

RECORDATION REQUESTED BY:

Grand National Bank
7100 West Oakton Street
Niles, Illinois 60714
Attention: Chester Riske

WHEN RECORDED MAIL TO:

Grand National Bank
7100 West Oakton Street
Niles, Illinois 60714
Attention: Chester Riske

This instrument prepared by:

Crowley Barrett & Kerada, Ltd.
20 South Clark Street
Suite 2310
Chicago, Illinois 60603

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9146/0250 07 001 Page 1 of 13
1999-11-19 16:04:46
Cook County Recorder 87.50



1ST AMERICAN TITLE Order # CN 192869
7 of 7

COLLATERAL ASSIGNMENT OF MANAGEMENT AGREEMENT

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, 824 W. Superior, L.L.C., an Illinois limited liability company ("Owner"), hereby collaterally assigns to Grand National Bank ("Lender"), and grants to Lender a security interest in all of Owner's right, title and interest in and to that certain Management Agreement dated as of October 8, 1999 between Baker Development Corporation ("Manager") and Owner, and all existing and future amendments, modifications, supplements and addenda thereto (the "Contract"). The Contract is assigned as security for Owner's obligations to Lender under the Construction Loan Agreement dated as of November 17, 1999 as it may be amended from time to time (the "Loan Agreement"). The legal description of the real property to be managed by Manager under the Contract is attached hereto as Exhibit A. A true, correct and complete copy of the Contract is attached hereto as Exhibit B.

Owner and Manager agree that: (i) Lender does not assume any of Owner's obligations or duties under the Contract, including, but not limited to, the obligation to pay management fees, expenses or overhead for the work done or services or supplies to be furnished by Manager pursuant to the Contract, until and unless Lender exercises its rights hereunder by notice to Manager as set forth below; and (ii) no increase or decrease in the management fees and expenses or other costs of the Contract or any other amendment, modification, supplement or addenda to the Contract shall be effective without Lender's prior written consent.

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In the Event of a Default under the Loan Agreement, Owner hereby irrevocably constitutes and appoints Lender as its attorney-in-fact to exercise Owner's rights and remedies under the Contract, to give appropriate receipts, releases and satisfactions for and on behalf of Owner and to perform any and all acts in the name of Owner or in the name of Lender with the same force and effect as Owner could perform if this Assignment had not been made. Lender shall incur no liability if any action so taken by it shall prove to be inadequate or invalid, and Owner agrees to indemnify Lender against, and hold Lender harmless, from, any and all loss, cost, liability or expense (including, without limitation, reasonable attorneys' fee) incurred in connection with any such action, unless caused by the willful misconduct of Lender.

Owner and Manager hereby represent and warrant to Lender that there exists no default or event which, with the passage of time, would constitute a default under the Contract, that no other assignment of the Contract or any interest therein has been made and Owner's interest therein is not subject to any claim, setoff or encumbrance. Owner agrees not to assign, sell, pledge, transfer or otherwise encumber its interests in the Contract nor terminate the Contract without the prior written consent of Lender so long as this Assignment is in effect.

Manager agrees that its obligations of Owner to Lender under the Loan Agreement, whether now existing or hereafter created, shall be prior to any claim that Manager may now have or hereafter acquire against Owner, whether or not Owner becomes insolvent.

Manager hereby expressly subordinates any claim Manager may have against Owner, upon any account whatsoever (including, without limitation, all management fees owing to Manager from Owner), to the indefeasible payment in full of all amounts payable to Lender by Owner under the Loan Agreement and the Related Documents (as defined in the Loan Agreement) and agrees not to place a lien on, attach, or otherwise encumber the ~~Contract~~ under the Loan Agreement and the Related Documents; provided, however, that, subject to the limitations set forth in the Loan Agreement, Owner may make payments of regular management fees to Manager in the ordinary course of the business of Owner unless and until an Event of Default as all have occurred under the Loan Agreement or any Related Document. Nothing in this Assignment shall require Manager to return earned management fees previously collected from Owner in accordance with the terms of the Contract. Manager hereby consents to the recording of this Agreement.

In the event of the liquidation of the assets of Owner, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Owner applicable to the payment of the claims of both Lender and Manager shall be paid to Lender and shall be first applied by Lender to the indebtedness of Owner to Lender under the Loan Agreement and then to Manager.

Manager and Owner agree, and Lender hereby is authorized, in the name of Manager and Owner, from time to time to execute and file financing statements and continuation statements and to execute such other documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Assignment.

2 and agrees not to initiate any foreclosure actions as to its lien rights while the Loan Agreement remains unpaid.

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Manager and Owner agree to pay upon demand all of Lender's costs and expenses, including reasonable attorneys' fees and legal expenses, incurred in connection with the enforcement of this Assignment. Lender may pay someone else to help enforce this Assignment, and Manager and Owner shall pay the costs and expenses of such enforcement including Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Manager and Owner also shall pay all court costs and such additional fees as may be directed by the court.

Lender shall not exercise its rights under this Assignment until the occurrence of an Event of Default under the Loan Agreement. Upon the occurrence of any such Event of Default, Lender may, at its option upon written notice to Manager, exercise all of its rights granted under this Assignment and Lender shall be entitled to terminate the Contract upon ten (10) days prior notice without payment of any termination fee.

Upon giving notice to Manager of Lender's desire to continue with the Contract, Manager will perform for Lender pursuant to the terms and conditions of the Contract and will continue so to perform notwithstanding any foreclosure or other exercise of rights and remedies by Lender pursuant to any instrument, agreement or document delivered by Owner to Lender and Lender shall thereby assume all obligations of Owner under the Contract from said date forward (including, without limitation, the obligation to pay management fees accruing from the date of said assumption and thereafter) and shall have no liability for any obligations of the Owner for prior periods.

Manager also agrees that in the event of a breach by Owner of any of the terms and conditions of the Contract, which Manager notifies Owner of, or otherwise elects to pursue its remedies with respect thereto, Manager will give written notice to Lender of such a breach by certified mail at the address of Lender set forth above. Lender shall have sixty (60) days from the receipt of such notice to cure said default (unless such cure may not reasonably be cured within such time, in which case Lender shall have a reasonable period to cure such breach so long as Lender is diligently pursuing such cure), and if Lender cures said default the Contract will remain in full force and effect. Nothing contained herein shall require Lender to cure any such default, but Lender shall, in its sole discretion, have the option to do so.

During the term of this Agreement, Manager shall provide Lender with concurrent copies of all annual and monthly plans and reports provided to Owner under the Contract.

Manager and Owner shall each, at Lender's request, execute an estoppel certificate regarding the Contract in form and substance acceptable to Lender.

This Assignment shall be binding upon and inure to the benefit of the assigns or successors in interest of Owner, Manager and Lender.

IN WITNESS WHEREOF, Owner and Manager have caused this Collateral Assignment of Management Agreement to be executed as of the 17th day of November, 1999.

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OWNER:

824 W. Superior, L.L.C., an Illinois limited liability company

BY: _____

Donald O. Grauer

ITS: Manager

BY: _____

Jeffrey Grossman

ITS: Manager

Address: 824 W. Superior
Chicago, IL 60610
Tel: _____
Fax: _____

MANAGER:

Baker Development Corporation, OR ITS AFFILIATE

By: _____

Its: PRESIDENT

Address: 1156 West Armitage Avenue
Chicago, Illinois 60614

Attn: Warren Baker

Tel: 773-755-0600

Fax: 773-755-0700

ACCEPTED AS OF THE 17th DAY OF NOV, 1999:

LENDER:

GRAND NATIONAL BANK

By: _____

Its: _____

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OWNER:

824 W. Superior, L.L.C., an Illinois limited liability company

BY: Donald O. Grauer
Donald O. Grauer

ITS: Manager

BY: Jeffrey Grossman
Jeffrey Grossman

ITS: Manager

Address: 824 W. Superior
Chicago, IL 60610

Tel: _____

Fax: _____

MANAGER:

Baker Development Corporation,

By: _____

Its: _____

Address: 1156 West Armitage Avenue
Chicago, Illinois 60614

Attn: Warren Baker

Tel: 773-755-0600

Fax: 773-755-0700

ACCEPTED AS OF THE ____ DAY OF _____, 1999:

LENDER:

GRAND NATIONAL BANK

By: _____

Its: _____

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whose name subscribed to the foregoing instrument on behalf of Manager, appeared before me this day in person, and acknowledged that signed, sealed and delivered the said instrument as free and voluntary act, for the uses and purposes therein set forth.

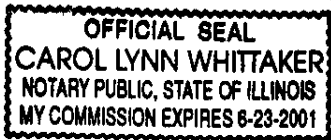
Given under my hand and seal, this day of , 199 .

STATE OF ILLINOIS)
) SS
COUNTY OF)

Notary Public

I, CAROL WHITTAKER, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that WARREN BAKER personally known to me to be the same person whose name subscribed to the foregoing instrument on behalf of Lender, appeared before me this day in person, and acknowledged that signed, sealed and delivered the said instrument as free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and seal, this 17th day of Nov., 1999.

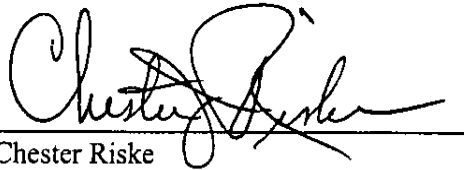


Carol Lynn Whittaker
Notary Public

CLIENTS SIGN IN THE WEST SUPERIOR COLLATERAL ASSIGNMENT OF MANAGEMENT AGREEMENTS, LXX

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Chester Riske
Vice President
Grand National Bank

ACKNOWLEDGEMENT

STATE OF ILLINOIS)

)ss

COUNTY OF COOK)

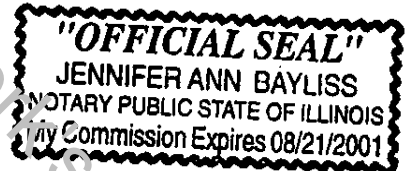
On this day before me, the undersigned Notary Public, personally appeared **CHESTER RISKE**, to me known to be the individual described in and who executed the document, and acknowledged that he or she signed the document as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 17th day of NOVEMBER, 1999.

By J. PARSONS Residing at NILES

Notary Public in and for the State of ILLINOIS

My commission expires 8-21-2001



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EXHIBIT A

Legal Description:

LOTS 15 TO 20 INCLUSIVE IN BLOCK 7 IN RIDGELY'S ADDITION TO CHICAGO, A SUBDIVISION OF BLOCKS 5, 9, 10, 12, 15 AND 16 OF ASSESSOR'S DIVISION IN THE NORTH EAST CORNER OF THE NORTH EAST QUARTER OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.: 17-08-210-004

Address: 824 West Superior Street
Chicago, Illinois 60610

G:\CLIENTS\GNB\824 WEST SUPERIOR\EXHIBIT A, LEGAL DESCRIPTION.DOC

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1156 West Armitage Avenue

Chicago, Illinois 60614

tel 773 755 0600

fax 773 755 0700

EXHIBIT

B

TECHNICAL ASSISTANCE PROPOSAL

October 8, 1999

Mr. Jeffrey Grossman
Churchill Group, Ltd.
1255 N. State Street
Suite One North
Chicago, Illinois 60610

Re: 60 W. Erie and 824 W. Superior

Dear Mr. Grossman:

We are pleased to re-submit a proposal to provide Technical Assistance for the 53 unit condominium project at 60 W. Erie and the 34 unit condominium project at 824 W. Superior. The scope of our services is listed below:

I. Sales and Marketing Office

- (a) Assess and recommend space requirements for Marketing and Design Center.
- (b) Generate scope, bid parameters and budget for Designer and General Contractor.
- (c) Coordinate and recommend selection of Designer for custom build out and graphics displays.
- (d) Coordinate and recommend selection of General Contractor for construction of the space.
- (e) Monitor build-out of the Marketing and Design Center.

II. Design Phase

- (a) Interface with Architect and Engineers to efficiently design the building.
- (b) Provide analysis of building systems and designs.
- (c) Provide value engineering ideas that are sensitive to the marketing needs of the building.
- (d) Provide expertise to promote optimum constructability of the building.
- (e) Review sub soils investigation conducted by the Architect.
- (f) Coordinate certain pre-selected trades with the Architect's design.

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III. Pre-Construction Phase

- (a) Generate scope, bid and pre-select certain trades.
- (b) Generate scope, bid and select the General Contractor.
- (c) Coordinate with all utility companies.
- (d) Coordinate meetings with code consultants, permit consultants and city plan examiners. Attend certain meetings as necessary.
- (e) Coordinate with General Contractor to generate Subcontractor scopes.
- (f) Coordinate with General Contractor to negotiate bids and select Subcontractors.
- (g) Coordinate with General Contractor to receive Subcontractor's input on value engineering.
- (h) Monitor the transmittal of all shop drawings from General Contractor to Architect.
- (i) Institute quality control measures for use by Architect.

IV. Construction Phase ADD SALES OFFICE

- (a) Coordinate with General Contractor to receive General Contractor's and Subcontractor's *evidence of insurance*.
- (b) Review and process all payment requests submitted by General Contractor and generate an Owner's statement to construction lender.
- (c) Process and approve all change orders.
- (d) Attend twice a month job site meeting with Architect and General Contractor.
- (e) Provide finish selection format for Churchill marketing staff.
- (f) Coordinate purchaser's finish selections with General Contractor.
- (g) Verify the completion of a unit prior to delivery.
- (h) Attend the pre-closing inspection with buyer and generate punchlist.
- (i) Administer the completion of the punchlist by the General Contractor.

V. Monthly Reports to Owner

- (a) Payment requests including change order log.
- (b) Testing reports.
- (c) Progress photos.
- (d) Job site minutes.
- (e) Major correspondences.
- (f) Approved and rejected change orders.
- (g) Progress schedule (updated as needed).

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VI. Miscellaneous Services

Coordinate with General Contractor for warranty administration within the duration of this contract.

VII. Exclusions

- (a) Selection of purchaser's finishes and administration of purchaser's upgrades to be handled by Churchill marketing staff.
- (b) Review and approval of all shop drawings to be performed by General Contractor and Architect.

VIII. Contract Time

Duration of contract will be 24 months for 60 W. Erie and 18 months for 824 W. Superior. Administration of the 60 W. Erie warranties or consulting beyond this period will be billed on a per diem rate of \$880 until such time as 80% of the units are closed. After that time, the per diem rate will be \$600. For the 824 W. Superior project, administration of the warranties or consulting will be billed on a per diem rate of \$600.

IX. Compensation - reimbursement of Direct Expenses plus a Fee.

Direct Expenses

	<u>Fee</u>	<u>Superior</u>	* <u>Superior (discounted)</u>
Architectural Manager -	\$ 30,000	\$ -0-	\$ -0-
Project Manager -	60,000	55,000	40,000
Executive Team -	50,000	25,000	20,000
Manager's Assistant -	40,000	20,000	10,000
Office Overhead & Expenses -	40,000	20,000	10,000
Total Annual Overhead	\$220,000	\$120,000	\$ 80,000
Total Overhead (24 mo.)	\$440,000		
Total Overhead (18 mo.)		\$180,000	

* Upon commencement of caisson installation for 60 W. Erie, the direct expenses for Superior will be reduced to these annualized amounts.

X. Fees

A "sellout" fee representing a payment of 2.0% of the total sellout price for both projects will be paid to Baker at each unit closing with no retainage. In addition, a "savings-fee" representing 40% of the savings in the hard cost budget of \$8,200,000 for Superior and \$17,000,000 for Erie will be paid to Baker at the expiration of this agreement. If a "savings-fee" is realized, then the "sellout fee" will be reduced so that the total fees paid will not exceed 2% of total sellout price.

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Note: total sellout price includes all upgrades and parking revenues and the hard cost budget is net of any changes and associated costs that affect the scope of the work.

XI. Payment Terms

Initial Direct Expense payments of \$32,000 for Erie and \$18,000 for Superior are to be paid upon execution of the Technical Assistance agreement. A payment of \$17,000 per month for Erie and \$9,000 for Superior will be made on the first day of each month thereafter.

SEPARATE CONTRACTS AND SEPARATE PAYMENTS WHEN IT COMES TO
The above information memorializes our understanding. If the above meets with your approval, please acknowledge this understanding by executing the agreement below and faxing to my attention. Upon receipt, a formal document will be forwarded to you for your consideration. Your signature below does not constitute a legally binding agreement and is solely for the purpose of approving the information contained herein.

IT COMES TO
Ja

We look forward to assisting your company in making these projects a success.

Sincerely,

BAKER DEVELOPMENT CORPORATION

Warren Baker
Warren Baker
President

WHB/es

Accepted this 14 day of October, 1999.

Jeff Grossman
Jeffrey Grossman **MANAGER**
~~Churchill Group, Inc~~

824 SUPERIOR LLC
60 W ERIE LLC

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X SUBJECT TO FINAL DOCUMENTATION