

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

2005 002716

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LOAN NO. 21-1242205

MODIFICATION and EXTENSION AGREEMENT

This Agreement, Made and entered into by and between the HFS BANK, F.S.B., a United States Corporation, having its principal office in the City of Hobart, Lake County, Indiana, hereinafter referred to as "BANK", and MIRKO KLJAJIC AND OGNJEN KLJAJIC hereinafter referred to as "BORROWERS,"

WITNESSETH, That:

Whereas, the Bank is the owner and holder of a promissory note of the Borrowers for the original sum of Ninety Six Thousand & 00/100 (\$96,000.00) Dollars, bearing date of January 29, 2004 together with that certain real estate mortgage securing the payments thereof as made and executed by the Borrowers to the Bank concurrently with the execution of the aforesaid note and recorded in Mortgage 2004 008969 page _____, in the Office of the Recorder of Lake County, Indiana; and

Whereas, the Borrowers desire a modification and extension of the time and terms of payment of the aforesaid indebtedness;

NOW THEREFORE, in consideration of the sum of One (\$1.00) Dollar and other good and valuable considerations, the receipt whereof is hereby acknowledged by the Bank, it is hereby agreed as following:

1. That the aggregate balance remaining unpaid upon the aforesaid indebtedness as of the date hereof is the sum of Ninety Six Thousand & 00/100 (\$96,000.00) Dollars;
2. That said remaining indebtedness, with interest there on at the rate of 6.50 per cent per annum on the unpaid balance of principal remaining from time to time, shall be due and payable as follows:

First payment beginning: March 1, 2005
 Maturity date: February 1, 2035
 Principal & interest payment: \$ 606.79
 Interest rate: 6.50%

All of which the borrowers jointly and severally promise and agree to pay, without relief from valuation and appraisal laws, and with attorney's fees.

3. The Borrowers hereby covenant that they are the owners of the property described in the aforesaid mortgage and that said mortgage is a valid and subsisting first lien thereon, that there are no offsets, counterclaims, or defenses to the sum above mentioned as remaining unpaid, or to any part thereof, either at law or in equity; and said mortgage shall continue as a valid first lien upon the premises therein described, as security for the repayment of said remaining unpaid balance, with interest, at the time and in the manner hereinabove provided.

4. The Borrowers further jointly and severally agree that all terms, conditions, and covenants of the aforesaid note and mortgage shall remain unaltered and in full force and effect except as herein expressly modified.

IN WITNESS WHEREOF, the Bank and the Borrowers have executed this agreement as of the 11th day of January, 2005

HFS Bank, F.S.B.

STATE OF INDIANA)
COUNTY OF) SS:

BY: Janet A. Gornick
Janet A. Gornick, Vice President

BY: Mirko Klajic (SEAL)

BY: Ognjen Klajic (SEAL)

Before me, the undersigned, a Notary Public, in and for said County and State, this 11th day of January, 2005 personally appeared the within name of HFS BANK, F.S.B. by Janet A. Gornick, its Vice President and Mirko Klajic and Ognjen Klajic the within named Bank and Borrowers, who acknowledged the execution of the foregoing agreement for the uses and purposes therein set forth.

Witness my hand and notarial seal.

[Signature]
Notary Public

My Commission expires:

KIMBERLY KAY SCHULTZ
Lake County
My Commission Expires
Oct. 29, 2008

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