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Cook County Recorder of Deeds
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This Document Prepared by
and after Recording Return to:

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STR 441721 2 of 2

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STEWART TITLE OF ILLINOIS
2 N. LaSalle Street
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Chicago, IL 60602
312-849-4243

FIRST AMENDMENT TO SUBORDINATION AND INTERCREDITOR AGREEMENT

This **FIRST AMENDMENT TO SUBORDINATION AND INTERCREDITOR AGREEMENT** (this "**First Amendment**") dated August 30, 2005, is entered into by and between **NEW CENTURY BANK**, an Illinois banking corporation (together with its successors and assigns, the "**Senior Lender**") and **THOMAS DIPIAZZA**, and **RICHARD FERRO** (collectively, the "**Subordinated Lender**").

11
ERHS

RECITALS

A. Riverside Homes, LLC, an Illinois limited liability company (the "**Borrower**") is indebted to the Senior Lender as a result of a loan provided by the Senior Lender to Borrower pursuant to that certain Mortgage Note dated December 7, 2004 in the original principal amount of Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000), which Note was amended on April 7, 2005 to increase the principal balance thereof to Two Million Four Hundred Twenty Five Thousand Three Hundred and No/100 Dollars (\$2,425,300.00), and which Note was further amended as of June 28, 2005 to extend the maturity date thereof to August 5, 2005 (collectively, the "**Original Note**"). The Original Note was secured pursuant to that certain Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Financing Statement dated December 7, 2004, and recorded on December 17, 2004 with the Recorder of Deeds of Cook County, Illinois, as document number 0435227053 (the "**Mortgage**") under the terms of which Borrower conveyed to Senior Lender a first mortgage lien on certain real estate legally described as Exhibit A attached hereto and commonly known as 2828 South Lock Street in Chicago, Illinois (the "**Property**"). The Mortgage was amended pursuant to that certain First Amendment to Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Financing Statement dated April 7, 2005.

B. The Subordinated Lender previously made a loan to the Borrower in the original principal amount of One Million and No/100 Dollars (\$1,000,000.00), which loan is evidenced

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by a Subordinated Promissory Note (the "**Subordinated Note**") dated December 7, 2004, payable to the Subordinated Lender. The Subordinated Note is secured by a Mortgage from the Borrower to Subordinated Lender with respect to the Property, which was recorded with the Recorder of Deeds of Cook County, Illinois on December 17, 2004 as document number 0435227054 as re-recorded on August 29, 2005 as document number 0524144000 (the "**Subordinated Mortgage**").

C. Senior Lender, Subordinated Lender and Borrower entered into a Subordination and Intercreditor Agreement dated December 7, 2004 and recorded with the Recorder of Deeds of Cook County, Illinois on December 17, 2004 as document number 0435227055 (the "**Agreement**"). The Agreement allowed the Senior Lender to increase the indebtedness due from the Borrower and contemplated additional financing from the Senior Lender to the Borrower.

D. Borrower has requested that Senior Lender loan to it the sum of Eight Million and No/100 Dollars (\$8,000,000.00) to provide for the construction of thirty-nine (39) single family homes on the Property (the "**Construction Loan**"), consisting of twenty-three (23) townhomes and sixteen (16) two story single family residences (individually a **Home** and collectively, the "**Homes**"). A portion of the Construction Loan will be used to pay to Senior Lender all amounts due to it under the Original Note, and Senior Lender will release the Mortgage as a lien on the Property. Borrower has agreed to execute a new Revolving Mortgage Note in favor of the Lender in the original principal amount of Eight Million and No/100 Dollars (\$8,000,000.00) (the "**Revolving Note**"), which shall be secured by a Construction Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Financing Statement of even date herewith in favor of the Senior Lender (the "**Senior Mortgage**"), under the terms of which Borrower shall convey to Senior Lender a mortgage lien on the Property. Borrower shall also enter into that certain Construction Loan Agreement of even date herewith (the "**Loan Agreement**") to provide for the disbursement of funds in order to construct the Homes. In addition, Borrower has executed certain additional documents in conjunction with the foregoing, and Anthony DeGrazia has executed that certain Guaranty Agreement and Completion Guaranty (the "**Guaranty Agreements**") of even date herewith (the Revolving Note, the Senior Mortgage, the Loan Agreement, the Guaranty Agreements and all other documents executed in conjunction therewith are hereinafter collectively referred to as the "**Senior Loan Documents**").

E. In order for Senior Lender to provide the Construction Loan to the Borrower, Subordinated Lender must subordinate the Subordinated Mortgage to the Senior Mortgage and the other Senior Loan Documents and enter into this First Amendment, all in accord with Section 24 of the Agreement.

F. All capitalized terms used herein and not otherwise specifically defined shall have the meanings set forth in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt, sufficiency and adequacy of which is hereby acknowledged by the Subordinated Lender and the Senior Lender, and in order to induce the Senior Lender to make the Construction Loan to the Borrower pursuant to the Senior Loan Documents and as contemplated by the Agreement, the Subordinated Lender hereby agrees with the Senior Lender as hereinafter set forth.

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1. **Subordination of Existing Mortgage.** The Subordinated Mortgage in favor of the Subordinated Lender is hereby subordinated to the lien of Senior Mortgage and to all of the terms and conditions of the Senior Loan Documents.

2. All other terms and conditions set forth in the Agreement shall remain in full force and effect and execution by the Subordinated Lender hereof shall be an acknowledgment that the Subordinated Mortgage is subordinated to the Senior Mortgage to be recorded in favor of the Senior Lender and all of the other Senior Loan Documents.

3. The Senior Lender and Subordinated Lender each hereby reaffirm each of their Warranties set forth in the Agreement.

4. Section 25 of the Agreement is hereby deleted in its entirety and restated to read as follows:

“25. **Release of Homes from Lien of Mortgage.** Subordinated Lender acknowledges that the proceeds of the Construction Loan shall be used by the Borrower to repay the indebtedness evidenced by the Revolving Note and for the construction of the Project. To facilitate the efficient release of Homes from the lien of the Subordinated Mortgage, Subordinated Lender and Senior Lender each agree to enter into an Escrow Agreement prior to any funding of the Construction Loan by the Senior Lender (the “**Escrow Agreement**”) with Stewart Title Insurance Company or other acceptable escrowee (the “**Escrowee**”). The Escrow Agreement shall require that the Subordinated Lender deposit thirty-nine(39) Partial Release Deeds into escrow with the Escrowee. Subordinated Lender further covenants and agrees to execute any additional documents necessary to effect the release of each Home in accordance with the terms of the Escrow Agreement, and acknowledges that execution of the Escrow Agreement, deposit of the Partial Release Deeds into the escrow, and execution of any other documents required to effect the release of the Homes in accordance with the terms of the Escrow Agreement is a specific inducement for Senior Lender to provide the Construction Loan to the Borrower, and agrees that its refusal to do any of the foregoing could cause irreparable harm to Senior Lender.”

5. **Governing Law; Submission to Jurisdiction.**

(a) THIS FIRST AMENDMENT SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF ILLINOIS AND THE VALIDITY OF THIS FIRST AMENDMENT, ITS CONSTRUCTION, INTERPRETATION AND ENFORCEMENT, AND THE RIGHTS AND OBLIGATION OF PARTIES HEREUNDER, SHALL BE DETERMINED UNDER, GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO CONFLICTS OF LAW OR CHOICE OF LAW PRINCIPLES.

(b) THE PARTIES HERETO AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH OR RELATED TO THIS AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN

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COOK COUNTY, STATE OF ILLINOIS. THE SUBORDINATED LENDER WAIVES ANY RIGHT SUBORDINATED LENDER MAY HAVE TO ASSERT THE DOCTRINE OR FORUM NON CONVENIENS OR TO OBJECT TO SUCH VENUE AND HEREBY CONSENTS TO ANY COURT ORDERED RELIEF. NOTHING CONTAINED IN THIS SECTION SHALL AFFECT THE RIGHT OF THE SENIOR LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF THE SENIOR LENDER TO BRING ANY ACTION OR PROCEEDING AGAINST THE SUBORDINATED LENDER OR SUBORDINATED LENDER'S PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

6. **Jury Trial.** THE SUBORDINATED LENDER AND THE SENIOR LENDER HEREBY IRREVOCABLY AND KNOWINGLY WAIVE (TO THE FULLEST EXTENT PERMITTED BY LAW) ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING (INCLUDING, WITHOUT LIMITATION, ANY COUNTERCLAIM) ARISING OUT OF THIS FIRST AMENDMENT OR TRANSACTIONS RELATED HERETO, INCLUDING, WITHOUT LIMITATION, ANY ACTION OR PROCEEDING (A) TO ENFORCE OR DEFEND ANY RIGHTS UNDER OR IN CONNECTION WITH THIS FIRST AMENDMENT OR ANY INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH, OR (B) ARISING FROM ANY DISPUTE OR CONTROVERSY IN CONNECTION WITH OR RELATED TO THIS FIRST AMENDMENT. THE SENIOR LENDER AND THE SUBORDINATED LENDER AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT A JURY.

7. **Counterparts.** This First Amendment may be executed in any number of counterparts each of which shall be deemed to be an original, but all of which shall together constitute only one Agreement.

8. **Facsimile Signatures.** The parties agree that any signature which may appear only on a facsimile copy shall be deemed an original signature to this First Amendment.

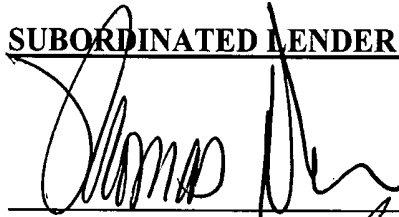
9. **Severability; Construction.** Whenever possible, each provision of this First Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this First Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this First Amendment. The parties hereto have participated jointly in the negotiation and drafting of this First Amendment. If an ambiguity or question of intent or interpretation arises, this First Amendment shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this First Amendment.

[Signature Page Follows]

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IN WITNESS WHEREOF, this First Amendment has been executed as of the date first above written.

SUBORDINATED LENDER:



THOMAS DiPIAZZA



RICHARD FERRO

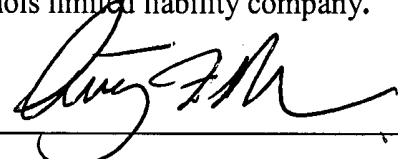
SENIOR LENDER:

NEW CENTURY BANK

By: _____
Its: _____

RIVERSIDE HOMES, LLC, an Illinois limited liability company hereby accepts and acknowledges receipt of a copy of the foregoing First Amendment to Subordination and Intercreditor Agreement this 30 day of August, 2005, represents that the matters that relate to it as set forth in said Subordination and Intercreditor Agreement as amended by this First Amendment are true and correct, agrees to be bound by the terms of the Subordination and Intercreditor Agreement as amended by this First Amendment and agrees that it will not pay any of the "**Subordinated Indebtedness**" (as defined in the Subordination and Intercreditor Agreement) or grant any security therefor, except as the Subordination and Intercreditor Agreement as amended by this First Amendment provides. In the event of a breach by the undersigned of any of the provisions contained in the Subordination and Intercreditor Agreement, as amended by this First Amendment all of the "**Liabilities**" (as defined in the Subordination and Intercreditor Agreement) shall, without presentment, demand, protest or notice of any kind, become immediately due and payable, unless the Senior Lender shall otherwise elect in writing.

RIVERSIDE HOMES, LLC,
an Illinois limited liability company.

By: 
Name: _____

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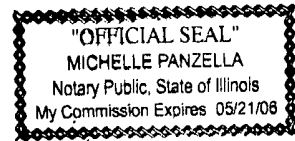
STATE OF ILLINOIS)
)
 COUNTY OF COOK) ss

I, Michelle Panzella a Notary Public in and for said County, in the State aforesaid, do hereby certify that **THOMAS DiPIAZZA**, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such individual, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 30th day of August, 2005.

Michelle Panzella
 NOTARY PUBLIC

(SEAL)



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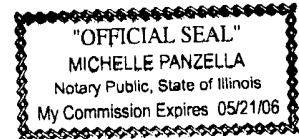
STATE OF ILLINOIS)
)
 COUNTY OF COOK) ss

I, Michelle Panzella a Notary Public in and for said County, in the State aforesaid, do hereby certify that **RICHARD FERRO**, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such individual, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 30th day of August, 2005.

Michelle Panzella
 NOTARY PUBLIC

(SEAL)



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IN WITNESS WHEREOF, this First Amendment has been executed as of the date first above written.

SUBORDINATED LENDER:

THOMAS DiPIAZZA

RICHARD FERRO

SENIOR LENDER:

NEW CENTURY BANK

By: _____

Its: _____

Judith C Johnson
Vice President

RIVERSIDE HOMES, LLC, an Illinois limited liability company hereby accepts and acknowledges receipt of a copy of the foregoing First Amendment to Subordination and Intercreditor Agreement this ___ day of August, 2005, represents that the matters that relate to it as set forth in said Subordination and Intercreditor Agreement as amended by this First Amendment are true and correct, agrees to be bound by the terms of the Subordination and Intercreditor Agreement as amended by this First Amendment and agrees that it will not pay any of the "**Subordinated Indebtedness**" (as defined in the Subordination and Intercreditor Agreement) or grant any security therefor, except as the Subordination and Intercreditor Agreement as amended by this First Amendment provides. In the event of a breach by the undersigned of any of the provisions contained in the Subordination and Intercreditor Agreement, as amended by this First Amendment all of the "**Liabilities**" (as defined in the Subordination and Intercreditor Agreement) shall, without presentment, demand, protest or notice of any kind, become immediately due and payable, unless the Senior Lender shall otherwise elect in writing.

RIVERSIDE HOMES, LLC,
 an Illinois limited liability company.

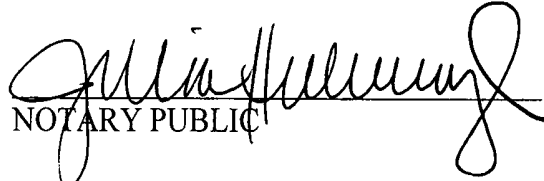
By: _____
 Name: _____

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STATE OF ILLINOIS)
)
 COUNTY OF COOK) ss

I, Julia Hubeny a Notary Public in and for said County, in the State aforesaid, do hereby certify that Judith Johnson, the Vice President of **NEW CENTURY BANK**, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Illinois banking corporation, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said banking corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 29th day of August, 2005.


 NOTARY PUBLIC
 (SEAL)



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STATE OF ILLINOIS)
)
) ss
COUNTY OF COOK)

I, Marie R Rattenbury, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Anthony F. DeGrazia, the Manager of **RIVERSIDE HOMES, LLC.**, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such corporation, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 30 day of August, 2005.



Marie R Rattenbury
NOTARY PUBLIC
(SEAL)

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EXHIBIT A

LEGAL DESCRIPTION

THOSE PARTS OF BLOCKS 16 and 17 LYING NORTHWESTERLY OF THE CHICAGO ALTON AND ST. LOUIS RAILROAD COMPANY, IN CANAL TRUSTEES' SUBDIVISION OF THE SOUTH FRACTION OF SECTION 29, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPTING THAT PART OF BLOCK 16 CONVEYED BY BARNEY MCKINEY AND WIFE TO CITY OF CHICAGO BY DEED DATED MARCH 19, 1877 AND RECORDED APRIL 6, 1877 IN BOOK 727, PAGE 638 AS DOCUMENT 128933) AND LYING SOUTHEASTERLY OF A STRAIGHT LINE (AND A SOUTHWESTERLY PROLONGATION THEREOF) DRAWN FROM A POINT IN THE NORTHEASTERLY LINE OF SAID BLOCK 17 WHICH IS 124.61 FEET SOUTHEASTERLY OF THE NORTH CORNER OF SAID BLOCK 17 TO A POINT IN THE SOUTHWESTERLY LINE OF SAID BLOCK 17 WHICH IS 125.58 FEET SOUTHEASTERLY OF THE WEST CORNER OF SAID BLOCK 17, IN COOK COUNTY, ILLINOIS.

PIN: 17-29-036 309

Common Address: 2828 South Lock Street, Chicago, Illinois

Cook County Clerk's Office