

PREPARED BY AND AFTER
RECORDING, RETURN TO:

MB Financial Bank, N.A.
6111 North River road
Rosemont, Illinois 60018

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this "Agreement") is dated for reference purposes only as of January 22, 2007, and is by and among MB FINANCIAL BANK, N.A., _____ (together with its successors and assigns, the "Senior Lender"), WRI FM INVESTMENTS III LLC, a Washington limited liability company (together with its successors, and assigns, the "Subordinate Lender"), 2100 SOUTH PRAIRIE, LLC, an Illinois limited liability company (the "Borrower").

RECITALS

A. Borrower and the Senior Lender have entered into that certain Construction Loan Agreement dated ~~December 31, 2006~~ (together with all amendments thereto, the "Senior Loan Agreement"), whereby the Senior Lender made a loan to Borrower in the maximum principal amount of \$21,977,500 upon the terms and conditions set forth in the Senior Loan Agreement and evidenced by that certain Mortgage Note dated ~~December 31, 2006~~ in the maximum principal amount of \$21,977,500. (the "Senior Note").

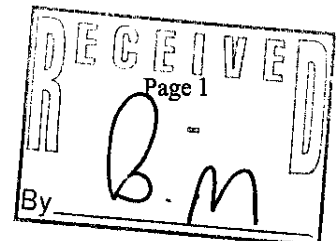
B. The Senior Loan is secured by a lien upon all of the assets of Borrower, including the real property commonly known as 2100 South Prairie Avenue, Chicago, Illinois and legally described on Exhibit A attached hereto and made a part hereof (the "Property").

C. Subordinate Lender has agreed to make a loan to Borrower, guaranteed by Aleksandr Troyanovsky and Gary Levitas, in the original principal amount of \$5,140,000 (the "Subordinate Loan"), secured by, among other documents, a mortgage recorded against the Property concurrently herewith and a security interest in the membership interests of Borrower.

D. Borrower and Subordinate Lender have requested that Senior Lender consent to the making of the Subordinate Loan and the execution and recording of the Subordinate Loan Documents (hereinafter defined). Senior Lender is unwilling to agree to such request unless the rights of the Subordinate Lender under the Subordinate Loan Documents are subordinated to the interests of Senior Lender in the manner provided herein.

NOW, THEREFORE, in consideration of the foregoing, the Senior Lender and the Subordinate Lender hereby covenant and agree as follows:

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ARTICLE 1

DEFINED TERMS

Section 1.01. Definitions.

(a) Incorporation By Reference. The above Recitals are true and correct and are hereby incorporated herein by this reference. All Exhibits and Schedules attached hereto are incorporated herein by reference. All capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to such terms in the Senior Loan Agreement, which definitions are incorporated herein by reference as if fully set forth herein.

(b) Defined Terms. In addition to terms defined in the Recitals and the other provisions of this Agreement, for the purposes of this Agreement, the following terms shall have the following meanings:

"Agreement" means this Subordination and Intercreditor Agreement.

"Bankruptcy Default" a default under the terms of Section 11.1(r) of the Senior Loan Agreement.

"Enforcement Action" means the commencement of the exercise of any remedies against Borrower including, without limitation, the acceleration of the maturity of any liability or obligation of Borrower, the commencement of any litigation or proceeding, including the commencement of any foreclosure proceeding, the exercise of any power of sale, the sale by advertisement, the taking of a deed or assignment in lieu of foreclosure, the obtaining of a receiver, or the taking of any other enforcement action against, or the taking of possession or control of, Borrower, the Property or any other asset of Borrower, including but not limited to exercising any control over insurance or condemnation proceeds or proceeds from the sale of a Condominium Unit or the management of Borrower or the Property, or any other remedies under the Subordinate Loan Documents or at law, but specifically excludes (a) requests and demands made upon Borrower by delivery of notices to Borrower and the cure by the Subordinate Lender of any Event of Default by Borrower under the Senior Loan Documents as provided herein, (b) assertion or enforcement of any right of the Subordinate Lender to receive payment from proceeds of a foreclosure sale of the Property incident to foreclosure of the liens or security interests of the Senior Loan Documents which may remain after payment of costs and expenses of such foreclosure and payment and satisfaction in full of the Senior Indebtedness, and (c) the filing of claims in any Insolvency Proceeding concerning Borrower as may be required to protect and preserve the right of the Subordinate Lender to participate in such Insolvency Proceeding as creditor and to participate in distributions of assets of Borrower in said Insolvency Proceeding with respect to the Subordinate Indebtedness after payment and satisfaction in full of the Senior Indebtedness, but subject in all respects to the rights of the Senior Lender under and as provided in this Agreement and without in any way impairing or affecting the right of the Senior Lender to require performance and observance by the Subordinate Lender of or the obligations of the Subordinate Lender to perform and observe the covenants, undertakings and agreements of the Subordinate Lender under and as provided in this Agreement.

"Equity Collateral" means the membership and management interests and all rights ancillary thereto in Borrower pledged to Subordinate Lender as security for the Subordinate Loan pursuant to the Subordinate Collateral Assignment.

"Equity Enforcement Action" means the assertion or enforcement of any right of Subordinate Lender under the Subordinate Loan Documents or applicable Laws following a Subordinate Default to accelerate the Subordinate Indebtedness and realize on the Equity Collateral, including, without limitation, acquiring the Membership Interests in Borrower (by foreclosure or other realization, including a transfer in lieu of foreclosure) and assuming ownership and control of Borrower.

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"Insolvency Proceeding" means any proceeding under Title 11 of the United States Code (11 U.S.C. Sec. 101 et seq.) or any other insolvency, liquidation, reorganization or other similar proceeding concerning Borrower, any action for the dissolution of Borrower, any proceeding (judicial or otherwise) concerning the application of the assets of Borrower, for the benefit of its creditors, the appointment of or any proceeding seeking the appointment of a trustee, receiver or other similar custodian for all or any substantial part of the assets of Borrower or any other action concerning the adjustment of the debts of Borrower, the cessation of business by Borrower, except following a sale, transfer or other disposition of all or substantially all of the assets of Borrower in a transaction permitted under the Senior Loan Documents.

"Lender" means, generically, the Senior Lender and/or the Subordinate Lender, as applicable based on the context in which such term appears.

"Loans" means, generically, the Senior Loan and/or the Subordinate Loan, as applicable based on the context in which such term appears.

"Loan Documents" means, generically, the Senior Loan Documents and/or the Subordinate Loan Documents, as applicable based on the context in which such term appears.

"Membership Interests" means all of the limited liability company interests in Borrower, including but not limited to all membership and management interests in Borrower.

"Payment in Full" or "Paid in Full" or any similar term(s) with respect to any obligation of Borrower shall mean (a) the payment in full of such liability or obligation of Borrower in cash or cash equivalents acceptable to the payee and the termination of any obligation on the part of the holder of such obligation to make any loans or to afford any other financial accommodation to Borrower; or (b) in the case of any obligation of Borrower consisting of contingent obligations for which the holder of such obligation has a reasonable expectation of a claim being made, the setting apart of cash sufficient to discharge such portion of such obligation in an account for the exclusive benefit of the holder thereof in which account such holder shall be granted a first priority perfected security interest in a manner acceptable to such holder. Payment shall not be deemed to be indefeasible Payment in Full unless such payment shall have been retained by the applicable holder for a period of time in excess of all applicable preference or other similar periods under applicable bankruptcy, insolvency or creditors' rights laws.

"Plan Voting Rights" means, with respect to any Person, the rights of such Person to vote to approve or reject any plan of reorganization in respect of the Borrower in an Insolvency Proceeding.

"Project" means, collectively, the Property and the residential Units and related improvements being developed and constructed thereon by Borrower.

"Property" shall have the meaning provided in Recital B.

"Protective Advances" means all sums advanced for the purpose of payment of real estate taxes (including, without limitation, special payments in lieu of real estate taxes), maintenance costs, insurance premiums or other items (including, without limitation, capital items) reasonably necessary to protect the Project or the Membership Interests, respectively, from forfeiture, casualty, loss or waste.

"Qualified Affiliate Transferee" shall mean (a) Subordinate Lender; (b) an Affiliate of Subordinate Lender which has a net worth (or is a wholly owned subsidiary of Subordinate Lender with keepwell agreements from Subordinate Lender acceptable to Senior Lender and in an amount) equal to or greater than the remaining undisbursed amount under the Subordinate Loan plus any additional amount needed for deposit by such Qualified Affiliate Transferee to satisfy the "in balance" requirement under the Primary Loan Documents at the time of Transfer; or (c) an entity wholly owned by, and whose obligations under this Agreement are guaranteed by, any of the entities described in clauses (a) or (b) above.

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"Qualified Third Party Transferee" shall mean (a) any of the following entities which has a net worth in excess of Three Hundred Million Dollars (\$300,000,000) at the time of Transfer: (A) a federal or state chartered commercial bank or trust company or federal or state chartered savings and loan association or insurance company organized and existing under the laws of the United States, or any state thereof, (B) a foreign bank or a branch office of a foreign bank, (C) a foreign or domestic pension fund, (D) a foundation, college or university, (E) a nationally recognized commercial credit corporation, (F) a domestic real estate investment trust having an investment grade senior debt rating from a nationally recognized rating agency, (G) an investment bank having an investment grade senior debt rating from a nationally recognized rating agency, or (H) an opportunity fund or investment partnership organized and existing under the laws of the United States, or any state thereof; or (b) an entity wholly owned by, and whose obligations under this Agreement are guaranteed by, any of the entities described in clause (a) above.

"Qualified Transferee" shall mean a Qualified Third Party Transferee or a Qualified Affiliate Transferee.

"Senior Default" shall mean an "Event of Default" as defined in the Senior Loan Agreement or any of the Senior Loan Documents.

"Senior Indebtedness" shall mean any and all amounts payable at any time and from time to time to the Senior Lender pursuant to the terms of the Senior Loan Agreement the Senior Note and any of the other Senior Loan Documents.

"Senior Loan" shall have the meaning provided in Recital A.

"Senior Loan Collateral" shall mean any and all of Borrower's property (tangible or intangible) which has been pledged or in which a security interest has been granted to Senior Lender to secure payment and/or performance of Borrower's obligations to Senior Lender.

"Senior Loan Documents" shall mean the "Loan Documents" as defined in the Senior Loan Agreement.

"Senior Mortgage" shall mean that certain Mortgage and Security Agreement dated _____, 20__, Borrower for the benefit of Senior Lender and recorded with the Cook County, Illinois Recorder of Deeds.

"Shared Collateral" shall mean any and all of Borrower's property (tangible or intangible) which has been pledged or in which a security interest has been granted both to Senior Lender and Subordinate Lender to secure payment and/or performance of Borrower's obligations to Senior Lender and/or Subordinate Lender.

"Subordinate Collateral Assignment" means that certain Collateral Assignment of Membership and Management Interests, Distributions, Fees, and Other Assets, made by Borrower and the member of Borrower, in favor of Subordinate Lender, pledging all of the Equity Interests to Subordinate Lender to secure the Subordinate Indebtedness.

"Subordinate Default" shall mean an "Event of Default" as defined in the Subordinate Loan Documents.

"Subordinate Indebtedness" shall mean, collectively, all of the indebtedness, liabilities and obligations of Borrower evidenced by the Subordinate Loan Documents, including interest thereon and any other amounts payable in respect thereof or in connection therewith.

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"Subordinate Loan Documents" shall mean collectively, that certain note in the original principal amount of \$5,140,000 made by Borrower payable to the order of Subordinate Lender, a mortgage granted by Borrower to Subordinate Lender creating a lien upon the Property the Subordinate Collateral Assignment and any and all instruments, documents and agreements now or hereafter creating, evidencing, or securing the Subordinate Indebtedness.

"Subordinate Origination Fee" a fee payable to Subordinate Lender upon the first disbursement of the Subordinate Loan, which fee shall not exceed \$185,000.

"Subordinate Reserve" means proceeds of the Subordinate Loan which are not disbursed to Borrower on the Closing Date and are used solely to pay interest on the Subordinate Loan in accordance with the terms of the Subordinate Loan Documents.

ARTICLE 2

SUBORDINATION; STANDSTILL; PAYMENTS

Section 2.01. Subordination. Irrespective of: (i) the time, order, manner or method of creation, attachment or perfection of the respective security interests, guaranties and/or liens granted to Subordinate Lender or to Senior Lender by Borrower; (ii) the time or manner of the filing of the Subordinate Lender's and Senior Lender's respective mortgages or financing statements; (iii) whether Subordinate Lender or Senior Lender or any bailee or agent thereof hold possession of the Property or any other asset of Borrower; (iv) the dating, execution or delivery of any agreement, document or instrument granting Subordinate Lender or Senior Lender a security interest and/or lien in or on the Property or any other asset of Borrower; (v) the giving or failure to give notice of the acquisition or expected acquisition of any purchase money or other security interests; or (vi) any provision of the UCC or any other applicable law to the contrary, the Subordinate Lender hereby agrees that (A) the Subordinate Indebtedness is and shall be subordinate, to the extent and in the manner hereinafter set forth, to the prior indefeasible Payment in Full of the Senior Indebtedness, and (B) all liens, claims, titles, assignments, security interests, rights and interests of Subordinate Lender created by or arising from the Subordinate Loan Documents are subject and subordinate to the liens, claims, titles, assignments, security interests, rights, and interests of Senior Lender created by or arising from the Senior Loan Documents. Except as specifically provided in Section 2.05 hereof, no payment shall be made by or on behalf of the Borrower for or on account of any Subordinate Indebtedness, and the Subordinate Lender shall not take or receive from Borrower, directly or indirectly, in cash or other property or by setoff or in any other manner, payment of all or any of the Subordinate Indebtedness, unless and until the Senior Indebtedness shall have been Paid in Full. For greater certainty, and not in limitation of the foregoing sentence, except as provided in Section 2.05, Subordinate Lender shall not receive or accept any payments of interest or fees, principal, costs, reimbursements, expenses or other consideration with respect to the Subordinate Indebtedness or any transaction contemplated in the Subordinate Loan Documents, in any form whatsoever, whether in cash or in kind from any person or entity whatsoever, whether or not related to Borrower.

Section 2.02. Standstill; Limitation on Subordinate Lender Rights.

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(a) Notwithstanding Subordinate Lender's rights under applicable Law or any provision of the Subordinate Loan Documents to the contrary (but subject to the rights of Subordinate Lender under Section 2.02(c) of this Agreement), the Subordinate Lender hereby acknowledges and agrees that it shall not (1) accelerate the Subordinate Indebtedness or any portion thereof, or (2) take any Enforcement Action until, in any such case, the earlier of (i) ninety-one days following the Payment in Full of the Senior Indebtedness by Borrower, (ii) the Payment in Full of the Senior Indebtedness by Subordinate Lender, or (iii) the acquisition of the Senior Indebtedness by the Subordinate Lender. Subordinate Lender hereby waives any right it may have to require that the Senior Lender marshal any assets of Borrower in favor of the Subordinate Lender and the Subordinate Lender agrees that it shall not acquire, by subrogation or otherwise, any lien, estate, right or other interest in any of the Property or the proceeds therefrom that is or may be prior to any Senior Loan Document.

(b) Until the earlier of (i) ninety-one days following Payment in Full of the Senior Indebtedness by Borrower, (ii) the Payment in Full of the Senior Indebtedness by Subordinate Lender, or (iii) the acquisition of the Senior Indebtedness by the Subordinate Lender, the Subordinate Lender hereby covenants and agrees that it will not: (1) acquiesce, petition or otherwise invoke or cause any other Person to invoke the process of the United States of America, any state or other political subdivision thereof or any other jurisdiction, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government for the purpose of commencing or sustaining a case against Borrower, under a Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of Borrower or all or any part of its property or assets or ordering the winding-up or liquidation of the affairs of Borrower; (2) have any right to direct Senior Lender to exercise or to object to the manner of exercise by Senior Lender of any exercise of any right, remedy or power with respect to the Property or the other Senior Loan Collateral; or (3) provide any "debtor-in-possession financing" to Borrower unless Senior Lender consents in writing to such financing and all the terms thereof, which consent will not be unreasonably withheld, conditioned, or delayed. If Subordinate Lender violates such covenant then without limiting any other rights or remedies of Senior Lender, any and all liens and payments received by Subordinate Lender on account of such financing shall be received and held by Subordinate Lender in trust, as trustee, for the benefit of Senior Lender. Subordinate Lender shall segregate the payments from other funds and property held by Subordinate Lender and such funds shall be paid over to Senior Lender to be applied to the Senior Indebtedness in the order of priority set forth in the Senior Loan Agreement.

(c) Notwithstanding the foregoing provisions of this Section 2.02, and subject to the conditions set forth in this Section 2.02(c), Senior Lender hereby agrees that following the occurrence of a Subordinate Default for which, or with respect to which, Subordinate Lender desires to exercise an Equity Enforcement Action (a "Triggering Default"), Subordinate Lender shall have the right to exercise its rights and remedies with respect to (and only with respect to) the Equity Collateral, such that following such Equity Enforcement Action, Subordinate Lender or an affiliate of Subordinate Lender, would own the Membership Interests; provided that (1) prior to taking any Equity Enforcement Action, Subordinate Lender shall give Senior Lender not less than ten (10) Business Days prior written notice, and (2) Subordinate Lender shall use commercially reasonable efforts during the pendency of such Equity Enforcement Action and at all times thereafter to contract with a general contractor and a real estate brokerage firm to complete the Project and the sales of Condominium Units with the terms of any general contract, brokerage agreement or other contract relating to the development or sale of the Project to be entered into by or at the direction of Borrower or Subordinate Lender shall be subject to the review and approval of Senior Lender.

Except as expressly set forth in this Section 2.02, Subordinate Lender shall have no right to take any Enforcement Action against Borrower, the Property, the Membership Interests or any other security for the Subordinate Loan prior to the indefeasible Payment in Full of the Senior Indebtedness. The foregoing provision shall not prohibit, prevent, abrogate, limit or otherwise modify Senior Lender's rights to take each and every Enforcement Action available to Senior Lender under the Senior Loan Documents and any other right or remedy available at law or in equity upon the occurrence of a Senior Default. Nothing herein shall

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prevent Subordinate Lender from waiving any Subordinate Default. Notwithstanding any provision of this Agreement or the Senior Loan Documents to the contrary, neither the prosecution by Subordinate Lender of an Equity Enforcement Action in accordance with the requirements of this section 2.02, nor the resulting acquisition by Subordinate Lender or a third party of the Membership Interests in Borrower pursuant thereto, shall constitute a Senior Default.

Borrower and Senior Lender each agree that at any time during the existence of an uncured Triggering Default, Subordinate Lender may elect (but shall not be required) to pay the Senior Loan in Full on behalf of Borrower, with any such payments to be deemed additional advances and accrue interest at the Default Rate (as defined in the Subordinate Loan Documents) under the Subordinate Loan.

Section 2.03. Non-Interference by Subordinate Lender. Subordinate Lender shall not institute any judicial or administrative proceeding against Borrower or the Senior Lender which directly or indirectly would interfere with or delay the exercise by the Senior Lender of its rights and remedies in respect of the Property or any part thereof or under the Senior Loan Documents or this Agreement. Without limiting the generality of the foregoing, in the event of a bankruptcy or insolvency of Borrower, the Subordinate Lender shall not object to or oppose any efforts by the Senior Lender to obtain relief from the automatic stay under Section 362 of the United States Bankruptcy Code or to seek to cause such entity's bankruptcy estate to abandon the Property (or any portion thereof) that is subject to liens created by the Senior Loan Documents. Nothing set forth in this Section 2.03 is intended or shall be construed as in any way limiting Subordinate Lender's right to carry out an Equity Enforcement Action in accordance with Section 2.02(c).

Section 2.04. Voting Rights. The Subordinate Lender hereby absolutely, irrevocably and unconditionally agrees that in connection with any Insolvency Proceeding respecting Borrower, Subordinate Lender will not propose, advocate, vote for, or otherwise support any plan of reorganization or liquidation that (i) includes a cramdown or reduction in the amount of or interest rate applicable to the Senior Indebtedness; (ii) compels the Senior Lender to forbear from collection of the Senior Loan or to extend the proposed term for repayment of the Senior Loan over a period of time that extends beyond the time period set forth in any plan being voted for and/or supported by Senior Lender; (iii) results in payment to Subordinate Lender of amounts owing under the Subordinate Loan prior to payment in full of the Senior Indebtedness in the full amount being claimed by Senior Lender; or (iv) is otherwise inconsistent in any manner with the arrangement set forth in this Subordination Agreement. Additionally, and without limiting the foregoing, Subordinate Lender agrees that it shall not unreasonably delay any Insolvency Proceeding and that Subordinate Lender shall cast any required vote at least 3 days prior to the deadline for such votes on behalf of Subordinate Lender. In any vote cast by Subordinate Lender is inconsistent with the provisions herein, Senior Lender shall have the right to challenge such vote by providing a copy of the Subordination Agreement to the judge and/or trustee in such Insolvency Proceeding and seek specific enforcement of the terms herein to change such vote. Finally, if any Insolvency Proceeding shall result in a distribution to Subordinate Lender and Senior Lender has not received Payment in Full of the Senior Indebtedness in the full amount being Claimed by Senior Lender, Subordinate Lender shall immediately pay over to Senior Lender all such distributions until Senior Lender has been Paid in Full. Nothing herein shall be construed as limiting in any manner, Senior Lender's exclusive right to exercise voting rights with respect to the Senior Loan Documents.

Section 2.05. Payments on Subordinate Indebtedness. Notwithstanding any provision contained herein to the contrary, as long as Senior Lender has not provided Subordinate Lender with written notice that a Senior Default has occurred, or that an event which, with the passage of time or the giving of notice or both, would constitute a Senior Default (a "Potential Senior Default") has occurred, and is continuing under the Senior Loan Documents, the Subordinate Lender may receive and retain any payments or prepayments made under or pursuant to the Subordinate Loan Documents, whether received from Borrower or any guarantor, but in each case only so long as (i) such payments are made from sources other than net sales proceeds or other proceeds of the Project and (ii) the making of such payments does not constitute or cause a violation of the financial covenants in the Senior Loan Documents or any other Senior Default or

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Potential Senior Default. However, after Senior Lender has notified Subordinate Lender of the existence of a Senior Default or Potential Senior Default, Subordinate Lender shall thereafter be prohibited from accepting further payments under the Subordinate Loan until Senior Lender has confirmed that such Senior Default or Potential Senior Default has been cured or fully paid, and any payments tendered to Subordinate Lender during the pendency of such Senior Default or Potential Senior Default shall be transmitted to Senior Lender.

Section 2.06. Distributions Held in Trust. If the Subordinate Lender shall receive any payment, consideration or distributions of any kind or character with respect to the Subordinate Indebtedness from any source whatsoever (other than payments pursuant to Section 2.05) prior to indefeasible Payment in Full of the Senior Indebtedness, the Subordinate Lender shall hold the same in trust, as trustee, for the benefit of the Senior Lender and shall promptly deliver the same to or at the direction of the Senior Lender, for the benefit of the Senior Lender in precisely the form received (except for the endorsement or assignment thereof by such Subordinate Lender without recourse or warranty), it being understood that it is the intention of the parties that until the Senior Indebtedness (without regard to any modifications thereof arising by reason of or in connection with an Insolvency Proceeding) are Paid in Full, and except as otherwise provided in Section 2.05, the Senior Lender shall receive all proceeds relating to any realization upon, distribution in respect of or interest in the Property or any other asset of Borrower as and to the extent set forth in the Senior Loan Documents. In the event the Subordinate Lender fails to make any such endorsement or assignment, the Senior Lender, or any of its officers or employees, is hereby irrevocably authorized to make the same.

Section 2.07. Release of Subordinate Liens. Notwithstanding any provision in the Subordinate Loan Documents to the contrary (and whether or not there shall then exist any default or breach under or with respect to the Subordinate Indebtedness or the Subordinate Loan Documents), with respect to the sale and conveyance of any portion of the Property, including the sale of Condominium Units, Subordinate Lender hereby agrees that each time Senior Lender executes a partial release of any portion of the Property from the lien and encumbrance of the Senior Mortgage, the Subordinate Loan Documents shall be contemporaneously released from such portion of the Property. Subordinate Lender, within 10 days from the closing of the Subordinate Loan or at such later time as may be directed by Senior Lender, shall execute and deliver to the escrow agent anticipated to handle closings of Unit sales ("Escrow Agent") not less than 100 partial releases ("Partial Releases") pursuant to, and subject to the terms of, an Escrow Agreement by and among Senior Lender, Subordinate Lender and Escrow Agent, which escrow agreement shall direct Escrow Agent to attach a legal description to, and record, a partial release of the Subordinate Loan Documents contemporaneously with the recordation of any partial release of the Senior Mortgage, but only in connection with the sale of a Unit to a bona fide third party purchaser. Subordinate Lender shall have 10 days from the closing of the Subordinate Loan to deliver to Escrow Agent the Partial Releases and accompanying Escrow Agreement for the purpose of executing Borrower's intended assignment of the Subordinate Loan Documents and all rights thereunder to WRI Communities Fund I, LLC, a Delaware limited liability company, as further described in Section 6.14 below, so as to reflect the proper name of the Subordinate Lender as it relates to the Partial Releases and Escrow Agreement.

Section 2.08. Certain Actions. Subordinate Lender hereby agrees that in the event that the Subordinate Loan Documents require Borrower to obtain Subordinate Lender's consent or approval as to any matter related to the Property or any other asset of Borrower, if Senior Lender requests such consent or approval in writing, Subordinate Lender shall give or provide such consent or approval promptly, in such form as may be required by the Senior Lender, and such approval or consent shall be required based solely upon such request by Senior Lender whether or not any conditions precedent to such consent or approval as set forth in the Subordinate Loan Documents have been satisfied. Borrower shall not have any rights against Subordinate Lender under this Section.

Section 2.09. Recovery Claims. Should a claim ("Recovery Claim") be made upon Senior Lender at any time for recovery of any amount received by Senior Lender in payment of the Senior Indebtedness

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(whether received from Borrower or otherwise) and should Senior Lender repay all or part of said amount by reason of (i) any judgment, decree, or order of any court or administrative body having jurisdiction over Senior Lender or any of its property; or (ii) any settlement or compromise of any such Recovery Claim effected by Senior Lender with the claimant (including Borrower or Guarantor), then, to the extent such payment(s) and/or proceeds are repaid to Borrower or such other Person, the subordination effected hereby with respect to such obligation of Borrower and Guarantor shall be revived and continued in full force and effect as if such payments and/or proceeds had not been received by Senior Lender and to the extent, if any, that Subordinate Lender shall have received any payment on account of the Subordinate Indebtedness prior to such payment by Senior Lender with respect to such Recovery Claim, Subordinate Lender shall, upon demand by Senior Lender, pay to Senior Lender the amount theretofore paid to Subordinate Lender until the Senior Indebtedness have been indefeasibly Paid in Full.

ARTICLE 3

NOTICE OF DEFAULT; SUBSTITUTE PERFORMANCE CONSENT

Section 3.01. Notice of Default.

(a) Subordinate Lender will provide to Senior Lender a copy of all notices of a Subordinate Default sent by Subordinate Lender to Borrower under any of the Subordinate Loan Documents and such notice(s) shall be sent to the Senior Lender at the same time as they are sent to Borrower, and in the manner provided for in Section 6.01.

(b) Senior Lender will provide to Subordinate Lender a copy of all notices of a Senior Default sent by Senior Lender to Borrower under any of the Senior Loan Documents and such notice(s) shall be sent to the Subordinate Lender at the same time they are sent to Borrower, and in the same manner provided for in Section 6.01. Subordinate Lender may, but shall not be obligated to, cure any such default, pursuant to Section 3.02 below. Failure or delay of Senior Lender to send such notice(s) to the Subordinate Lender shall not affect, limit or restrict Senior Lender's right to exercise any and all remedies under the Senior Loan Documents or applicable law, but, in the event that there is an applicable cure period, then as between Senior Lender and Subordinate Lender, such cure period shall commence upon delivery of such notice of Senior Default to Subordinate Lender.

Section 3.02. Performance by the Subordinate Lender, Waiver of Subrogation. Senior Lender shall accept performance by the Subordinate Lender of any of the obligations of Borrower within the cure period, if any, set forth in the Senior Loan Documents (as the same may be extended (A) by failure or delay by Senior Lender to provide notice of a Senior Default under subsection 3.01(b), or (B) pursuant to Section 3.05, below) as though performed by Borrower. Notwithstanding any such performance by the Subordinate Lender of any such obligations of Borrower, the Subordinate Lender hereby absolutely and irrevocably waives, to the fullest extent permitted by applicable Law, any rights it may have, by contract, at law or in equity, to be subrogated to the Senior Lender's rights against Borrower under the Senior Loan Documents or to the Senior Lender's interests in any of the Property or other asset of Borrower until Payment in Full of the Senior Indebtedness or acquisition of the Senior Indebtedness by the Subordinate Lender until, in any such case, the earlier of (x) ninety-one days following Payment in Full of the Senior Indebtedness or (y) ninety-one days following the acquisition of the Senior Indebtedness by the Subordinate Lender; provided, however, that the Subordinate Lender shall be entitled to be subrogated to the Senior Lender's rights against Borrower under the Senior Loan Documents and to the Senior Lender's security title and security interest in and to the Property with respect to amounts (if any) of the Senior Indebtedness up to the amounts paid by the Subordinate Lender to the Senior Lender pursuant to Section 2.06, only after and to the extent, if any, that the payments received by the Senior Lender from the Borrower and from proceeds of the distributions

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with respect to the Property which have lawfully been applied by the Senior Lender toward payment of the Senior Indebtedness, plus all amounts paid by the Subordinate Lender to the Senior Lender pursuant to Section 2.06, shall exceed the total amounts owing and which have become owing by Borrower to the Senior Lender on and with respect to the Senior Indebtedness.

Section 3.03. Consent by the Subordinate Lender. The Subordinate Lender hereby consents and agrees that any lawful action taken by or on behalf of the Senior Lender in the exercise of the Senior Lender's rights and/or remedies under the Senior Loan Documents (including, without limitation, any foreclosure or acquisition of title to the Property or any part thereof by deed in lieu of foreclosure or otherwise) are hereby deemed to be consented to and approved by the Subordinate Lender in all respects, but only to the extent such action or exercise of remedies is not inconsistent with Senior Lender's obligations to Subordinate Lender under Sections 3.05 or is taken after the delivery of the Purchase Notice provided for in Section 6.11(b) of this Agreement.

Section 3.04. Consent by the Senior Lender. Attached hereto as Schedule 1 is a true, accurate and complete list of all Subordinate Loan Documents in existence on the date hereof. The Senior Lender hereby consents to and approves the execution, delivery and recordation by Borrower of the Subordinate Loan Documents, set forth on Schedule 1, in the form delivered to Senior Lender by Subordinate Lender prior to the date hereof and covenants that such execution, delivery and recordation by Borrower shall not constitute a Senior Default under the Senior Loan Documents.

Section 3.05. Additional Cure Rights of Subordinate Lender. Notwithstanding any other provision of this Agreement to the contrary, prior to commencement of any default remedies under or pursuant to the Senior Loan Documents (a "Senior Loan Enforcement Action"), Senior Lender shall provide Subordinate lender with notices of any Senior Default(s) on which such intended action is based (the "Senior Loan Default Notice"), and shall afford Subordinate Lender an opportunity cure such defaults as provided in Section 3.01 and as additionally provided in this section 3.05.

(a) If the Senior Default disclosed by such Senior Loan Default Notice is a monetary default which can be cured by the payment of money, Subordinate Lender shall have until five (5) business days after the date which is the later of (1) delivery to Subordinate Lender of the Senior Loan Default Notice relating to such monetary default; or (2) the expiration of any applicable cure period provided Borrower under the Senior Loan Documents, to cure such monetary default.

(b) If the Senior Default disclosed by such Senior Loan Default Notice is a default which cannot be cured by the payment of money (a "Non-Monetary Default"), Subordinate Lender shall have until fifteen (15) days after the date which is the later of (1) delivery to Subordinate Lender of the Senior Loan Default Notice relating to such Non-Monetary Default, or (2) the expiration of the applicable cure period provided to the Borrower under the Senior Loan Documents, to cure such Senior Default.

ARTICLE 4

ADDITIONAL REPRESENTATIONS AND COVENANTS

Section 4.01. Representations and Covenants of the Subordinate Lender: Loan Modifications. Subordinate Lender hereby further represents, warrants, covenants and agrees with the Senior Lender, and Senior Lender agrees, as follows:

(a) Without limiting the generality of any other provisions of this Agreement, except as otherwise set forth in subsection 4.01(d), below, the Senior Lender may at any time and from time to time without the consent of, or notice to the Subordinate Lender, and without incurring responsibility to the Subordinate Lender upon or without any terms or conditions and in whole or in part:

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(1) change the manner, place or terms of payment or performance of, and/or change or extend the time of payment or performance of, renew or alter, any portion of the Senior Indebtedness or any other obligations of any Person evidenced or secured by the Senior Loan Documents, any security therefor, or any liability incurred directly or indirectly in respect thereof;

(2) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at anytime pledged or mortgaged to secure, or howsoever securing, the Senior Indebtedness or any other obligations of any Person evidenced or secured by the Senior Loan Documents, or any liabilities incurred directly or indirectly in respect thereof, and/or any offset thereagainst;

(3) exercise or refrain from exercising any rights against Borrower or others or otherwise act or refrain from acting;

(4) settle or compromise any portion of the Senior Indebtedness or any other obligations of any Person evidenced or secured by the Senior Loan Documents, any security therefor or any liability incurred directly or indirectly in respect thereto;

(5) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of Borrower to the Senior Lender regardless of what liability or liabilities of Borrower remain unpaid or unperformed; and/or

(6) consent to or waive any breach of, or any act, omission or default under, any of the Senior Loan Documents, or otherwise amend, modify or supplement any of the Senior Loan Documents or any other instruments or agreements executed and delivered in connection therewith or otherwise relating thereto.

(b) Subordinate Lender will not assign, sell, transfer or pledge ("Transfer") any or all of the Subordinate Indebtedness or any portion thereof or interest therein or any of the Subordinate Loan Documents without the prior consent of Senior Lender, so long as the Senior Indebtedness remain outstanding; provided, however, that Senior Lender's consent shall not be required for (i) Transfer to a Qualified Affiliate Transferee so long as advance written notice thereof is provided to Senior Lender prior to such Transfer, or (ii) Transfer to a Qualified Third Party Transferee so long as (A) the Subordinate Mortgage is released and reconveyed in full on or before such Transfer and (B) advance written notice thereof is provided to Senior Lender prior to such Transfer. In the event of a proposed Transfer of the Subordinate Loan or the Subordinate Loan Documents, promptly after Senior Lender's receipt of written notice of the proposed transferee, Senior Lender will notify Subordinate Lender whether it consents to such Transfer. Any attempted Transfer in contravention of this restriction shall be void and Subordinate Lender shall defend, indemnify and hold harmless Senior Lender from and against all losses, claims, costs and damages incurred by Senior Lender by reason of any Transfer made or attempted in contravention of this Agreement. Nothing set forth in this subsection (b) is intended or shall be construed to prohibit Subordinate Lender from transferring participations in the Subordinate Loan so long as (a) it remains in control of all decisions with respect to the Subordinate Loan, (b) its obligations under this Agreement and under the Subordinate Loan Documents remain unchanged and Subordinate Lender shall continue to have the duty to make disbursements under the Subordinate Loan Documents notwithstanding any participant's failure to fund its participation interest in such disbursement, (c) Senior Lender shall be entitled to deal solely and directly with Subordinate Lender in connection with Subordinate Lender's rights and obligations under this Agreement, and (d) Subordinate Lender shall at all times own and retain not less than fifty-one percent (51%) of the Subordinate Loan.

(c) The Subordinate Lender hereby makes the following representations and warranties to the Senior Lender as of the date hereof:

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(1) The Subordinate Lender has the power, authority and legal right to execute, deliver and perform this Agreement. This Agreement has been duly authorized by all necessary action of Subordinate Lender, duly executed and delivered by Subordinate Lender and constitutes valid and binding obligations of Subordinate Lender enforceable against Subordinate Lender in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(2) Neither the execution, delivery or performance by Subordinate Lender of this Agreement nor compliance by it with the terms and provisions hereof, (i) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of the Subordinate Lender pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement, operating agreement or any other agreement, contract or instrument to which the Subordinate Lender is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the organizational documents of the Subordinate Lender.

(3) No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made prior to the date hereof), or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the execution, delivery and performance by the Subordinate Lender of this Agreement or (ii) the legality, validity, binding effect or enforceability of this Agreement with respect to the Subordinate Lender.

(4) To Subordinate Lender's actual knowledge, with no duty of investigation, the making of the Subordinate Loan by the Subordinate Lender to Borrower will not result in the imposition of any withholding tax or similar charge or levy payable by Borrower (whether pursuant to law or contract).

(5) The Subordinate Lender entered into the transactions contemplated by the Subordinate Loan Documents and made the Subordinate Loan to Borrower without reliance upon any information or advice from the Senior Lender. The Subordinate Lender made its own underwriting analysis in connection with the Subordinate Loan, its own credit review of Borrower and investigated all matters pertinent, in the Subordinate Lender's judgment, to its determination to make the Subordinate Loan to Borrower and to execute and deliver the Subordinate Loan Documents.

(6) The Subordinate Lender is the owner and holder of the Subordinate Loan Documents; the Subordinate Loan Documents have not been modified or amended; to Subordinate Lender's knowledge, Borrower is not in default in the observance and/or performance of any of the obligations required to be observed or performed by Borrower under the Subordinate Loan Documents; and to Subordinate Lender's knowledge no event has occurred which, with the passing of time or the giving of notice or both, would constitute a Subordinate Default under the Subordinate Loan Documents.

(d) Under no circumstances may either Lender enter into any Loan amendments that would allow any Loan proceeds to be used for any purpose other than the Project. In addition, without the prior written consent of the other Lender, neither Lender may amend or modify its Loan Documents, or enter into any agreement, instrument or document relating to the Senior Indebtedness or Subordinate Indebtedness, as

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applicable, or related to the transactions contemplated therein, or enter into any other agreement with Borrower, which

(1) increases the amount of the Loan by more than 5%, or increases the loan-to-value, loan-to-cost, or other disbursement controls under the Loan such that the amount per Lot or Unit that the Lender advances under its Loan is increased by more than five percent 5%; provided, however, that such increases may be made without the consent of the other Lender at any time after a default or after the regularly scheduled maturity date under the applicable Loan Documents or as part of an extension or workout of the Loan, or as otherwise necessary to allow for cure of defaults under its Loan or completion of construction and sale of the Project (any of the foregoing, a "Workout Scenario");

2) Except in the context of a Workout Scenario, increases the interest rate or the default interest rate under the Loan by more than 5%, or adds any new fees payable by Borrower, or adds additional or new consideration in any form whatsoever payable by Borrower or Guarantor in connection with the Property or the transactions contemplated under the applicable Loan Documents;

(3) except in the context of a Workout Scenario, increases the payment rate of interest in any manner that requires Borrower to pay interest (whether or not from advances from interest reserves) at a rate faster than the rate set forth in the applicable Loan Documents;

(4) except in the context of a Workout Scenario, amends the definition of "Event of Default" or any other provision of the applicable Loan Documents in any manner that shortens any notice, grace or cure period or adds additional circumstances which would constitute an Event of Default;

(5) except as already set forth in the applicable Loan Documents, requires Borrower to pay any principal amount of the Senior Indebtedness or Subordinate Indebtedness, as applicable (referred to generically herein as "Indebtedness"), prior to the earlier of the maturity date (by acceleration or otherwise) under the applicable Loan Documents or Payment in Full of the other Lender's Loan;

(6) permits Borrower to secure any indebtedness other than the Indebtedness by a lien upon the Shared Collateral or the Membership Interests;

(7) cross-defaults the Indebtedness with any other indebtedness (other than the Indebtedness of the other Lender) by Borrower or any other Person;

(8) moves the maturity date of the Loan to a date earlier than that which is stated in the applicable Loan Documents (other than acceleration upon default);

(9) except in the context of a Workout Scenario, adds additional conditions precedent to the conditions for disbursement of proceeds of the Loan;

(10) except in the context of a Workout Scenario, increases the Minimum Sales Price of Condominium Units or Parking Spaces;

(11) except in the context of a Workout Scenario, increases the minimum sales requirements for Condominium Units or Parking Spaces under the applicable Loan Documents; or

(12) provides for disbursement of the proceeds of the Loan for any purpose other than to pay costs associated with the Project.

Notwithstanding the foregoing or any other provision of this Agreement, any of the amendments listed above for which exception is made for a Workout Scenarios may be implemented by a Lender in a Workout Scenario without the need for approval by the other Lender, and the consent of the other Lender

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shall not be required in any event for a Lender to make Protective Advances, which Protective Advances shall become part of the applicable Indebtedness and shall be subject to the terms of this Agreement relating to the subordination and priorities between the Senior Loan and Subordinate Loan. Also,

Section 4.02. Representations of the Senior Lender. The Senior Lender hereby makes the following representations and warranties to the Subordinate Lender as of the date hereof:

(1) The Senior Lender has the power, authority and legal right to execute, deliver and perform this Agreement. This Agreement has been duly authorized by all necessary action of Senior Lender, duly executed and delivered by Senior Lender and constitutes valid and binding obligations of Senior Lender enforceable against Senior Lender in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(2) Neither the execution, delivery or performance by Senior Lender of this Agreement nor compliance by it with the terms and provisions hereof, (i) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of the Senior Lender pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement, corporate bylaws or any other agreement, contract or instrument to which the Senior Lender is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the organizational documents of the Senior Lender.

(3) No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made prior to the date hereof), or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the execution, delivery and performance by the Senior Lender of this Agreement or (ii) the legality, validity, binding effect or enforceability of this Agreement with respect to the Senior Lender.

(4) The making of the Senior Loan by the Senior Lender to Borrower will not result in the imposition of any withholding tax or similar charge or levy payable by Borrower (whether pursuant to law or contract).

(5) The Senior Lender entered into the transactions contemplated by the Senior Loan Documents and made the Senior Loan to Borrower without reliance upon any information or advice from the Subordinate Lender. The Senior Lender made its own underwriting analysis in connection with the Senior Loan, its own credit review of Borrower and investigated all matters pertinent, in the Senior Lender's judgment, to its determination to make the Senior Loan to Borrower and to execute and deliver the Senior Loan Documents.

(6) Attached hereto as Schedule 2 is a true, accurate and complete list of all material Senior Loan Documents in existence on the date hereof. The Senior Lender is the owner and holder of the Senior Loan Documents; the Senior Loan Documents not been modified or amended; to Senior Lender's knowledge, Borrower is not in default in the observance and/or performance of any of the obligations required to be observed or performed by Borrower under the Senior Loan Documents; and to Senior Lender's knowledge, no event has occurred which, with the passing of time or the giving of notice or both, would constitute a Senior Default under the Senior Loan Documents.

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Section 4.03. Notation of Subordination. Borrower and Subordinate Lender shall cause their respective books of account and all instruments regarding the Subordinate Indebtedness to be marked in such a manner as shall be effective to give proper notice of the provisions of this Agreement.

ARTICLE 5

INSURANCE PROCEEDS; CONDEMNATION AWARDS

Section 5.01. Insurance Proceeds and Condemnation Awards. Until the Senior Indebtedness is indefeasibly Paid in Full, Subordinate Lender hereby assigns and releases unto Senior Lender: (1) all of Subordinate Lender's right, title, interest and claim, if any, in and to the proceeds of all policies of insurance covering the Property, or any part thereof ("Insurance Proceeds"), for application to the Senior Indebtedness or for the disposition thereof in compliance with the terms, conditions and provisions of the Senior Loan Agreement; (2) all of Subordinate Lender's right, title, interest and claim, if any, in and to all awards or other compensation made for any taking or condemnation of any part of the Property ("Condemnation Awards"), or any part thereof, for application to the Senior Indebtedness or for other disposition thereof in accordance with the terms, conditions and provisions of the Senior Loan Agreement. Until the Senior Indebtedness is Paid in Full or unless Senior Lender shall agree in writing to the contrary, Subordinate Lender shall not have any right to adjust or settle, or to participate in any adjustment or settlement of, any loss or taking of the Property or any part thereof. To the extent that Senior Lender agrees to permit Borrower to use insurance proceeds or any condemnation or taking award to repair and restore the Property, Subordinate Lender shall be deemed to have agreed thereto, and Subordinate Lender shall execute any and all documents as may be necessary to evidence that consent and agreement and the other provisions of this Article 5. If, following any application or disposition of insurance proceeds or condemnation awards, all Senior Indebtedness is Paid in Full, any balance of such proceeds, awards or other compensation that remains shall be made payable to the order of Subordinate Lender, or such other persons, as their interests shall appear.

ARTICLE 6

MISCELLANEOUS

Section 6.01. Notices. Any and all notices given in connection with this Agreement shall be deemed adequately given only if in writing and addressed to the party for whom such notices are intended at the address set forth below. All notices shall be sent by personal delivery, FedEx, or other overnight messenger service, first-class registered or certified mail, postage prepaid, return receipt requested or by other means at least as fast and reliable as first-class mail. A written notice shall be deemed to have been given to the recipient party on the earlier of: (a) the date it shall be delivered to the address required by this Agreement; (b) the date delivery shall have been refused at the address required by this Agreement; or (c) with respect to notices sent by mail, the date as of which the postal service shall have indicated such notice to be undeliverable at the address required by this Agreement. Any and all notices referred to in this Agreement, or which either party desires to give to the other, shall be addressed as follows:

If to Senior Lender: MB Financial Bank, N.A.
6111 North River Road
Rosemont, Illinois 60018
Attention: Vincent G. Laughlin

with a copy to: _____

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If to Subordinate Lender: WRI FM Investments III LLC
 c/o Weyerhaeuser Realty Investors, Inc.
 1301 5th Avenue, Suite 3100
 Seattle WA 98101

with a copy to: Michael F. Schumacher
 Hillis Clark Martin & Peterson, P.S.
 1221 Second Avenue, Suite 500
 Seattle, Washington, 98101

Section 6.02 Modification. No provision of this Agreement may be changed, waived, discharged or terminated orally, by telephone or by any other means except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

Section 6.03. WAIVER OF JURY TRIAL. THE SENIOR LENDER AND THE SUBORDINATE LENDER EACH EXPRESSLY AND UNCONDITIONALLY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY AND EVERY RIGHT IT MAY HAVE TO A TRIAL BY JURY.

Section 6.04. Governing Law.

(a) This Agreement shall be governed, construed, applied and enforced in accordance with the laws of the State of Illinois without reference to conflicts of laws provisions which, but for this provision, would require the application of the law of any other jurisdiction.

(b) TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH PARTY TO THIS AGREEMENT HEREBY AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT MAY, IN THE SOLE AND EXCLUSIVE DISCRETION OF SENIOR LENDER, BE TRIED AND DETERMINED IN THE FEDERAL OR STATE COURTS LOCATED IN THE COUNTY OF COOK, STATE OF ILLINOIS, PROVIDED THAT ANY SUIT BY LENDER OR ITS SUCCESSORS OR ASSIGNS SEEKING ENFORCEMENT OF THIS AGREEMENT AND/OR ENFORCEMENT AGAINST ANY SENIOR LOAN COLLATERAL OR ANY PROPERTY OF BORROWER MAY BE BROUGHT, AT SENIOR LENDER'S OPTION, IN THE COURTS OF THE JURISDICTION WHERE SUCH SENIOR LOAN COLLATERAL OR OTHER PROPERTY MAY BE FOUND. TO THE MAXIMUM EXTENT PERMITTED BY LAW, BORROWER AND SUBORDINATE LENDER HEREBY EXPRESSLY WAIVE ANY RIGHTS THEY MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENCE OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION. ANY ACTION OR PROCEEDING BY BORROWER OR SUBORDINATE LENDER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (OTHER THAN COMPULSORY COUNTERCLAIMS) SHALL BE BROUGHT ONLY IN A COURT OF LAW LOCATED IN THE NORTHERN DISTRICT OF ILLINOIS OR COOK COUNTY, ILLINOIS. BORROWER AND SUBORDINATE LENDER HEREBY EXPRESSLY AND IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF LITIGATION ARISING UNDER THIS AGREEMENT, AND IRREVOCABLY AGREE TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. BORROWER AND SUBORDINATE LENDER FURTHER IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS BY CERTIFIED OR REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE AT THE ADDRESS OF BORROWER OR SUBORDINATE LENDER PROVIDED HEREIN. TO THE EXTENT THAT BORROWER OR SUBORDINATE LENDER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO

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JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO EITHER OR THEIR RESPECTIVE PROPERTY, BORROWER AND SUBORDINATE LENDER HEREBY IRREVOCABLY WAIVE SUCH IMMUNITY IN RESPECT OF THEIR RESPECTIVE OBLIGATIONS UNDER THIS AGREEMENT.

Section 6.05. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. Such counterparts shall constitute but one and the same instrument and shall be binding upon, and shall inure to the benefit of, each of the undersigned individually as fully and completely as if all had signed one instrument.

Section 6.06. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Subordinate Lender and the Senior Lender and their respective successors and assigns.

Section 6.07. No Third Party Beneficiaries. Nothing contained in this Agreement shall be deemed to indicate that this Agreement has been entered into for the benefit of any Person other than the Senior Lender and the Subordinate Lender.

Section 6.08. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.09. No Waiver.

(a) No waiver shall be deemed to be made by the Senior Lender of any of its rights hereunder, or under the Senior Loan Documents, unless the same shall be in writing and signed by the Senior Lender, and each waiver, if any, shall be a waiver only with respect to the specific instances involved and shall in no way impair the rights of the Senior Lender in any other respect or at any other time.

(b) No waiver shall be deemed to be made by the Subordinate Lender of any of its rights hereunder, or under the Subordinate Loan Documents, unless the same shall be in writing and signed by the Subordinate Lender, and each waiver, if any, shall be a waiver only with respect to the specific instances involved and shall in no way impair the rights of the Subordinate Lender in any other respect or at any other time.

Section 6.10. Agreement by Borrower. By its execution of this Agreement, Borrower agrees to be bound by the terms hereof, to observe the lien priorities and the priorities of payments set forth herein and to conduct its affairs consistently with the terms hereof. Borrower hereby irrevocably consents to the delivery by Subordinate Lender to Senior Lender and by Senior Lender to Subordinate Lender, of any and all information, documents, agreements, instruments, reports, certificates and analyses prepared by or in the possession of either such lender to the other, and consents to free and unfettered discussions, negotiations and sharing of information and the analysis of such information between Senior Lender and Subordinate Lender relating to the Property, the Project and Borrower and Borrower hereby expressly waives any rights it may have, with respect to Subordinate Lender or Senior Lender, to maintain such information as privileged or private.

Section 6.11. Option to Purchase Senior Loan.

(a) If (i) Senior Lender has given Subordinate Lender notice of a Senior Default and such default has not been cured within the applicable cure periods provided to Senior Lender under Section 3.05; and (ii) such Senior Default satisfies one of the following criteria: (A) such Senior Default constitutes an Insolvency Proceeding, (B) as a result of such Senior Default, Senior Lender has commenced

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foreclosure proceedings under or accelerated the Senior Loan, (C) as a result of such Senior Default, Senior Lender has suspended further draws under the Senior Loan and such suspension has continued for a period of at least 60 days; (D) as a result of such Senior Default, Senior Lender has refused to release the Senior Mortgage to enable sales of Condominium Units in the ordinary course, and such refusal has continued for a period of at least 30 days; or (E) such Senior Default has remained uncured for a period of at least 90 days following notice thereof by Senior Lender, and, in Subordinate Lender's reasonable judgment, its prospects of recovering the full amount owing under the Subordinate Loan are in jeopardy, *then* Subordinate Lender shall have the right (but not the obligation), exercisable by written notice to Senior Lender (the "Purchase Notice"), to purchase, in whole but not in part, the Senior Loan.

(b) If Subordinate Lender delivers a Purchase Notice to Senior Lender pursuant to subsection (a), above, the purchase price for the Senior Loan shall be equal to the outstanding principal balance thereof, together with all accrued but unpaid interest and other amounts due thereon (including, without limitation, any late charges, default interest, exit fees, advances and post-petition interest, any protective advances previously made by Senior Lender and any interest charged by Senior Lender on any such protective advances pursuant to the Senior Loan Documents), including, without limitation, all costs and expenses (including, without limitation, legal fees and expenses) actually incurred by Senior Lender in enforcing the terms of the Senior Loan Documents, but excluding any prepayment charges or fees (collectively, the "Loan Purchase Price").

(c) Concurrently with payment to Senior Lender of the Loan Purchase Price, which must occur within fifteen (15) days after delivery of the Purchase Notice, Senior Lender shall deliver or cause to be delivered to Subordinate Lender the executed and, where applicable, as-recorded originals of all Senior Loan Documents held by or on behalf of Senior Lender, and Senior Lender shall execute in favor of Subordinate Lender or its designee assignment documents, in form and substance reasonably acceptable to Subordinate Lender, at the sole cost and expense of Subordinate Lender, assigning to Subordinate Lender or its designee the Senior Loan and all of Senior Lender's rights under the Senior Loan Documents, including, without limitation, the remaining balance in any pledge or escrow accounts held by Senior Lender unless the same were previously applied on account of the Senior Loan (without recourse, representations or warranties of any kind, express or implied, except for representations as to the outstanding balance of the Primary Loan and reasonable representations as to Senior Lender's power and authority to sell the Primary Loan).

(d) The right of Subordinate Lender to purchase the Senior Loan under this Section 6.11 shall automatically terminate upon a transfer of the Property by foreclosure sale under the Senior Loan, sale by power of sale or delivery of a deed in lieu to Senior Lender; provided, however, that Senior Lender shall not proceed with a deed in lieu for thirty (30) days after notice to Subordinate Lender of the acceleration of the Senior Loan, and, if Subordinate Lender timely delivers a Purchase Notice, during the fifteen (15) day period following Senior Lender's receipt of the Purchase Notice, Senior Lender shall provide Subordinate Lender with thirty (30) days prior written notice before the closing of any such deed in lieu.

Section 6.12. No Cross-Default or Cross-Collateralization of Loans. Subordinate Lender represents to Senior Lender that the Subordinate Loan is not now, and covenants and agrees that the Subordinate Loan shall not subsequently be, cross-defaulted or cross-collateralized with any loan or indebtedness other than the Senior Loan. Senior Lender represents to Subordinate Lender that the Senior Loan is not now, and covenants and agrees that the Senior Loan shall not subsequently be, cross-defaulted or cross-collateralized with any other loan or indebtedness other than the Subordinate Loan.

Section 6.13. Gender and Number. Any word herein which is expressed in the masculine or neuter gender shall be deemed to include the masculine, feminine and any word herein which is expressed in the singular or plural number shall be deemed, whenever appropriate in the context, to include the singular and the plural.

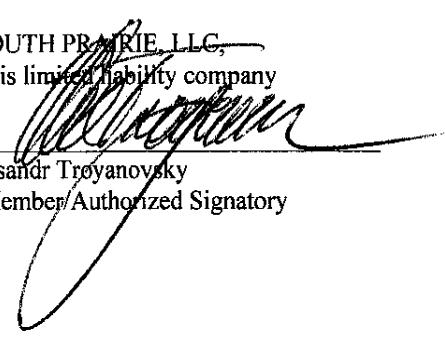
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Section 6.14. Assignment of Subordinate Loan Documents. Shortly after the closing of the Subordinate Loan, Subordinate Lender intends to assign the Subordinate Loan Documents and all rights, title or interest thereunder to WRI Communities Fund I, LLC, a Delaware limited liability company ("WRI Communities"). Subordinate Lender shall give notice of such assignment to Senior Lender, Borrower, guarantors under the Subordinate Loan, and Escrow Agent, and upon such assignment, WRI Communities shall immediately and automatically, without the need for further documentation or authorization, be substituted for Subordinate Lender and be bound, as Subordinate Lender, to the terms and agreements set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed this Subordination and Intercreditor Agreement dated for reference purposes only as of January 22, 2007.

BORROWER:

2100 SOUTH PRAIRIE, LLC,
an Illinois limited liability company

By 
Aleksandr Troyanovsky
Its Member Authorized Signatory

SENIOR LENDER:

MB FINANCIAL BANK, N.A.

By _____
Name _____
Its _____

SUBORDINATE LENDER

WRI FM INVESTMENTS III LLC,
a Washington limited liability company

By: Weyerhaeuser Realty Investors, Inc.,
a Washington corporation,
Its Manager

By _____
Name _____
Its _____

By _____
Name _____
Its _____

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Section 6.14. Assignment of Subordinate Loan Documents. Shortly after the closing of the Subordinate Loan, Subordinate Lender intends to assign the Subordinate Loan Documents and all rights, title or interest thereunder to WRI Communities Fund I, LLC, a Delaware limited liability company ("WRI Communities"). Subordinate Lender shall give notice of such assignment to Senior Lender, Borrower, guarantors under the Subordinate Loan, and Escrow Agent, and upon such assignment, WRI Communities shall immediately and automatically, without the need for further documentation or authorization, be substituted for Subordinate Lender and be bound, as Subordinate Lender, to the terms and agreements set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed this Subordination and Intercreditor Agreement dated for reference purposes only as of January 22, 2007.

BORROWER:

2100 SOUTH PRAIRIE, LLC,
an Illinois limited liability company

By _____
Aleksandr Troyanovsky
Its Member/Authorized Signatory

SENIOR LENDER:

MB FINANCIAL BANK, N.A.

By Andrew Bender
Name Andrew Bender
Its ATF

SUBORDINATE LENDER:

WRI FM INVESTMENTS III LLC,
a Washington limited liability company

By: Weyerhaeuser Realty Investors, Inc.,
a Washington corporation,
Its Manager

By _____
Name _____
Its _____

By _____
Name _____
Its _____

UNOFFICIAL COPY

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IN WITNESS WHEREOF, the parties hereto have executed this Subordination and Intercreditor Agreement dated for reference purposes only as of January 22, 2007.

BORROWER:

2100 SOUTH PRAIRIE, LLC,
an Illinois limited liability company

By _____
Aleksandr Troyanovsky
Its Member/Authorized Signatory

SENIOR LENDER:

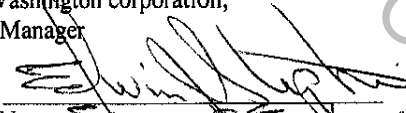
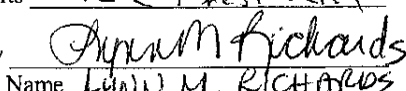
MB FINANCIAL BANK, N.A.

By _____
Name _____
Its _____

SUBORDINATE LENDER:

WRI FM INVESTMENTS III LLC,
a Washington limited liability company

By: Weyerhaeuser Realty Investors, Inc.,
a Washington corporation,
Its Manager

By 
Name Edwin Stephens
Its Vice President
By 
Name LYNN M. RICHARDS
Its ASST VICE PRESIDENT

UNOFFICIAL COPY

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

The undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that Aleksandr Troyanovsky, a Member of 2100 SOUTH PRAIRIE, LLC, an Illinois limited liability company who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Member, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary acts of said company for the uses and purposes therein set forth.

Given under my hand and notarial seal this 7 day of February, 2007.



Notary Public

My commission expires: 11/30/2007

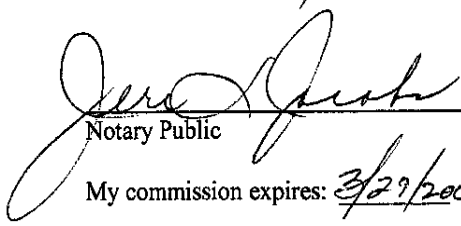
Cook County Clerk's Office

UNOFFICIAL COPY

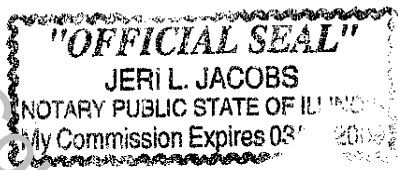
STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

The undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that Andrea Bender, the AVP of MB FINANCIAL BANK, N.A., who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such AVP, appeared before me this day in person and acknowledged that s/he signed and delivered the said instrument as her/his own free and voluntary act and as the free and voluntary acts of said company for the uses and purposes therein set forth.

Given under my hand and notarial seal this 6 day of FEBRUARY 2007.



Notary Public
My commission expires: 3/29/2007



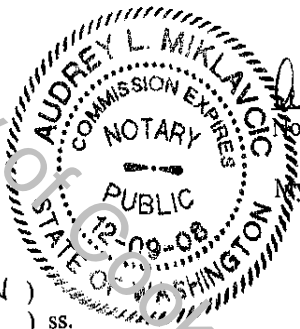
Property of Cook County Clerk's Office

UNOFFICIAL COPY

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I, Audrey L. Miklavic a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Edwin J. Stephens, the Vice President of WEYERHAEUSER REALTY INVESTORS, INC., a Washington corporation and the manager of WRI FM INVESTMENTS III LLC, a Washington limited liability company, who is 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 signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of the limited liability company for the uses and purposes therein set forth.

Given under my hand and notarial seal this 7th day of February, 2007.

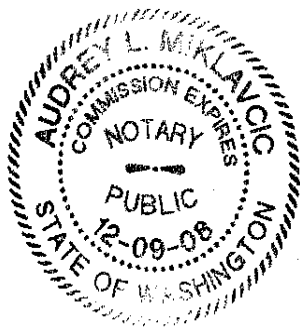


Audrey Miklavic
Notary Public
My commission expires: 12-09-08

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I, Audrey L. Miklavic a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Lynn M. Richards the Asst. V.P. of WEYERHAEUSER REALTY INVESTORS, INC., a Washington corporation and the manager of WRI FM INVESTMENTS III LLC, a Washington limited liability company, who is 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 signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of the limited liability company for the uses and purposes therein set forth.

Given under my hand and notarial seal this 14th day of February, 2007.



Audrey Miklavic
Notary Public
My commission expires: 12-09-08

UNOFFICIAL COPY

EXHIBIT A

Legal Description of the Property

LOTS 1 AND 2 AND THE NORTH 1 FOOT OF LOT 3 IN BLOCK 25 OF GURLEY'S SUBDIVISION OF BLOCKS 24 THROUGH 28 OF THE ASSESSOR'S DIVISION OF THE SOUTHWEST FRACTIONAL ¼ OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Property of Cook County Clerk's Office
17-22-320-01p

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SCHEDULE 1

Subordinate Loan Documents

1. Loan Agreement between Borrower and Subordinate Lender, with attached Exhibits:
 - Exhibit A: Legal Description of Land
 - Exhibit B: Release Schedule
 - Exhibit C: Project Construction Schedule
 - Exhibit D: Standard Terms and Conditions
 - Exhibit E: State Supplement
2. Promissory Note (the "Note") executed by Borrower;
3. A Mortgage, Assignment of Rents, Security Agreement, and Fixture Filing executed by the Borrower;
4. A Collateral Assignment of Membership and Management Interests, Distributions, Fees, and Other Assets executed by the sole member of Borrower
5. Standing Irrevocable Escrow Instructions;
6. A Guaranty executed by subordinate Guarantor
7. All UCC Financing Statements that Lender is authorized to file hereunder; and
8. One or more authorizing consents and resolutions from Borrower and its constituent member.

PROPOSED Cook County Clerk's Office

UNOFFICIAL COPY

SCHEDULE 2

Senior Loan Documents

Property of Cook County Clerk's Office

