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SUBORDINATION AGREEMENT

Agreement made this 6th day of June, 2002, by St. Francis Mortgage Corporation, its Successors, and assigns and Union Federal Bank.

Whereas St. Francis Mortgage Corporation wishes to lend to John Hudacin and Dawn Hudacin, certain funds in exchange for a Note and Mortgage upon a certain parcel of real estate; and

Whereas Union Federal Bank, as lienholder by assignment from New State Mortgage, LLC, is the holder of a certain mortgage in the amount of \$39,000.00 from John Hudacin and Dawn Hudacin dated August 29, 2001, recorded September 10, 2001 as Document No. 2001-072705 in the Office of the Recorder of Lake County, Indiana, on the following described real estate, to wit:

Lot 9 North Meadow Estates, as shown in Plat Book 75 Page 89, and corrected by Certificate of Correction recorded March 29, 1995 as Document No. 95016830, in Lake County, Indiana; and

Whereas, St. Francis Mortgage Corporation will only lend the agreed upon funds upon the subordination of the indebtedness and lien of Union Federal Bank to the indebtedness and Mortgage of St. Francis Mortgage Corporation; and

Whereas, Union Federal Bank in consideration of the extension of credit to John Hudacin and Dawn Hudacin and other good and valuable consideration agrees to subordinate all right, title, and interest it has in and to the aforementioned property and it's indebtedness secured by said Mortgage to the Mortgage and indebtedness of St. Francis Mortgage Corporation or it's successors and assignees, dated June 6, 2002 in the amount of \$157,200.00.

Now Therefore It Is Hereby Agreed As Follows:

I. Subordination: Union Federal Bank hereby subordinates all claims now/or hereafter owing to them and all claims of St. Francis Mortgage Corporation, dated June 6, 2002, in the amount of \$157,200.00 shall be paid in full before any claim may be made on the debt of Union Federal Bank, whether of Principal or Interest.

II. Priority of Claim

The mortgage to Union Federal Bank against the aforementioned property, as well as any future advances, shall be subordinated to the claim of the Mortgage of St. Francis Mortgage Corporation or its successor and assignees dated June 6, 2002, in the amount of \$157,200.00.

III. Continuance

This agreement and the obligations of John Hudacin and Dawn Hudacin and the rights and privileges of St. Francis Mortgage Corporation or it's assignees, hereunder shall continue until payment in full of all claims of St. Francis Mortgage Corporation or it's successors and assignees notwithstanding any action or non-action of St. Francis Mortgage Corporation or it's successors and assignees with respect thereto or any collateral thereto or any guarantees thereof.

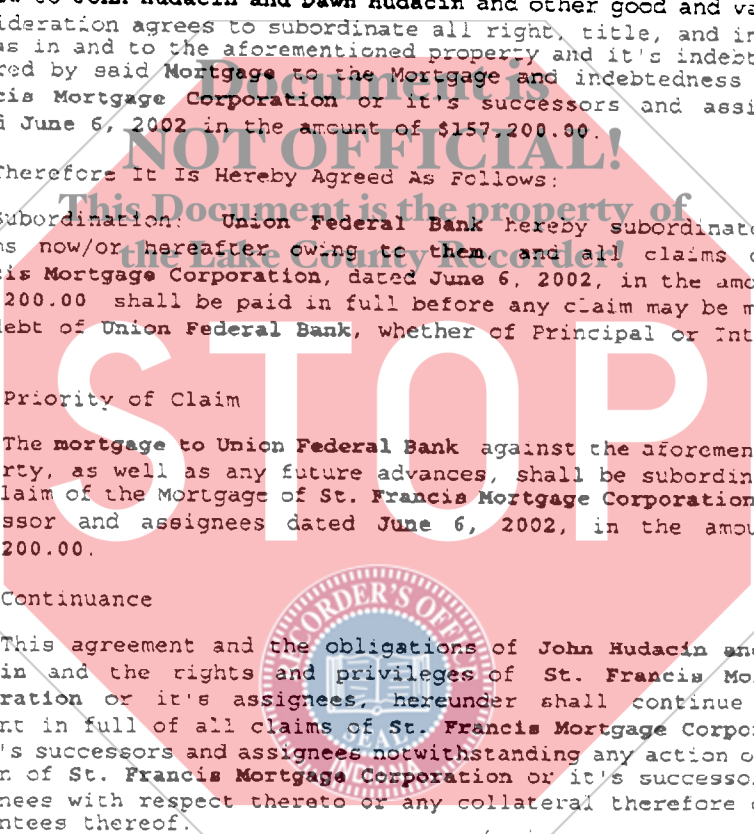
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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORDER

NOTARY PUBLIC
M. J. CARTER
RECORDER



Return to:
INDIANA TITLE NETWORK COMPANY
325 NORTH MAIN 2221452
CROWN POINT, IN 46307

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nH

CK# 18126

IV. Construction

This agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

V. Consideration

The consideration for this agreement shall be the extension of credit by St. Francis Mortgage Corporation to John Hudacin and Dawn Hudacin. This agreement shall be binding on Union Federal Bank upon the extension of credit as described herein, or as substantially described herein.

IN WITNESS WHEREOF, the Union Federal Bank has executed this Agreement the day and year first above written.

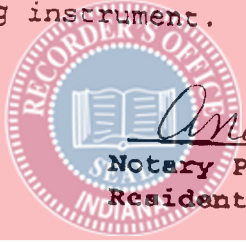
Union Federal Bank

BY: Beth Moberg
BETH MOBERG ~~President~~ VICE PRESIDENT
Typed Name and Position

State of _____)
County of _____) SS

Before me a Notary Public in and for said county and state, on the 17th day of June, 2002, personally appeared Beth Moberg, the Vice President of Union Federal Bank who acknowledged execution of the foregoing instrument.

My Commission Expires: 8-31-09



Angela M. Proffitt
Notary Public
Resident of Marion County

THIS INSTRUMENT PREPARED BY
Douglas R. Kvachkoff
Attorney at Law
325 Main St., Crown Point, IN 46307
219-662-8200 Our File No. 2221452-03



ANGELA M. PROFITT
Res. of Marion County
Comm. Exp.: 08-31-09

2