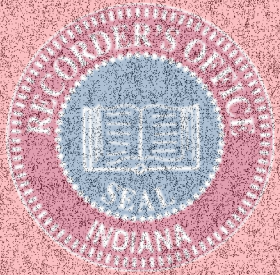
BEFORE ME, a Notary Public in and for said County and State, personally appeared the above named ZOLDAN FAMILY OHIO LIMITED PARTNERSHIP, an Ohio limited partnership, by BRUCE J. ZOLDAN, its General Partner, who acknowledged that he did sign the foregoing instrument and that the same is his duly authorized free act and deed on behalf of said limited partnership.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Youngstown Ohio, this 25th day of July, 2000.



*W.A. Weimer*  
NOTARY PUBLIC  
William A. Weimer, #0006482  
Attorney at Law, No Expiration Date

WILLIAM A. WEIMER, Attorney at Law  
Notary Public No Expiration Date



**EXHIBIT "A"**  
**LEGAL DESCRIPTION**  
**SMI LOAN NO. A0051002**

That part of the Southeast Quarter of the Northeast Quarter of Section 23, Township 35 North, Range 8 West of the Second Principal Meridian, in Lake County, Indiana, lying North of the Northerly right-of-way line of U.S. Highway No. 30 bounded and described as follows:

Commencing at the point of intersection of the North right-of-way line of U.S. Highway No. 30 with the East line of the Northeast Quarter of said Section 23; thence North 2 degrees 48 minutes 02 seconds West on the East line of the Northeast Quarter of said Section 23, a distance of 150.00 feet; thence West parallel to the North line of U.S. Highway 30, a distance of 50.01 feet to a point on a line 50.0 feet West of and parallel to the East line of the Northeast Quarter of said Section 23; thence continuing West on the line parallel to the North line of U.S. Highway 30, a distance of 150.0 feet to a point; said point being the point of beginning of the hereinafter described tract; thence North 2 degrees 48 minutes 02 seconds West on a line parallel to the East line of the Northeast Quarter of said Section 23, a distance of 95.17 feet; thence South 88 degrees 37 minutes 48 seconds West, a distance of 166.44 feet to a point; thence South 1 degree 22 minutes 12 seconds East, a distance of 246.32 feet to a point on the North right-of-way line of U.S. Highway 30; thence Easterly on the North right-of-way line of U.S. Highway 30, a distance of 172.56 feet on the arc of a circle whose chord has a bearing of North 88 degrees 12 minutes 53 seconds East, a chord length of 172.56 feet and a radius of 98117.96 feet to a point; thence North 2 degrees 48 minutes 02 seconds West, a distance of 149.98 feet to the point of beginning.

