



Property of Cook County Clerk's Office

This document prepared by and after recording return to:
William A. Nyberg, Esq.
Assistant Corporation Counsel
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

**ACRE DEVELOPMENT, LLC
REDEVELOPMENT AGREEMENT DATED AS OF JUNE 29, 2004
SUBORDINATION AGREEMENT**

This Subordination Agreement ("**Agreement**") is made and entered into as of the 29th day of June, 2004 between the City of Chicago, by and through its Department of Planning and Development (the "**City**"), and Banco Popular North America (the "**Lender**").

RECITALS:

WHEREAS, Acre Development, LLC, an Illinois limited liability company (the "**Developer**") presently owns lots 49-60 located generally at 3434-3466 S. Halsted Street (collectively, the "**Property**"); and

WHEREAS, Developer plans to construct a 5-story, mixed-use, retail and residential condominium development on the Property (the "**Project**"); and

WHEREAS, as part of obtaining financing for the Project, Developer has entered into a certain Construction Loan Agreement dated as of June 29, 2004 with Lender under which Lender has agreed to make a loan to Developer in an amount not to exceed \$15,433,000 (the

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"**Loan**"), which Loan is evidenced by a Construction Loan Note dated June 29, 2004 and executed by Developer in favor of Lender (the "**Note**"), and the repayment of the Loan is secured by, among other things, certain liens and encumbrances on the Property and other property of the borrower under the following: (i) Mortgage and Security Agreement dated as of June 29, 2004 and recorded July 1, 2004 as document number 0418341169 made by Developer to the Lender; (ii) Assignment of Leases and Rents dated as of June 29, 2004 and recorded July 1, 2004 as document number 0418341170; and (iii) Security Interest of Lender dated June 29, 2004, and filed July 1, 2004 as document number 0418341171 (all such agreements referred to above and otherwise relating to the Loan are collectively defined herein as the "**Loan Documents**"); and

WHEREAS, Developer has entered into a certain Redevelopment Agreement dated as of June 29, 2004 with the City in order to obtain additional financing for the Project (the "**Redevelopment Agreement**," referred to herein along with various other agreements and documents related thereto as the "**City Agreements**"); and

WHEREAS as provided in the Redevelopment Agreement, Developer will agree to be bound by certain covenants expressly running with the Property, as stated in Sections 8.02, 8.18 and 8.19 of the Redevelopment Agreement (the "**City Encumbrances**"); and

WHEREAS, the City has agreed to enter into the Redevelopment Agreement with Developer, subject, among other things, to: (a) the execution by Developer of the Redevelopment Agreement and the recording thereof as an encumbrance against the Property; and (b) the agreement by Lender to subordinate its respective liens under the Loan Documents to the City Encumbrances;

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, Lender and the City agree as hereinafter set forth:

AGREEMENT:

1. Recitals. The recitals stated above are in integral part of this Agreement and are hereby incorporated into this Agreement by reference and made a part of this Agreement.

2. (a) Subordination. All rights, interests and claims of Lender in the Property provided in the Loan Documents are and will be subject and subordinate to the City Encumbrances. In all other respects, the Redevelopment Agreement will be subject and subordinate to the Loan Documents. Nothing herein, however, is deemed to limit: (i) Lender's right to receive, and Developer's ability to make, payments and prepayments of principal and interest on the Note, or (ii) Lender's right to exercise its rights provided in the Loan Documents except as provided herein.

(b) Lender Succession. If Lender or any wholly-owned subsidiary

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succeeds to Developer's interest in the Property or any portion thereof by the exercise of its remedies under the Loan Documents, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith succeeds to the interest of Developer under the Redevelopment Agreement, then the City hereby agrees to attorn to and recognize such party as the successor in interest to Developer for all purposes under the Redevelopment Agreement so long as such party accepts all of the obligations and liabilities of "Developer" thereunder and certifies in writing (in a form satisfactory to the City) its agreement to abide by all of the remaining executory terms of the Redevelopment Agreement for the Term of the Agreement (as defined in the Redevelopment Agreement): provided, however, that if Lender or any wholly-owned subsidiary of Lender accepts an assignment of Developer's interest under the Redevelopment Agreement, neither the Lender nor any such party will have any liability under the Redevelopment Agreement for any "Event of Default" of Developer thereunder which occurred prior to the time Lender or such other party succeeded to the interest of Developer under the Redevelopment Agreement. However, if Lender or any such party does not expressly accept an assignment of Developer's interest under the Redevelopment Agreement, then Lender or any such party will be bound only by those provisions of the Redevelopment Agreement which are defined in this Agreement as the City Encumbrances.

3. Notice of Default. Lender will use reasonable efforts to give to the City, and the City will use reasonable efforts to give to Lender: (a) copies of any notices of default which either entity may give to Developer with respect to the Project under the Loan Documents or the City Agreements, respectively, and (b) copies of waivers, if any, of Developer's default in connection therewith. Under no circumstances will Developer or any third party be entitled to rely upon the agreements provided for in this Agreement.

4. Waivers. No waiver will be deemed to be made by either the City or Lender of any of their respective rights under this Agreement, unless the same is in writing. Each waiver, if any, will be a waiver only with respect to the specific instance involved and will in no way impair the rights of the City or Lender in any other respect at any other time.

5. Governing Law; Binding Effect. This Agreement will be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws and decisions of the State of Illinois, without regard to its conflict of laws principles, and will be binding upon and inure to the benefit of the respective successors and assigns of the City and Lender.

6. Section Titles; Plurals. The section titles contained in this Agreement are and will be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. The singular form of any word used in this Agreement will include the plural form.

7. Notices. Any notice required hereunder will be in writing and addressed to the party to be notified as follows:

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If to the City: City of Chicago
 Department of Planning and Development
 Attention: Commissioner
 121 North LaSalle Street, Room 1000
 Chicago, Illinois 60602

With a copy to: City of Chicago
 Department of Law
 Attention: Finance and Economic
 Development Division
 121 North LaSalle Street, Room 600
 Chicago, Illinois 60602

If to the Lender: Banco Popular North America
 4000 West North Avenue
 Chicago, Illinois 60639
 Attention: Joe Humpfer

With a copy to: David A. Kallick, Esq.
 Tishler & Wald, Ltd.
 200 South Wacker Drive
 Suite 3000
 Chicago, Illinois 60606

If to Developer: Acre Development, LLC
 c/o Delko Construction Company, Inc.
 4849 N. Milwaukee Avenue, Suite 302
 Chicago, Illinois 60630
 Attn: Demetrios L. Kozonis

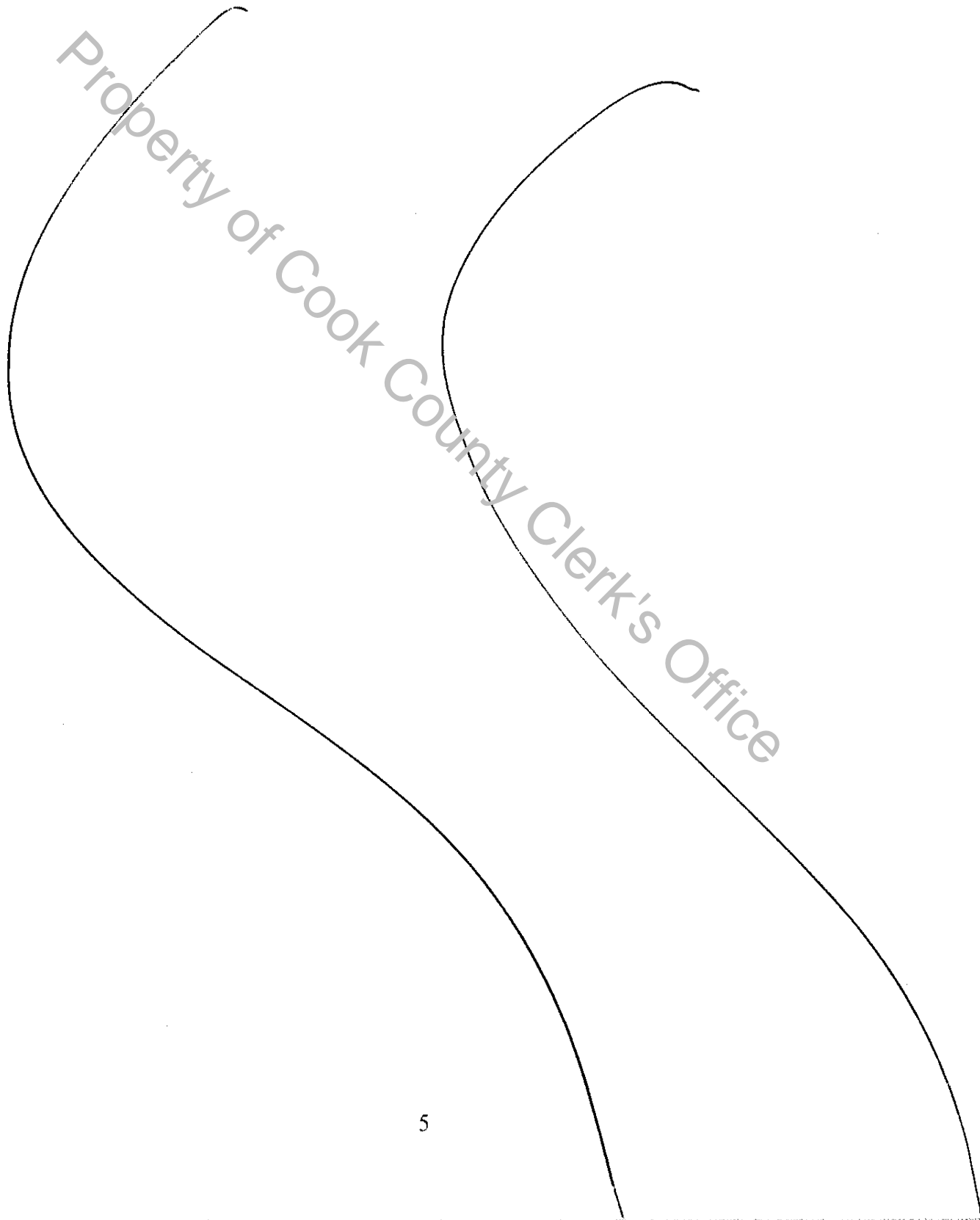
With a copy to: Nandia P. Black, Esq.
 2824 W. Diversey Avenue
 Chicago, IL 60647

or to such other address as either party may designate for itself by notice. Notice will be deemed to have been duly given: (i) if delivered personally or otherwise actually received; (ii) if sent by overnight delivery service; (iii) if mailed by first class United States mail, postage prepaid, registered or certified, with return receipt requested; or (iv) if sent by facsimile with facsimile confirmation of receipt (with duplicate notice sent by United States mail as provided above). Notice mailed as provided in clause (iii) above will be effective upon the expiration of 3 business days after its deposit in the United States mail. Notice given in any other manner described in this section will be effective upon receipt by the addressee thereof; provided, however, that if any notice is tendered to an addressee and delivery thereof is refused by such addressee, such notice will be effective upon such tender.

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8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which, when taken together, will constitute one instrument.

[The remainder of this page is intentionally left blank. The next page is the signature page.]

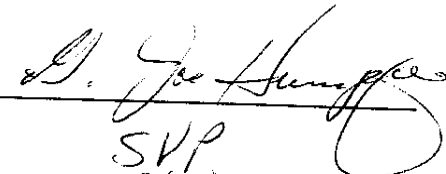


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IN WITNESS WHEREOF, this Subordination Agreement has been signed as of the date first written above.

BANCO POPULAR NORTH AMERICA

By: 
Its: SVP

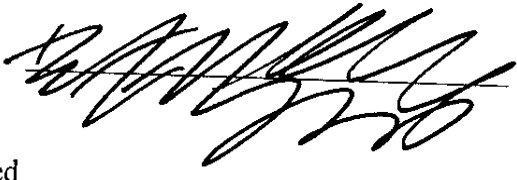
CITY OF CHICAGO

By: 
Its: _____ Commissioner,
Department of Planning and Development

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ACKNOWLEDGED AND AGREED TO THIS
30th DAY OF AUGUST, 2004

Acre Development, LLC, an Illinois limited liability company

By: 

Printed
Name: DEMETRIOS L. KORONIS

Title: MANAGER

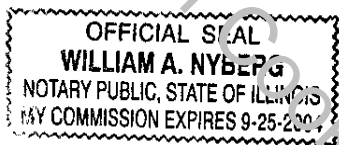
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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the County and State aforesaid, DO
HEREBY CERTIFY THAT Denise M. CASALINO personally known to me to be the

Commissioner of the Department of Planning and Development of the
City of Chicago, Illinois (the "City") and personally known to me to be the same person whose
name is subscribed to the foregoing instrument, appeared before me this day in person and
acknowledged that as such _____ Commissioner, (S)he signed and delivered the
said instrument pursuant to authority, as his/her free and voluntary act, and as the free and
voluntary act and deed of said City, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 10th day of August, 2004.



William A. Nyberg
Notary Public

My Commission Expires: 09/25/2004

(SEAL)

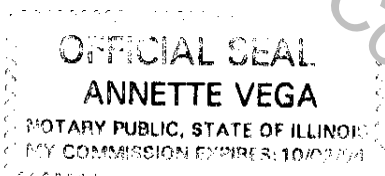
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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Annette Vega, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY THAT Mr. Joe Humpfer personally known to me to be the Se. Vice President of Banco Popular North America, ("Banco Popular") personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by Banco Popular, as his/her free and voluntary act and as the free and voluntary act of Banco Popular, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 10th day of August, 2004.



Annette Vega
Notary Public

My Commission Expires: 10/2/04

(SEAL)

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

LOTS 49 TO 60, BOTH INCLUSIVE, IN BLOCK 4 OF BROWN'S ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE SOUTH 45 ACRES OF THE EAST ½ OF THE NORTHEAST ¼ OF SECTION 32, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Additional information for each lot is as follows:

<u>Common Address</u>	<u>Lot</u>	<u>PIN Number</u>
3434 S. Halsted	49	17-32-227-032
3434 S. Halsted	50	17-32-227-032
Note: Lots 49 and 50 share the same PIN Number		
3440-46 S. Halsted	51	17-32-227-033
3440-46 S. Halsted	52	17-32-227-034
3440-46 S. Halsted	53	17-32-227-035
3450 S. Halsted	54	17-32-227-036
3452 S. Halsted	55	17-32-227-037
3454 S. Halsted	56	17-32-227-038
3456 S. Halsted	57	17-32-227-039
3458 S. Halsted	58	17-32-227-040
3460-3466 S. Halsted	59	17-32-227-041
3460-3466 S. Halsted	60	17-32-227-042