

EMA 1 NF
ANNUAL CHANGE DATE
NEW FUNDS
Revised 12/03

Prepared by and return to:
Heather Charron, Loan Officer
Lutheran Church Extension Fund-
Missouri Synod
P.O. Box 229009
St. Louis, Missouri 63122-9009

LUTHERAN CHURCH EXTENSION FUND-MISSOURI SYNOD
Sunset Corporate Center, 10733 Sunset Office Drive
Saint Louis, Missouri 63127-1219

EXTENSION AND MODIFICATION AGREEMENT
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the Lake County Recorder!

Hebron, Indiana

THIS AGREEMENT is made and entered into as of the 19th day of April, 2004, by and between LUTHERAN CHURCH EXTENSION FUND-MISSOURI SYNOD ("Lender"), a Missouri nonprofit corporation, and ST. MICHAEL EVANGELICAL LUTHERAN CHURCH, INCORPORATED (the "Borrower"), a corporation organized under the laws of the State of Indiana.

RECITALS

A. Borrower is indebted to Lender pursuant to a Promissory Note (the "Note") dated as of May 16, 2003 in the principal amount of \$400,061.00 bearing interest at variable rates per annum on the principal sum from time to time remaining unpaid, payable to Lender in monthly installments, with a final monthly installment in the full amount of all unpaid principal and interest due and payable on May 16, 2033.

THIS DOCUMENT IS NOT VALID UNLESS SIGNED BY THE RECORDER

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B. The Note is secured by that certain Mortgage (the "Mortgage") recorded on the 16th day of May, 2003, as Document #2003-020549, of the Official Records of Porter County, Indiana.

C. The balance presently due and payable under the Note to Lender is \$394,367.65 (the "Principal Balance").

D. The parties are desirous of entering into this Agreement for the purpose of borrowing additional funds and extending and modifying the Note to provide for repayment of the new total Principal Balance over an extended length of time at variable rates of interest.

TERMS AND CONDITIONS

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, the sufficiency of which are hereby acknowledged, the parties do hereby agree that the Note shall be extended and modified as follows:

1. Principal Amount. It is understood by the parties that the Note is hereby modified to reflect a principal balance of \$434,367.65, consisting of the unpaid amount of the previous principal balance under the Note as referred to above, and the sum of \$40,000.00 in new funds, the receipt of which is acknowledged by Borrower as of the date of this agreement.

2. Interest. The rates of interest payable by Borrower to Lender hereunder are as follows:

2.1 Initial Interest Rate. From and including the date hereof until the first Change Date (as defined in 16.1), interest shall accrue and be payable on the principal balance from time to time outstanding at the rate of Five percent (5.0%) per annum.

2.2 Variable Interest Rate. From and including each Change Date, interest shall accrue and be payable on the principal balance from time to time outstanding at the Variable Interest Rate established in accordance with 16.4 for the period beginning with such Change Date and ending with and including the date immediately preceding the next Change Date.

3. Amounts and Due Dates of Installments. Beginning with the first Monthly Due Date (as defined in 16.3) following the date hereof, Borrower shall pay to Lender installments of principal and interest upon each and every Monthly Due Date during the term hereof, through and including the Maturity Date (as defined in 16.2).

3.1 Initial Installments. The amount of each monthly installment due and payable on the first 12 Monthly Due Dates shall be Two Thousand Three Hundred Thirty One and 78/100 Dollars (\$2,331.78).

3.2 Subsequent Installments. The amount of each monthly installment (other than the Final Installment as defined in 3.3) due and payable upon each of the twelve Monthly Due Dates following each Change Date shall be, as determined by Lender in Lender's sole discretion, either (i) the amount previously determined by Lender to be due and payable upon the Monthly Due Date coinciding with such Change Date or (ii) the amount (determined by Lender) which shall be sufficient to repay in full, by the Maturity Date, the outstanding principal balance owing hereunder on such Change Date, together with interest thereon at the Variable Interest Rate established in accordance with 16.4 for such Change Date, in equal monthly installments.

3.3 Final Installment. Borrower shall pay to Lender, on the Maturity Date, a final installment (herein referred to as "Final Installment") of all amounts then owing and unpaid under this Agreement, including (i) the full unpaid balance of the principal sum, (ii) all accrued and unpaid interest, and (iii) any penalties payable under the terms of the Note and this Agreement. Notwithstanding the preceding sentence, instead of making the payment on the Maturity Date as described above, Borrower may be permitted by Lender, in Lender's sole discretion, to continue to pay monthly installments in an amount that is at least equal to the amount of the last monthly installment preceding the Maturity Date, as determined in 3.2, until all amounts owing and unpaid under the Note and this Agreement, including (i) the full unpaid balance of the principal sum, (ii) all accrued and unpaid interest, (iii) any penalties payable under the terms of the Note and this Agreement, are paid in full; provided that in no event shall the amount of any such monthly installment payable on or after the Maturity Date be less than the amount (determined by Lender) which shall be sufficient to repay in full, by the date that is twelve (12) months after the Maturity Date, the outstanding principal balance owing hereunder on the last Change Date preceding such monthly installment, together with interest thereon at the Variable Interest Rate established for such Change Date, in equal monthly installments; and provided further that, until such outstanding amounts are paid

in full, interest and penalties shall continue to be determined and accrue and be payable on all such outstanding amounts as otherwise provided under the terms of the Note and this Agreement.

4. Application of Payments. All payments on account of the indebtedness evidenced by this Agreement shall be first applied to the payment of accrued but unpaid interest, then to principal, and the excess remaining thereafter shall be applied to the payment of late charges, if any, due and payable.

5. Place of Payment. All payments hereunder shall be made to Lender at P.O. Box 229009, St. Louis, Missouri 63122-9009, or at such other place as the Lender may from time to time designate in writing, delivered or mailed to the Borrower.

6. Prepayment. Borrower reserves the right to prepay all amounts due hereunder in whole, or subject to the conditions hereinafter stated, in part, on any installment payment date without premiums or penalty and without prior notice to the Lender. Any such prepayment shall be first applied against accrued but unpaid interest, and the excess, if any, shall be applied against principal, in the inverse order of actual maturity of installments hereunder (i.e. shall be first applied against the final monthly installment). No such partial prepayment shall relieve Borrower of its obligation to pay the next, and subsequent, monthly installment(s) hereunder until the entire indebtedness, together with interest, has been paid in full.

7. Security; Disclosure of Information. The Note, as extended by this Agreement, shall continue to be secured by the Mortgage. Borrower shall provide to Lender such information (including nonfinancial information) as Lender may request from time to time in its sole discretion including, but not limited to, the following: (i) annual, quarterly, or monthly financial statements including statements of financial position, statements of activities and changes in unrestricted net assets and statements of cash flows, (ii) year-to-date statements of operations as compared to budget, and (iii) cash flow projections.

8. Dissolution, Merger, Use of Security. If Borrower is a member congregation of The Lutheran Church-Missouri Synod, 8.1 shall apply. If Borrower is recognized as a Recognized Service Organization of The Lutheran Church-Missouri Synod, 8.2 shall apply. If Borrower is neither a member congregation nor a Recognized Service Organization of The Lutheran Church-Missouri Synod, 8.3 shall apply.

8.1 Member Congregation. In the event that Borrower shall be dissolved, merge with any other congregation, cease to be a member congregation of The Lutheran Church-Missouri Synod, or cease to use the real estate subject to the aforementioned deed of trust or mortgage for the Borrower's regular worship services, or for its school, parsonage, teacherage, or other religious purposes, the entire principal sum remaining unpaid hereunder, together with accrued interest, may be declared immediately due and payable at the option of the Lender.

8.2 Recognized Service Organization. In the event that Borrower shall be dissolved, merge with any other corporation or entity, cease to be recognized by The Lutheran Church-Missouri Synod as a Recognized Service Organization, or cease to use the real estate subject to the aforementioned deed of trust or mortgage for the religious, charitable, or educational purposes of the Borrower, the entire principal sum remaining unpaid hereunder, together with accrued interest, may be declared immediately due and payable at the option of Lender.

8.3 Other Entities. In the event that Borrower shall be dissolved, merge with any other corporation or entity, cease to be an auxiliary, an agency or a part of The Lutheran Church-Missouri Synod, or cease to use the real estate subject to the aforementioned deed of trust or mortgage for the religious, charitable, or educational purposes of the Borrower, the entire principal sum remaining unpaid hereunder, together with accrued interest, may be declared immediately due and payable at the option of Lender.

9. Further Borrowing. In the event that Borrower shall, subsequent to the date hereof, engage in further borrowing, or become voluntarily indebted to any other lender, without the written consent of the Lender, the entire principal sum remaining unpaid hereunder, together with accrued interest, may be declared immediately due and payable at the option of the Lender.

10. Default in Payment or Performance. The entire principal sum remaining unpaid hereunder, together with accrued interest, may be declared immediately due and payable at the option of the Lender in the event of any of the following: (i) default in the payment of any installment of principal or interest when due in accordance with the terms hereof, (ii) default in the performance of any agreement contained in the mortgage or deed of trust securing payment of the Note and this Agreement, or (iii) default in the performance of any agreement given by Borrower in favor of Lender including, but not limited to, any agreement contained in any other promissory note, mortgage, deed of trust, assignment, pledge, security agreement, or guaranty.

11. Late Charge. If any installment hereunder, or any portion thereof, is not paid when due, whether at stated maturity or by declaration, a late charge penalty of two percent (2%) of such past due amount shall be added to the amounts due hereunder, except that such late charge penalty shall not exceed the maximum amount permitted by law. Should interest not be paid when due, it shall thereafter bear like interest as the principal, but such unpaid interest so compounded shall not exceed an amount equal to simple interest on the unpaid principal at the maximum rate permitted by law.

12. No Waiver. No delay, omission or indulgence by Lender in exercising or enforcing any rights or remedies shall impair or affect the same or be construed to be a waiver of or acquiescence in any default. Any single or partial exercise of any rights or remedies shall not preclude any other or further exercise thereof. No waiver by the Lender shall be valid unless in writing signed by said Lender, and then only to the extent specifically set forth in said writing.

13. Time is of the Essence. Time for the payment and performance of each and all of the obligations of the Borrower shall be of the essence hereof.

14. Assignment. The terms and provisions of the Note, as modified by this Agreement, shall inure to the benefit of any assignee, transferee, or holder or holders hereof, and, in the event of any transfer or assignment of the Note, each and all of the rights, remedies, powers, privileges and benefits herein granted the Lender shall automatically be vested in the assignee, transferee, holder or holders.

15. Waiver of Presentment, Protest, Notice. Borrower and all endorsers hereof severally waive presentment for payment, protest, notice of non-payment and of protest, and agree to pay all reasonable costs of collection, including attorneys' fees.

16. Definitions. For purposes of this Agreement, the following words and phrases shall have the following meanings:

16.1 "Change Date" shall mean every twelfth (i.e. the twelfth, twenty-fourth, thirty-sixth, and so on) Monthly Due Date after April 19, 2004.

16.2 "Maturity Date" shall mean April 19, 2034.

16.3 "Monthly Due Date" shall mean the 19th day in each month, beginning with May 19, 2004. However, if such date is later in a month than the 28th day of the month, then

the Monthly Due Date for February shall be the 28th day of February. Further, if such date is the 31st day of a month, then the Monthly Due Date shall fall on the 30th day in those months having only 30 days.

16.4 "Variable Interest Rate" shall mean that rate of interest, per annum, determined for each Change Date by Lender, adding up to (as it determines) two percentage points to Lender's Cost of Funds. Lender's Cost of Funds is the weighted average annual rate of interest, determined by Lender on a date selected by it, payable on such of its outstanding investment and other obligations as shall be determined by Lender pursuant to Lender's lending procedures as in effect from time to time.

17. Ratification. Except as modified herein, all terms and conditions of the Note are hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, this Agreement has been executed as of this 19 day of April, 2004.

(SEAL)

ST. MICHAEL EVANGELICAL LUTHERAN CHURCH,
INCORPORATED

BY: Howard E. O'Conner
Howard E. O'Conner, President

BY: Shirley A. Huseman, Sec.
Shirley A. Huseman, Secretary

LUTHERAN CHURCH EXTENSION FUND—
MISSOURI SYNOD

BY: Heather Charron
Heather Charron, Loan Officer

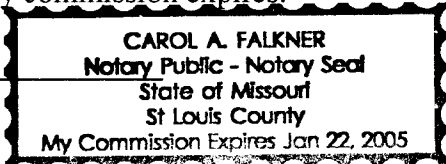
STATE OF MISSOURI)
) SS
COUNTY OF ST. LOUIS)

On April 6, 2004, before me Carol A. Falkner, personally appeared Heather Charron personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Carol A. Falkner
Notary Public

My commission expires:



STATE OF INDIANA)
 Lake, IN) SS
COUNTY OF PORTER)

On 4/19/04, before me, Andrea Sullivan personally appeared Howard L. O'Conner and Shirley A. Huseman personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Andrea Sullivan
Notary Public

(SEAL)

My Commission Expires:



Prepared by and return to:
Heather Charron, Loan Officer
Lutheran Church Extension Fund
P.O. Box 229009
St. Louis, Missouri 63122-9009

SCHEDULE C

Commitment No.: NCS-81473-INDY

Legal Description: The Northwest Quarter (NW1/4) of the Northwest Quarter (NW1/4) of Section Fifteen (15), Township Thirty-Three (33) North, Range Seven (7) West EXCEPTING THEREFROM the South 639.76 feet and ALSO EXCEPTING 2.98 acres in the Northeast (NE) corner of the Northwest Quarter (NW1/4) of the Northwest Quarter (NW1/4) of Section Fifteen (15), Township Thirty-Three (33) North, Range Seven (7) West, described and bounded as: Beginning at a point on the North line of said fraction a distance of 490 feet West of the Northeast (NE) corner of said fraction; thence East along the North line of said fraction 490 feet; thence South along the East line of said fraction 529.75 feet; thence Northwest 727.60 feet, more or less, to the point of beginning; continuing less said two exceptions 18.8 acres more or less.

