

Prepared By:
Washington Federal Bank for savings
2869 South Archer Avenue
Chicago, Illinois 60608

Mail to:
Mercantile Bank
312 East Lincoln Highway
Schereville, IN 46375

2004 047545

LAKE COUNTY
FILED FOR RECORD

2004 MAY 28 10 11 AM
MORTGAGE
RECORDS

163940-1

SUBORDINATION AGREEMENT

This Subordination Agreement (the "Agreement") is made and entered into this 21st day of May 2004 by and among Mercantile Bank, (the "Lender"), Washington Federal Bank for Savings, (the "Subordinating Party") and KATHRYN H. ESPIRITU, a single woman, (hereinafter collectively referred to as the "Borrowers").

WHEREAS, the Lender as a condition precedent to the origination of a loan to the Borrowers requires the subordination of the lien held by the Subordinating Party;

WHEREAS, the Subordinating Party agrees to subordinate its lien on that property identified on the attached Exhibit "A" (hereinafter the "Property");

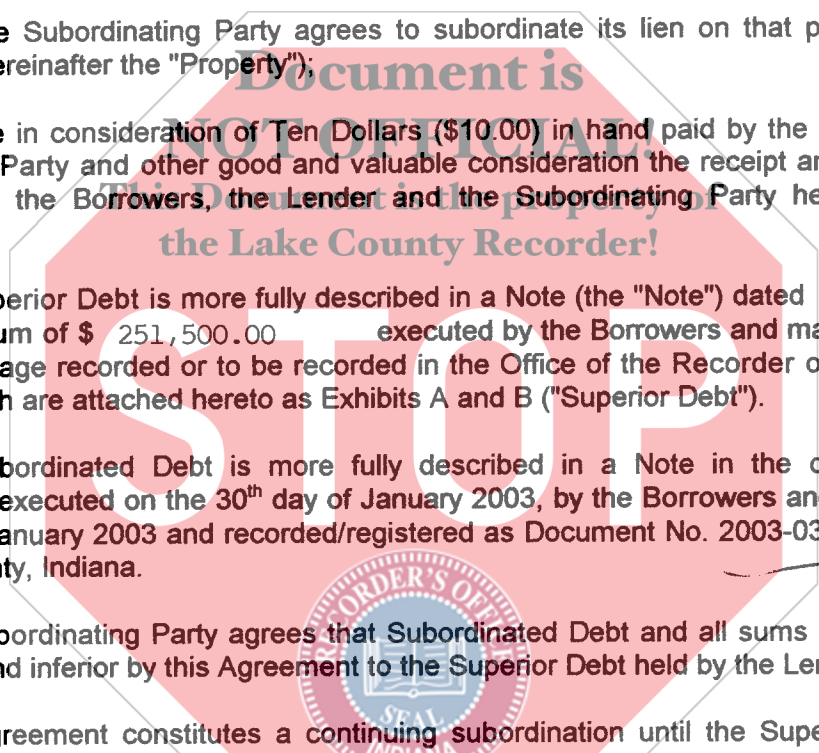
NOW, therefore in consideration of Ten Dollars (\$10.00) in hand paid by the Borrowers to the Lender and the Subordinating Party and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Borrowers, the Lender and the Subordinating Party hereby mutually agree as follows:

1. The Superior Debt is more fully described in a Note (the "Note") dated May 28, 2004²⁰⁰⁴, in the original principal sum of \$ 251,500.00 executed by the Borrowers and made payable to Lender, to be secured by a Mortgage recorded or to be recorded in the Office of the Recorder of Deeds of Lake County, Indiana, copies of which are attached hereto as Exhibits A and B ("Superior Debt").
2. The Subordinated Debt is more fully described in a Note in the original principal sum of \$11,000.00 previously executed on the 30th day of January 2003, by the Borrowers and secured by a Mortgage dated the 30th day of January 2003 and recorded/registered as Document No. 2003-031887 in the Office of the Recorder of Lake County, Indiana.
3. The Subordinating Party agrees that Subordinated Debt and all sums secured thereby is made subordinate, subject and inferior by this Agreement to the Superior Debt held by the Lender.
4. This Agreement constitutes a continuing subordination until the Superior debt and all money secured thereby, is released and a release of the Superior debt registered/recorded against the property. This Agreement is cumulative of all other rights and securities to Lender. No waiver by Lender of any right hereunder or its Note or Mortgage shall effect or impair its rights in any manner thereafter occurring. Any forbearance by the Lender shall not be deemed to be a waiver by Lender of any rights that it may have.
5. This Agreement shall be governed by the laws of the State of Indiana.
6. This Agreement is binding upon and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of each of the parties hereof, but the Subordinating Party covenants

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that it will not assign the claim of the Subordinating Party or any party thereof, without making the rights and interest of said assignee subject in all respects to the terms of this Agreement.

IN WITNESS WHEREOF, the undersigned have set their hand and seal this 21st day of May 2004.

BORROWERS

[Signature]
KATHRYN H. ESPIRITU

LENDER:
Mercantile Bank

By: [Signature]
EDWARD A. LONG
Its: VICE PRESIDENT

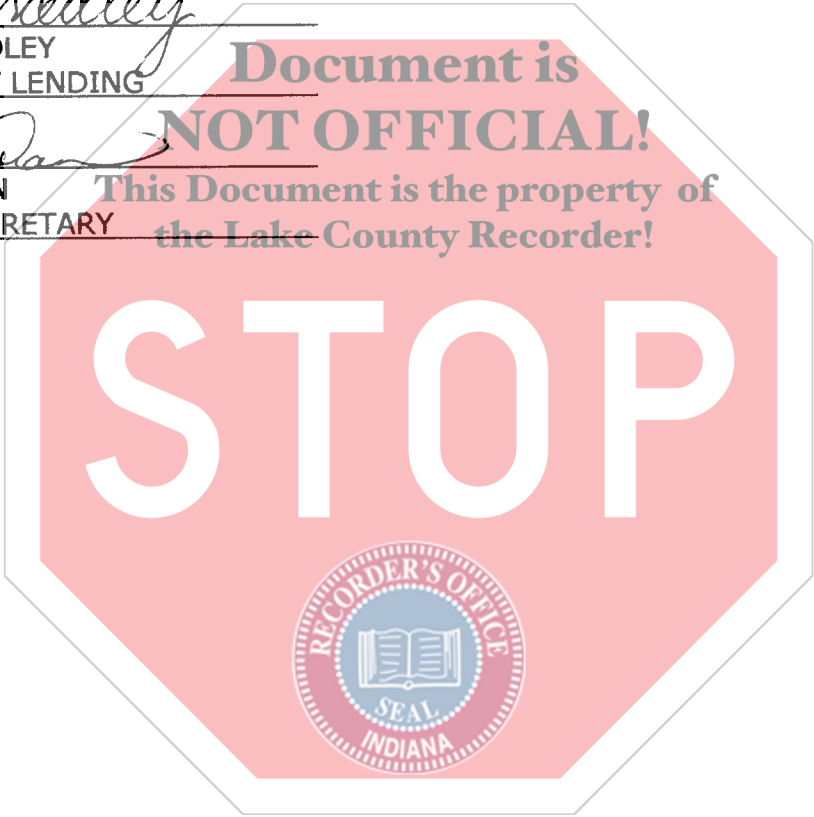
Attest: [Signature]
CATHY L. COLEMAN

Its: _____
ASSISTANT CASHIER

SUBORDINATING PARTY:

By: [Signature]
MARSHA BRADLEY
Its: VICE PRESIDENT LENDING

Attest: [Signature]
VAN B. TRAN
Its: COPROPRATE SECRETARY



STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

I, do hereby certify that Kathryn H. Espiritu personally known to me to be the same persons whose names who are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said Subordinating Agreement as their free and voluntary act for the uses and purposes set forth therein.

Given under hand and official seal this 21ST day of May 2004

Jo Ann Moreh
Notary Public



STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

I, Janice M. Weston, do hereby certify that Marsha Bradley, the Vice President of Lending of Washington Federal Bank for savings, and Van B. Tran, personally known to me to be the Corporate Secretary of said corporation, personally known to be the same persons whose names who are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Vice President of Lending and Corporate Secretary, they signed and delivered the foregoing Subordination Agreement, pursuant to the authority given by the Board of Directors of Washington Federal Bank for savings, as their free and voluntary act, and as the free and voluntary act and deed of the corporation, for the uses and purposes set forth therein.

Given under hand and official seal this 21ST day of May 2004.

Janice M. Weston
Janice M. Weston, Notary Public

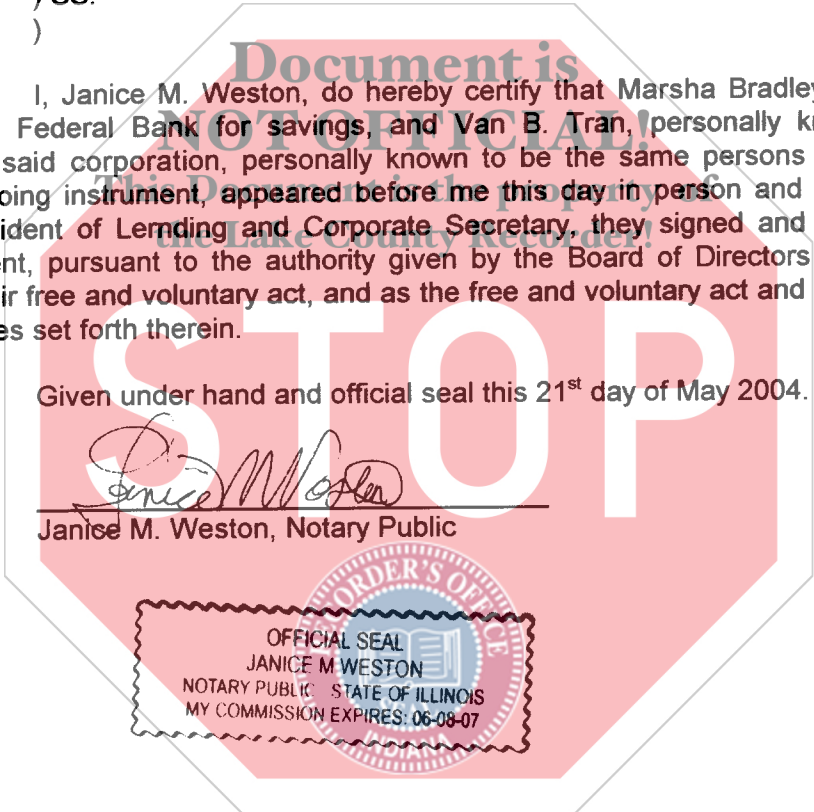


EXHIBIT A
LEGAL DESCRIPTION

LEGAL: **LOT 107 IN PHASE TWO, BLOCK TWO OF COBBLESTONES, AN ADDITION TO THE TOWN OF MUNSTER, AS PER PLAT THEREOF, RECORDED IN PLAT BOOK 73, PAGE 64, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.**

Property Index Number: 28-557-5

Common Address: **1051 Treadway Road, Munster, Indiana, 46321**

