

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (“Agreement”) is made as of this _____ day of _____, 2016, by and among Indiana Statewide Certified Development Corporation (“**Lender**”), with an address at 4181 East 96th Street, Suite 200, Indianapolis, IN 46240; City of South Bend, Indiana Department of Redevelopment, acting by and through its governing body, the South Bend Redevelopment Commission (“**Seller**”), with an address at 1400 S. County-City Building, 227 W. Jefferson Blvd., South Bend, Indiana 46601; and 412 SB LLC, an Indiana limited liability company (“**Buyer**”), with an address at 412 S. Lafayette Blvd., South Bend, Indiana 46601.

WITNESSETH:

WHEREAS, Buyer has entered into an agreement with Seller dated February 22, 2016 for the purchase of that certain real estate (“Purchase Agreement”) more particularly described in Exhibit “A” attached hereto and incorporated by reference herein (“the Property”);

WHEREAS, Lender has approved an SBA 504 loan in the amount of Three Hundred Twenty-Three Thousand Dollars (\$323,000.00) to Buyer (“Loan”) as evidenced by a certain promissory note dated _____ (“Note”), secured, in part, by a mortgage on the Property dated _____, recorded on _____ as Instrument Number _____ in the Office of the Recorder of St. Joseph County, Indiana (“Mortgage”), said mortgage to be assigned to the U.S. Small Business Administration (“SBA”), pursuant to an Authorization for Debenture Guarantee approved on _____;

WHEREAS, the Loan is being made pursuant to the Section 504 program of the Small Business Act and is subject to the requirements of the Act and the regulations governing the 504 program;

WHEREAS, the Purchase Agreement contains a reversionary right in Section 11.C. (“Reversion”) and a right of first refusal (“ROFR”) in Section 12, both in favor of Seller; and

WHEREAS, as a condition to making the Loan, evidenced by the Note, secured by the Mortgage, Lender requires that the lien of the Mortgage be prior and superior to all the rights and interests of the Seller pursuant to the Reversion and the ROFR.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Seller agrees that Seller’s rights under the Reversion and the ROFR are hereby subordinated and made inferior to the lien of the Mortgage. Seller agrees and acknowledges that if Lender or SBA forecloses the Mortgage, Seller’s rights under the Reversion and the ROFR will be terminated and of no further force or effect at the time of the issuance of a sheriff’s deed upon foreclosure sale. Notwithstanding the foregoing, Seller will be entitled (a) upon Seller’s reasonable request to Lender, to receive all

notices of default or foreclosure afforded to Buyer under the Mortgage or otherwise, (b) to be named as a necessary party in any foreclosure action concerning the Mortgage or the Property, and (c) to pay, at its option, any amounts due under the Mortgage to avoid foreclosure of the Mortgage, provided that Seller will have no liability under the Note or Mortgage at any time unless specifically assumed in writing by an official action of Seller following the receipt of notice of default or foreclosure or following commencement of foreclosure proceedings.

2. Immediately upon receipt by Buyer, Buyer will provide to Seller copies of all written notices of default or foreclosure afforded to Buyer under the Mortgage or otherwise.
3. At such time as the Note is satisfied or terminated by Lender this Agreement will immediately terminate without the necessity of any action by any of the parties.
4. This Agreement shall be the entire agreement between the parties with regard to the rights and interests of Seller with respect to the Reversion and the ROFR.
5. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute and be construed as one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

IN WITNESS WHEREOF, the undersigned has executed this Subordination Agreement as of the ____ day of _____, 2016.

SELLER:

City of South Bend, Indiana Department of
Redevelopment, acting by and through its governing
body, the South Bend Redevelopment Commission

By: _____
Marcia I. Jones, President

ATTEST:

By: _____
Donald E. Inks, Secretary

LENDER:

Indiana Statewide Certified Development Corporation

By: _____
Jean Wojtowicz, Secretary

BUYER:

412 SB LLC,
an Indiana limited liability company

By: _____
Brent Sheppard, Member

STATE OF INDIANA)
) ss:
COUNTY OF ST. JOSEPH)

Before me, a Notary Public in and for said County and State, personally appeared Marcia I. Jones, President, and Donald E. Inks, Secretary, of the South Bend Redevelopment and who, in such capacity, being duly sworn upon their oath, acknowledged the execution of the above and foregoing instrument for and on behalf of said commission's free and voluntary act and deed.

Dated this ____ day of _____, 2016.

My Commission Expires: _____, Notary Public
(Printed)

County of Residence:

STATE OF INDIANA)
) ss:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared Jean Wojtowicz, Secretary, Indiana Statewide Certified Development Corporation, and who, in such capacity, being duly sworn upon his/her oath, acknowledged the execution of the above and foregoing instrument for and on behalf of said bank's free and voluntary act and deed.

Dated this ____ day of _____, 2016.

My Commission Expires: _____, Notary Public
(Printed)

County of Residence:

STATE OF INDIANA)
) ss:
COUNTY OF ST. JOSEPH)

Before me, a Notary Public in and for said County and State, personally appeared Brent Sheppard, a Member of 412 SB LLC, an Indiana limited liability company and who, in such capacity, being duly sworn upon his oath, acknowledged the execution of the above and foregoing instrument for and on behalf of said company's free and voluntary act and deed.

Dated this ____ day of _____, 2016.

My Commission Expires: _____, Notary Public
(Printed)

County of Residence:

This instrument was prepared by: Amy S. Thurmond, Attorney at Law, 4181 E. 96th St, Suite 200, Indianapolis, IN 46240

"I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law." Amy S. Thurmond, Attorney at Law.

EXHIBIT "A"
Legal Description

Lot Numbered Forty-nine (49) and a parcel of land 21 feet in width, North and South, taken off of and from the entire North side of Lot Numbered Fifty (50), all as shown on the recorded Plat of Samuel Martin's Addition to the Town, now City, of South Bend.

Commonly known as 402 S. Lafayette Blvd., South Bend, Indiana
Parcel Key Number 018-3015-0552