

THIS DOCUMENT PREPARED BY AND
AFTER RECORDING TO BE RETURNED
TO:



Matthew B. Brotschul
Wildman, Harrold, Allen & Dixon
225 West Wacker Drive
Suite 2800
Chicago, Illinois 60606



Property

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT ("Agreement") made as of April 18, 2002, by and between Albany Bank and Trust Company, N.A., a national banking association, whose address is 3400 West Lawrence Avenue, Chicago, Illinois 60625 (the "Senior Mortgagee"), and Barry Ray, on behalf of (i) Barry M. Ray; (ii) the Barbara Katz Uzan Trust, by Barry M. Ray, not individually but solely as Trustee; (iii) the Ely Katz Trust by Barry M. Ray, not individually but solely as Trustee; (iv) the Stuart Katz Trust, by Barry M. Ray, not individually but solely as Trustee; (v) the Jordan Ray Minority Trust, by Barry M. Ray, not individually but solely as Trustee; (vi) the Joshua Ray Minority Trust, by Barry M. Ray, not individually but solely as Trustee; (vii) the Amy Ray Minority Trust, by Barry M. Ray, not individually but solely as Trustee; (viii) the Sharon Ray Minority Trust, by Barry M. Ray, not individually but solely as Trustee; (ix) the Elemelach Ray Minority Trust, by Barry M. Ray, not individually but solely as Trustee; (x) the Chaim Ray Minority Trust, by Barry M. Ray, not individually but solely as Trustee; (xi) the Devorah Ray Minority Trust, by Barry M. Ray, not individually but solely as Trustee; (xii) the Malka Ray Minority Trust, by Barry M. Ray, not individually but solely as Trustee; and (xiii) the Nechama M. Ray Minority Trust, by Barry M. Ray, not individually but solely as Trustee, whose address is BMR Investments, 5454 West Fargo Avenue, Skokie, IL 60077 (collectively, the "Subordinate Mortgagee").

WITNESSETH:

WHEREAS, the Senior Mortgagee and LaSalle Bank National Association, not personally, but solely as Trustee under a Trust Agreement, dated March 8, 1982, and known as Trust No. 391878 (the "Mortgagor"), have entered into that certain Mortgage and Assignment of Leases and Rents, dated as of March ____, 2002 (the "Senior Mortgage"), encumbering the property commonly known as 6840 West Touhy Avenue, Niles, Illinois 60714 and legally described in Exhibit A attached hereto and

LAW TITLE

made a part hereof (the "Mortgaged Premises") to secure certain loans (collectively, the "Senior Loan") to affiliates of the Mortgagor; and

WHEREAS, in connection with the Senior Loan, there has also been executed and delivered to the Senior Mortgagee the following: Collateral Assignment of Rents and Leases, by LaSalle Bank National Association, not personally, but solely as Trustee under a Trust Agreement dated March 8, 1982 and known as Trust No. 39178, 10-39718-09 and Senior Mortgagee; Collateral Assignment of Rents and Leases, by Krayz Leasing, Inc. and Senior Mortgagee; and Collateral Assignment of Rents and Leases, by Forest villa, Ltd. and Senior Mortgagee (collectively and together with the Senior Mortgage, hereinafter individually and collectively referred to as the "Senior Collateral Documents"); and

WHEREAS, the Subordinate Mortgagee and the Mortgagor have entered into that certain Mortgage, dated as of April 19, 2002 (the "Subordinate Mortgage"), encumbering the Mortgaged Premises to secure certain indebtedness (collectively, the "Subordinate Loan") due from affiliates of the Mortgagor, as evidenced by that certain Mortgage Note, dated for reference purposes only as of February 22, 2002, in favor of the Subordinate Mortgagee (the "Subordinate Loan Note"); and

WHEREAS, the Senior Mortgagee and the Subordinate Mortgagee have agreed to subordinate the Subordinate Mortgage with respect to the Senior Collateral Documents and place certain financial limitations on the Senior Collateral Documents pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Subordinate Mortgagee and the Senior Mortgagee hereby agree as follows:

1. The Subordinate Mortgage and any other document encumbering the Mortgaged Premises and securing the Subordinate Loan (together with any extensions, modifications, substitutions and consolidations thereof, being hereinafter collectively referred to as the "Subordinate Loan Documents") are hereby subordinate in lien and in payment to the lien and payment of the Senior Collateral Documents and all advances made thereunder. All of the terms, covenants and conditions of the Subordinate Loan Documents are hereby subordinated to all of the terms, covenants and conditions of the Senior Collateral Documents. Furthermore, Senior Mortgagee and Subordinate Mortgagee agree that upon foreclosure of the Senior Mortgage and sale of the Mortgaged Premises, Senior Mortgagee is entitled to proceeds equaling: (i) up to Two Million Dollars (\$2,000,000.00) for any then unpaid principal under the Senior Loan, (ii) any then accrued interest under the Senior Loan, (iii) any protective advances made by Senior Mortgagee, and (iv) any and all enforcement costs incurred by Senior Mortgagee.

2. All future advances to protect the security for the Senior Loan made after occurrence of a default under the Senior Collateral Documents shall take precedence and

priority without consent by the Subordinate Mortgagee and without any obligation to give notice of any kind to the Subordinate Mortgagee.

3. Without limiting the foregoing, the Subordinate Mortgagee agrees that all rights of the Subordinate Mortgagee under the Subordinate Mortgage or under the Subordinate Loan Documents in and to be Mortgaged Premises and the proceeds thereof (including assignments of leases and rents, issues and profits and the rights with respect to insurance proceeds and condemnation awards) shall be expressly subject and subordinate to the rights of the Senior Collateral Documents.

4. The Subordinate Mortgagee represents and warrants that (a) it is now the owner and holder of the Subordinate Mortgage, (b) the Subordinate Mortgage is now in full force and effect, (c) the Subordinate Mortgage has not been modified or amended, (d) the Mortgagee is not in default in the observance and/or performance of any of the obligations thereunder required to be observed and performed by the Mortgagee, (e) no event has occurred, which, with the passing of time or giving of notice or both would constitute a default thereunder, and (f) all payments due thereon to and including the date hereof have been paid in full.

5. The Senior Mortgagee represents and warrants that (a) it is now the owner and holder of the Senior Collateral Documents, (b) the Senior Collateral Documents are now in full force and effect, (c) the Senior Collateral Documents have not been modified or amended, (d) the Mortgagee is not in default in the observance and/or performance of any of the obligations thereunder required to be observed and performed by the Mortgagee, (e) no event has occurred, which, with the passing of time or the giving of notice or both would constitute a default thereunder, and (f) no scheduled monthly payments under the Subordinate Note have been prepaid.

6. The Subordinate Mortgagee hereby agrees that so long as any sum shall remain outstanding on the Senior Loan:

(a) The Subordinate Mortgagee shall simultaneously send to the Senior Mortgagee full and descriptive written notice of all defaults. Notice under the Subordinate Mortgage shall not be deemed effective until such notice has been received by the Senior Mortgagee.

(b) In the event the Senior Mortgagee shall, in accordance with the terms and conditions of the Senior Mortgage, release, for the purposes of restoration of all or any part of the improvements on or within the Mortgaged Premises, its right to the proceeds under policies of insurance thereon, and/or its right to any awards or to other compensation made for any damages or losses by reason of a taking in eminent domain, the Subordinate Mortgagee shall release all of its right, if any, to such insurance proceeds, awards or compensation and the Subordinate Mortgagee agrees that the balance, if any, of such proceeds remaining after such restoration shall be applied to the reduction of principal under the Senior Mortgage;

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(c) The Subordinate Mortgagee hereby waives any and all rights it may acquire by subrogation or otherwise to any lien, right or other interest in the Mortgaged Premises, prior in right to the Senior Mortgage;

(d) The Subordinate Mortgagee shall not pledge, assign, hypothecate, transfer, convey or sell the Subordinate Mortgage or any interest in the Subordinate Mortgage unless the assignee executes a Subordination and Intercreditor Agreement in the same form as this Agreement;

(e) As to all leases now or hereafter in effect with respect to the Mortgaged Premises, the Subordinate Mortgagee agrees to approve all leases which are approved by the Senior Mortgagee. The Subordinate Mortgagee shall also enter into recognition and non-disturbance agreements with any tenants to whom the Senior Mortgagee has granted recognition and non-disturbance, on the same terms and conditions given by the Senior Mortgagee;

(f) The Subordinate Mortgagee hereby waives any equitable right in respect of marshalling it might have, in connection with any release of all or any portion of the Mortgaged Premises by the Senior Mortgagee under the Senior Mortgage, to require the separate sales of any portion of the Mortgaged Premises or to require the Senior Mortgagee to exhaust its remedies against any portion of the Mortgaged Premises, or any other collateral, or to require the Senior Mortgagee to proceed against any portion of the Mortgaged Premises or any other collateral, before proceeding against any other portion of the Mortgaged Premises and further, in the event of any foreclosure, the Subordinate Mortgagee hereby expressly consents to and authorizes, at the option of the Senior Mortgagee, the sale, either separately or together, of all or any portion of the Mortgaged Premises;

(g) The Subordinate Mortgagee shall not collect payments for the purpose of escrowing taxes, assessments or other charges imposed on the Mortgaged Premises or insurance premiums due on the insurance policies required under the Senior Mortgage or the Subordinate Mortgage if the Senior Mortgagee is collecting payments for such purposes; provided, however, the Subordinate Mortgagee may collect payments for such purposes if the Senior Mortgagee is not collecting the same, provided such payment shall be held in trust by the Subordinate Mortgagee to be applied only for such purposes;

(h) To the extent any payment under the Senior Loan Documents (whether by or on behalf of the Mortgagor, as proceeds of security or enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Loan or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred; and

(i) The Subordinate Mortgagee agrees that it shall receive payments under the Subordinate Loan Note in strict accordance with the terms of the Subordinate Loan Note and it shall not accept any prepayments of any amounts under the Subordinate Loan Note so long as the Senior Loan is outstanding.

7. The Senior Mortgagee shall simultaneously send to the Subordinate Mortgagee written notice of all defaults and intention to exercise its remedies under the Senior Collateral Documents.

8. The Senior Mortgagee hereby consents to the placing of the Subordinate Mortgage on the Mortgaged Premises subject to the terms of this Agreement. This consent is limited to the Subordinate Mortgage described above and shall not be deemed to (a) be a consent to any future encumbrances or to any increase of the principal amount of or the monthly debt service of the Subordinate Mortgage, (b) be a waiver of the limitation on further encumbrances contained in the Senior Mortgage, (c) be a consent to or waiver of any other term or condition of the Senior Mortgage, or (d) prejudice any right or rights which the Senior Mortgagee may now or in the future have under or in connection with the Senior Mortgage.

9. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

10. Each party hereto acknowledges that to the extent that no adequate remedy at law exists for breach of its obligations under this Agreement, in the event either party fails to comply with its obligations hereunder, the other party shall have the right to obtain specific performance of the obligations of such defaulting party, injunctive relief or such other equitable relief as may be available.

11. Any notice to be given under this Agreement shall be in writing and shall be deemed to be given when received by the party to whom it is addressed. Notices shall be sent by registered mail, hand delivery or by special courier (in each case, return receipt requested). Notices to the other party hereto shall be sent to the address first set forth herein or such other address or addresses as shall be designated by such party in a written notice to the other parties.

12. This Agreement may be executed in two or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

13. No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against a party against whom the enforcement of such amendment, supplement, modification, waiver or termination would be asserted, unless such amendment, supplement, modification, waiver or termination was made in a writing signed by such party.

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14. In case any provision contained in this Agreement shall be unenforceable, the enforceability of the remaining provisions shall not be impaired thereby.

15. This Agreement shall be construed in accordance with and governed by the laws of the State of Illinois.

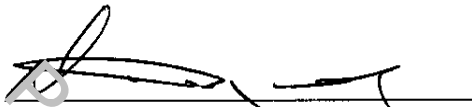
16. This Agreement shall bind and inure to the benefit of the Senior Mortgagee and the Subordinate Mortgagee and their respective successors, permitted transferees and assigns.

[SIGNATURES ON FOLLOWING PAGE]

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

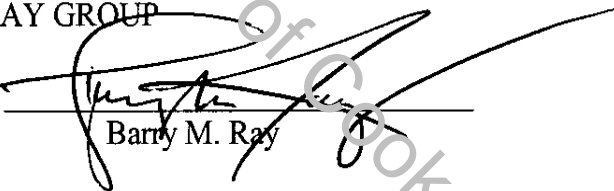
SENIOR MORTGAGEE:

ALBANY BANK AND TRUST COMPANY, N.A.

By: 
Its: SENIOR VICE PRESIDENT

SUBORDINATE MORTGAGEE:

THE RAY GROUP

By: 
Barry M. Ray

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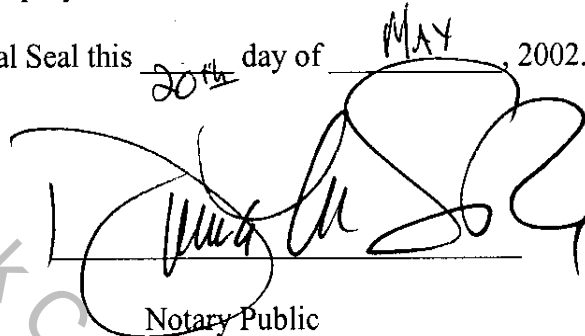
ACKNOWLEDGEMENT

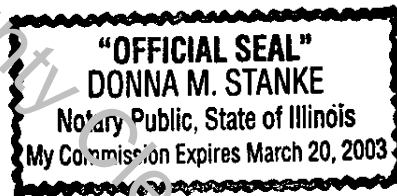
State of IL)
) SS
County of COOK)

I, DONNA STANKE, a Notary Public in and for said County and the State aforesaid, do hereby certify that DAVID KAUFORD, of ALBANY BANK AND TRUST COMPANY, N.A., who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such, appeared before me this day in person and severally acknowledged that (s)he signed, sealed, and delivered the said instrument of writing as his free and voluntary act, and as the free and voluntary act for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 20th day of MAY 2002.

SEAL


Notary Public



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CONSENT

The undersigned, as owner of the Mortgaged Premises and Mortgagee as described in the foregoing instrument to which this Consent is attached and made a part thereof, hereby consents to the terms and conditions stated in said statement.

MORTGAGEE:

LASALLE BANK NATIONAL ASSOCIATION,
NOT PERSONALLY BUT SOLELY AS TRUSTEE
UNDER A TRUST AGREEMENT, DATED MARCH 8,
1982 AND KNOWN AS TRUST NO. 391818-10-39718-09

By:

Trust Officer

This instrument is executed by the undersigned Land Trustee, not personally but solely as Trustee in the exercise of the power and authority conferred upon and vested in it as such Trustee. It is expressly understood and agreed that all the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee are undertaken by it solely in its capacity as Trustee and are not personal. No personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Trustee on account of any warranty, indemnity, representation, covenant, undertaking or agreement of the Trustee in this instrument.

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EXHIBIT A

LEGAL DESCRIPTION

THAT PART OF LOT 5 LYING SOUTH WESTERLY OF A LINE DESCRIBED AS BEGINNING 140 FEET SOUTH OF THE NORTH WEST CORNER OF SAID LOT 5 AND RUNNING SOUTH EASTERLY TO A POINT IN THE SOUTHERLY LINE OF SAID LOT, 350.15 FEET EASTERLY OF THE INTERSECTION OF THE SOUTHERLY LINE PRODUCED WESTERLY TO THE WEST LINE OF SAID LOT 5, IN THE CIRCUIT COURT PARTITION OF LOT 2 IN THE WILLIAM WEST AND OTHERS' SUBDIVISION OF PART OF LOT 1 AND LOT 18 OF THE ASSESSOR'S DIVISION OF THE SOUTH WEST 1/4 OF SECTION 30 AND LOT 8 OF THE ASSESSOR'S DIVISION OF JANE MIRANDA'S RESERVE, ALSO LOT 11 OF THE ASSESSOR'S DIVISION OF THE SOUTH WEST 1/4 OF SECTION 30, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

AND ALSO: THAT PART LYING NORTH OF TOUHY AVENUE AND LYING WESTERLY OF A LINE DESCRIBED AS BEGINNING AT A POINT IN THE NORTHERLY LINE OF HEREINAFTER DESCRIBED LOT 14, 350.15 FEET EASTERLY OF THE INTERSECTION OF SAID NORTHERLY LINE PRODUCED WESTERLY TO THE WESTERLY LINE OF LOT 5, IN CIRCUIT COURT COMMISSIONER'S SUBDIVISION OF LOT 2 IN HEREINAFTER DESCRIBED WILLIAM WEST AND OTHERS SUBDIVISION; THENCE SOUTHERLY IN A STRAIGHT LINE FORMING AN ANGLE OF 90 DEGREES 14 MINUTES WITH SAID NORTHERLY LINE OF SAID LOT 14 (TURNED EAST TO SOUTHERLY) OF THE FOLLOWING DESCRIBED LAND TAKEN AS A TRACT, TO WIT: LOT 9 (EXCEPT THE WESTERLY 25 FEET THEREOF), ALL OF LOTS 10, 11, 12, 13, AND 14 IN WILLIAM WEST AND OTHERS SUBDIVISION OF PART OF LOTS 1 AND LOT 18 IN THE ASSESSOR'S DIVISION OF THE SOUTH WEST FRACTIONAL 1/4 OF SECTION 30 AND LOT 8 IN JANE MIRANDA'S RESERVATION IN SECTION 30, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT FROM SAID PREMISES THAT PART FALLING IN TOUHY AVENUE AND SCHOOL STREET), ALL IN COOK COUNTY, ILLINOIS. ✓

STREET ADDRESS:

6840 Touhy Avenue, Niles, Illinois 60714 ✓

P.I.N.:

10-30-317-044 and 10-30-317-030 ✓

AFTER RECORDING MAIL TO:

Matthew B. Brotschul
Wildman, Harrold, Allen & Dixon
225 West Wacker Drive, Suite 2800
Chicago, Illinois 60606