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DEBT SUBORDINATION AGREEMENT

THIS DEBT SUBORDINATION AGREEMENT (this "Agreement") dated effective as of October 22, 2004 is made by and between **EDWARD R. PADILLA** and **AIDA E. PADILLA** (collectively the "Subordinate Lender") and **SANDRIDGE BANK**, an **Indiana Corporation** ("Sandridge").

2004 OCT 23 10:30 AM

RECITALS

- Chicago Title Insurance Company
- A. Dean's Properties, LLC, an Indiana domestic limited liability company formed on August 29, 2003 ("Borrower") has executed and delivered to Sandridge Bank a Promissory Note (the "Sandridge Note") in the original principal amount of \$479,000.00 (the "Sandridge Loan"). The Sandridge Loan is evidenced and/or secured by a mortgage executed by Borrower in favor of Sandridge Bank. The Sandridge Bank Mortgage covers certain property (the "Property") described on Exhibit A attached hereto and made a part of this Agreement, the improvements at the Property and certain other collateral described in the Sandridge Bank Mortgage (collectively, the "Sandridge Collateral").
- B. In connection with the Sandridge Bank Loan, Dino A. Savarino and Charlene S. Savarino have also executed and delivered a guaranty of the Sandridge Bank Loan to Sandridge Bank for the amount of the indebtedness evidenced by the Sandridge Bank Note.
- C. Dean's Properties, LLC, as an Indiana domestic limited liability company formed on August 29, 2003, has executed and delivered certain other documents evidencing and/or securing the Sandridge Bank Loan, including, but not limited to a Promissory Note and an individual guaranty of the Sandridge Bank Loan by Dino A. Savarino and Charlene S. Savarino.
- D. Edward R. Padilla and Aida E. Padilla, as subordinate lender, had made a previous loan in the original principal amount of \$25,000.00 to Dino A. Savarino and Charlene S. Savarino as evidenced by a Promissory Note dated September 18, 2003. Further, Dino A. Savarino and Charlene S. Savarino executed a Mortgage in the sum of \$25,000.00 dated September 18, 2003 and recorded on September 24, 2003 as Document No. 2003100751 in the Lake County Recorder's Office and said amount should be characterized as a Subordinate Loan.
- E. Dino A. Savarino and Charlene S. Savarino, individually, and Dean's Properties, LLC and Sandridge Bank desire that the Subordinate Lenders, Edward R. Padilla and Aida E. Padilla, acknowledge that it has no lien or claim against the Sandridge Bank collateral and that the Subordinate Loan from Edward R. Padilla and Aida E. Padilla is subordinate in each and every respect to the Sandridge Bank Loan and the Sandridge Bank Loan Documents.
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- F. That the Subordinate Lenders, Edward R. Padilla and Aida E. Padilla subordinate any and all documents evidencing and/or securing the Subordinate Loan (collectively the "Subordinate Loan Documents") to the Sandridge Bank Documents, and the Subordinate Lenders are willing to do so.

NOW, THEREFORE KNOW ALL MEN BY THESE PRESENTS THAT the Subordinate Lenders, Edward R. Padilla and Aida E. Padilla, for and in consideration of the sum of Ten Dollars (\$10.00), to it in hand paid by Borrower and Dino A. Savarino and Charlene S. Savarino individually, prior to the delivery and signing of this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, hereby acknowledge and agree with Sandridge Bank that:

1. The Subordinate Lenders, Edward R. Padilla and Aida E. Padilla, have no lien or claim against any of the Sandridge Bank collateral;
2. None of the Subordinate Loan Documents constitute a lien against the Sandridge Bank collateral;
3. The Subordinate Loan is subordinate in each and every respect to the Sandridge Bank Loan, and the Sandridge Bank Loan is superior and prior in each and every respect to the Subordinate Loan dated September 18, 2003 from Edward R. Padilla and Aida E. Padilla to Dino A. Savarino and Charlene S. Savarino;
4. The Subordinate Loan Documents are subordinate in each and every respect to the Sandridge Bank Loan Documents and the Sandridge Bank Loan Documents are superior and prior in each and every respect to the Subordinate Loan Documents;
5. Edward R. Padilla and Aida E. Padilla shall further deliver prior written notice to Sandridge Bank before exercising any of its rights or remedies in connection with the Savarino loan.

IN WITNESS WHEREOF, the Subordinate Lenders have executed this Agreement as of the day and year first above written.

IMPORTANT: READ BEFORE SIGNING.

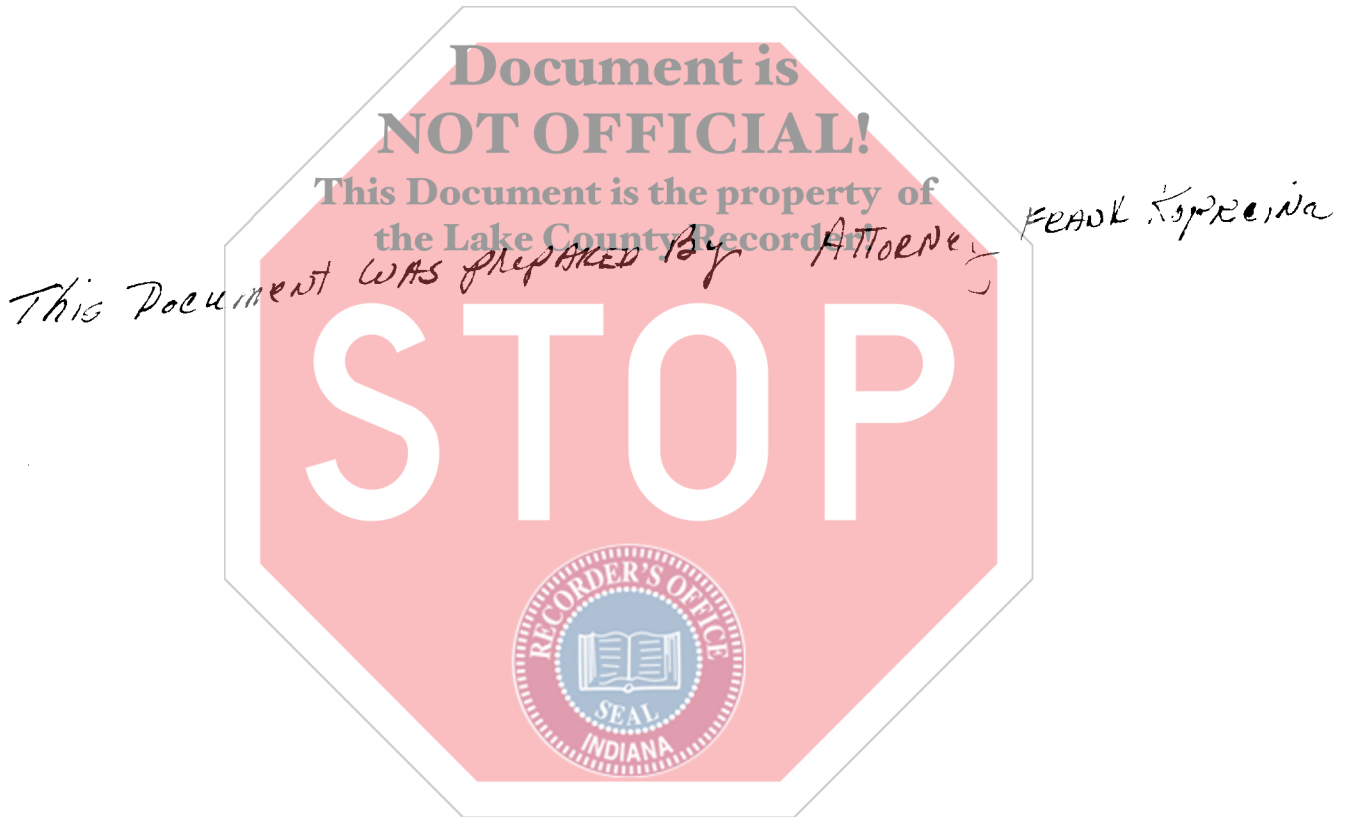
THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

Dated as of the date first above written.

SUBORDINATE LENDER:

Edward R. Padilla
EDWARD R. PADILLA

Aida E. Padilla
AIDA E. PADILLA



ACKNOWLEDGEMENT

STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

Before me, STAN LUGAR, a Notary Public in and for said County and State, on this 23 day of October, 2004, personally appeared EDWARD R. & Aida E Padilla, personally known to me, and known to me to be the person(s) who (is) (are) described in and who executed the foregoing document and acknowledged the same to be (his) (their) voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal.

My Commission Expires:

06/25/07

Resident of LAKE County

Stan Lugar

Notary Public



EXHIBIT A

Parcel 1: Lot 3, except the South 70 feet thereof, lying East of Schererville Ditch, in Swets Addition to Schererville, as per plat thereof, recorded in Plat Book 19 page 24, in the Office of the Recorder of Lake County, Indiana.

Parcel 2: The South 70 feet of Lot 3, lying East of Schererville Ditch, in Swets Addition to Schererville, as per plat thereof, recorded in Plat Book 19 page 24, in the Office of the Recorder of Lake County, Indiana.

Parcel 3: The North half of Lot 2, Swets Addition to Schererville, as per plat thereof, recorded in Plat Book 19, page 24, in the Office of the Recorder of Lake County, Indiana.

Parcel 4: The South half of Lot 2, Swets Addition to Schererville, as per plat thereof, recorded in Plat Book 19, page 24, in the Office of the Recorder of Lake County, Indiana.

