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Cook County Recorder 33.00



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SUBORDINATION AGREEMENT

Dated: as of January 30, 2001

<u>Borrower:</u> Michigan Place LLC c/o Shorebank Development Corporation, Chicago 5100 West Harrison Chicago, Illinois 60644	<u>Lender:</u> Bank One, NA 200 South Wacker Drive Chicago, Illinois 60606
<u>Property:</u> Common address: 3109-61 South Michigan Avenue, 3118-26 South Indiana Avenue, 3130 South Indiana Avenue, 3140-42 South Indiana Avenue and 3148-60 South Indiana Avenue, City of Chicago, Cook County, Illinois P.I.N. Nos.: Please refer to Exhibit A attached hereto and made a part hereof	
<u>Prepared by:</u> Creighton R. Meland Baker & McKenzie One Prudential Plaza 130 East Randolph Drive Chicago, IL 60601	<u>When recorded, please return to:</u> Creighton R. Meland Baker & McKenzie One Prudential Plaza 130 East Randolph Drive Chicago, IL 60601

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BOX 333-CTI

## SUBORDINATION AGREEMENT

THIS AGREEMENT, dated as of January 30, 2001 by and among Bank One, NA, a national banking association, whose address is 200 South Wacker Drive, Chicago, Illinois 60606 (herein called the "Mortgagee"), Shorebank Development Corporation, Chicago, a Delaware corporation having an address of 5100 West Harrison, Chicago, Illinois 60644 ("Shorebank Development"), and Michigan Place LLC, an Illinois limited liability company having an address of 5100 West Harrison, Chicago, Illinois 60644 (the "Borrower").

### WITNESSETH:

WHEREAS, the Borrower and Shorebank Development are entering into this Agreement to induce the Mortgagee to extend certain additional financial accommodations to the Borrower secured by, among other things, a Mortgage (as hereinafter defined) and including the Borrower's obligations evidenced by a Construction Loan Note, dated as of March 2, 2000, in the original principal amount of \$7,700,000, a Letter of Credit Note, dated as of March 2, 2000, in the original principal amount of \$265,735, and a Term Note, dated as of March 2, 2000, in the original principal amount of \$3,500,000 each payable by the Borrower to the order of the Bank (said notes, together with all other notes and other evidences of indebtedness owing by the Borrower to the Mortgagee, whether now existing or hereafter arising, together with all amendments, extensions and modifications and supplements thereto are collectively hereinafter referred to as the "Notes" and each individually a "Note"), which Notes have been issued pursuant to that certain Construction Loan Agreement, dated as of March 2, 2000, by and between the Borrower and the Mortgagee (as amended, extended, modified or supplemented from time to time, the "Construction Loan Agreement") and which are secured by, without limitation, a Leasehold Mortgage, Security Agreement, Assignment of Rents and Fixture Filing, dated as of March 2, 2000 (as amended, extended, modified or supplemented from time to time, herein called the "Mortgage") from the Borrower to the Mortgagee, encumbering property located in the City of Chicago, Cook County, Illinois and more specifically described on attached Exhibit A (the "Premises"); the land constituting the Premises and the improvements to be constructed thereon are sometimes hereinafter referred to as the "Project";

WHEREAS, Shorebank Development and Borrower have entered into various agreements and instruments related to the marketing, development, management and construction of the Project being collectively hereinafter referred to as the "Construction and Development Documents");

NOW, THEREFORE, the parties agree as follows:

1. Subordination The interest of Shorebank Development under the Construction and Development Documents in payment of sums existing or accrued on or after the date hereof up to \$250,000 (the "Subordinated Amount") shall at all times be subject and subordinate in each and every respect to the Mortgage, the Notes and all other agreements and undertakings securing the Notes that affect the Premises (collectively hereinafter referred to as the "Loan Documents") and

to any and all increases, renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Loan Documents and to any future mortgage or mortgages affecting the Premises held by the Mortgagee in whatsoever form. Except as expressly permitted herein, to the extent of the Subordinated Amount, Shorebank Development shall not receive any payments or fees of any nature, expense reimbursements, or other remuneration under the Construction and Development Documents. To the extent of the Subordinated Amount, Shorebank Development shall not take any action to enforce the provisions of the Construction and Development Documents against the Borrower to the extent of the Subordinated Amount unless and until all obligations of the Borrower and all commitments to lend thereunder terminated.

2. Notice of Default The Borrower agrees to give prompt written notice to the Mortgagee of any material default by Shorebank Development in the performance of Shorebank Development's obligations under the Construction and Development Documents. It is further agreed that such notice will be given to any successor holder of the Mortgage, provided that prior to any such default by Shorebank Development such successor in interest shall have given written notice to the Borrower of its acquisition of the Mortgagee's interest therein and designated the address to which such notice is to be directed. Nothing contained in this Section 2 shall be construed to create in favor of Shorebank Development or Borrower any greater or lesser rights than they would otherwise have under the Construction and Development Documents, it being the intention that such provisions are agreed to for the benefit of Mortgagee.

3. Foreclosure Subject to any express right provided herein to the contrary and provided that Shorebank Development has received payments for work to date, if any interest in the Premises shall be transferred by reason of foreclosure, deed in lieu of foreclosure or other proceedings for the enforcement of the Mortgage, the Mortgagee shall have no obligation to any party hereto under the Construction and Development Documents and such transfer shall be made free and clear of any interest in the Construction and Development Documents, it being acknowledged by the parties hereto that the Construction and Development Documents are contracts for services between Shorebank Development and the Borrower and shall not create any interest in land in favor of any party thereto.

4. Modifications The terms of this Agreement, the subordination effected hereby, and the rights and the obligations of each party hereto shall not be affected, modified, or impaired in any manner or to any extent by: (i) any amendment, modification or supplement to the Loan Documents or the Construction and Development Documents, (ii) the validity or enforceability of any such documents, or (iii) any exercise or non-exercise of any right, power or remedy under or in respect of the Loan Documents.

5. Representations and Warranties The Borrower and Shorebank Development each represent and warrant to the Mortgagee that:

- (a) The execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate or limited liability company action and will not require any consent or approval of its shareholders or members, as applicable, violate in any material respect any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it or constitute a default under any indenture or loan or credit agreement or any other

agreement, lease or instrument to which the Borrower or Shorebank Development is a party or by which it or its properties may be bound or affected; and

(b) No consent, approval or authorization of or declaration or filing with any governmental authority or any non-governmental person or entity, including, without limitation, any creditor or partner of the Borrower or Shorebank Development or any court of competent jurisdiction, is required on the part of any of the Borrower or Shorebank Development in connection with the execution, delivery and performance of this Agreement and such execution, delivery and performance will not violate the terms of any contract or agreement to which the Borrower or Shorebank Development is a party.

6. Third Party Beneficiary The provisions of this Agreement are solely for the purpose of defining the relative rights of the parties hereto and shall not be deemed to create any rights or priorities in any other person not a party hereto.

7. Notices Any notice required or permitted to be given under this Agreement shall be deemed given when personally delivered, one day after dispatch by Federal Express or other reputable overnight courier or three days after deposit in the United States mail, postage prepaid, by certified or registered mail, in each case properly addressed to the party to whom such notice is to be given at the address for each party first above listed.

8. Entire Agreement; Severability This Agreement embodies the entire agreement and understanding among the parties hereto as to the subject matter contained herein and supersedes all prior understandings related to the subject matter hereof. In case any one or more of the obligations of any party under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations shall not in any way be affected or impaired thereby, and such invalidity, illegality or enforceability in one jurisdiction shall not affect the validity, legality or enforceability of all other obligations under this Agreement in any other jurisdiction.

9. Further Assurances The parties hereto agree to execute and deliver all such other instruments and take all such other action as any party hereto reasonably may request in order to effectuate the provisions and purposes of this Agreement.

10. Amendments This Agreement may be amended only by a written instrument signed by the party against whom enforcement is sought. No waiver of any term or provision of this Agreement shall be effective unless it is in writing and signed by the party against whom such waiver is sought to be enforced.

11. Waiver of Jury Trial EACH PARTY HERETO, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY RELATED INSTRUMENT OR AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS

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OF ANY OF THEM. NO PARTY HERETO SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY THE PARTIES HERETO EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ALL SUCH PARTIES.

12. Miscellaneous This Agreement may be signed in one or more counterparts all of which, taken together, shall constitute one and the same instrument. One or more counterparts of this Agreement may be delivered by facsimile, with the intention that such delivery shall have the same effect as delivery of an original counterpart thereof. This Agreement shall be governed by and subject to the internal laws of the State of Illinois.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto on the day and year first above written.

Bank One, NA

By: William B. Clark  
Its: Assistant Vice President

Michigan Place LLC

By: Shorebank Development Corporation,  
Chicago, its managing member

By: [Signature]  
Its: VP

Shorebank Development Corporation, Chicago

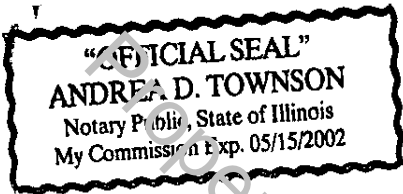
By: [Signature]  
Its: VP

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STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF )

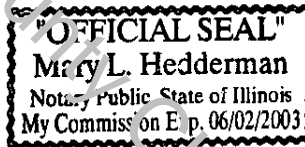
The foregoing instrument was acknowledged before me on this 6<sup>th</sup> day of February, 2001, by Allison B. Clark, the Asst. VP of Bank One, NA on behalf of the said banking association.



*Andrea D. Townson*  
Andrea D. Townson  
Notary Public - Cook County Illinois

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF Cook )

The foregoing instrument was acknowledged before me on this 15<sup>th</sup> day of February, 2001, by Timothy P. Hansen, the Vice President of Shorebank Development Corporation, Chicago on behalf of the said corporation.



STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF Cook )

The foregoing instrument was acknowledged before me on this 15<sup>th</sup> day of February, 2001, by Timothy P. Hansen, the Vice - President of Shorebank Development Corporation, Chicago, the managing member of Michigan Place LLC.

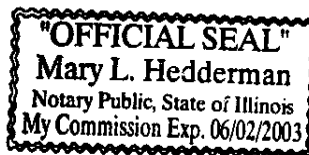




EXHIBIT A

Legal Description

LOTS 10, 11, 13 TO 22, SOUTH 6 INCHES OF LOT 27, LOTS 29, 30, 31, 34 TO 39, 41 TO 50 ALSO LOTS 1, 2 AND 3 IN THE SUBDIVISION OF LOTS 23, 26 AND 27 (EXCEPT THE SOUTH 6 INCHES OF LOT 27), ALL IN BLOCK 1 IN CHARLES WALKER'S SUBDIVISION OF THAT PART NORTH OF THE SOUTH 60 ACRES OF THE WEST ½ OF THE NORTHWEST ¼ OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

AND ALSO

ALL THOSE PORTIONS OF THE ALLEY LYING BETWEEN THE LOTS HEREIN DESCRIBED WHICH ARE HEREINAFTER VACATED BY THE CITY AND ACQUIRED BY LESSOR.

ADDRESS OF PROPERTY: Vacant Land Bounded by Michigan Avenue on the West, 3<sup>rd</sup> Street on the South, Indiana Avenue on the East and Lots 7 and 12 in Block 1 in Charles Walker's Subdivision on the North.

PINs: 17-34-102-002	17-34-102-024
17-34-102-003	17-34-102-025
17-34-102-004	17-34-102-026
17-34-102-005	17-34-102-030
17-34-102-006	17-34-102-031
17-34-102-008	17-34-102-033
17-34-102-009	17-34-102-035
17-34-102-010	17-34-102-036
17-34-102-011	17-34-102-037
17-34-102-012	17-34-102-038
17-34-102-013	17-34-102-039
17-34-102-014	17-34-102-040
17-34-102-015	17-34-102-041
17-34-102-018	17-34-102-042
17-34-102-022	17-34-102-043
17-34-102-023	17-34-102-044