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SUBORDINATION AGREEMENT REGARDING AMENDED CITY LOAN DOCUMENTS AND REDEVELOPMENT AGREEMENT

This Subordination Agreement Regarding Amended City Loan Documents and Redevelopment Agreement (the "Agreement") is entered into by Hollywood House Limited Partnership, an Illinois limited partnership ("Partnership"), the Illinois Housing Development Authority ("IHDA") and Heartland Housing, Inc., an Illinois not for profit corporation ("Heartland"), as of September 8, 2009, and is for the benefit of the City of Chicago.

RECITALS

WHEREAS, in December 2008, the Partnership acquired and commenced rehabilitating certain real property and improvements commonly known as Hollywood House Apartments, 5700 N. Sheridan Road, Chicago, Illinois, and more specifically described on Exhibit A (the "Property");

WHEREAS, the Partnership financed the acquisition and rehabilitation of the Property with the following:

- A. a \$11,511,100 loan by PNC Bank, N.A. a national banking association;

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- B. a \$4,500,000 loan (the "City Loan") by the City of Chicago (the "City"), which City Loan is secured by a Junior Mortgage, Security Agreement and Financing Statement by the Partnership in favor of the City dated as of December 1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211109 ("City Mortgage"), an Assignment of Rents and Leases by the Partnership in favor of the City dated as of December 1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211110 (the "City Assignment"), and a Regulatory Agreement between the City and Partnership dated as of December 1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211102 (the "City Regulatory Agreement"), and is evidenced by a Note, Housing Loan Agreement and various other documents relating thereto (collectively, the City Mortgage, City Assignment, City Regulatory Agreement and other loan documents evidencing and securing the City Loan are "City Loan Documents");
- C. a \$1,250,000 loan by IHDA (the "IHDA Trust Fund Loan"), which IHDA Trust Fund Loan is secured by a Third Junior Mortgage, Security Agreement and Assignment of Rents by the Partnership in favor of IHDA dated as of December 1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211111 ("IHDA Trust Fund Mortgage"), and the Regulatory and Land Use Restrictions Agreement between IHDA and the Partnership dated as of December 1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211108 (the "IHDA Regulatory Agreement"), and evidenced by a Conditional Commitment Letter dated October 1, 2008, a Mortgage Note and various other documents relating thereto (collectively, the IHDA Trust Fund Mortgage, IHDA Regulatory Agreement and other loan documents evidencing and securing the IHDA Trust Fund Loan are "IHDA Trust Fund Loan Documents");
- D. a \$750,000 loan by IHDA (the "IHDA FAF Loan"), which IHDA FAF Loan is secured by a Fourth Junior Mortgage, Security Agreement and Assignment of Rents by the Partnership in favor of IHDA dated as of December 1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211112 ("IHDA FAF Mortgage"), and is evidenced by a Conditional Commitment Letter dated October 1, 2008, a Mortgage Note and various other documents relating thereto (collectively, the IHDA FAF Mortgage and other loan documents evidencing and securing the IHDA FAF Loan are "IHDA FAF Loan Documents");
- E. a \$2,500,799 seller financing loan by Heartland (the "Seller Financing Loan"), which Seller Financing Loan is secured by a Fifth Junior Mortgage by the Partnership in favor of Heartland dated as of December

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1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211114 ("Seller Financing Mortgage"), and evidenced by a Promissory Note and other documents relating thereto (collectively, the Seller Financing Mortgage and other loan documents evidencing and securing the Seller Financing Loan are the "Heartland Seller Financing Loan Documents"); and

- F. a \$4,000,000 loan by Heartland (the "Sponsor Loan"), which Sponsor Loan is secured by a Sixth Junior Mortgage by the Partnership in favor of Heartland dated as of December 1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211115 ("Sponsor Loan Mortgage"), and evidenced by a Promissory Note among other documents (collectively, the Sponsor Loan Mortgage and other documents evidencing and securing the Sponsor Loan are the "Heartland Sponsor Loan Documents");

WHEREAS, the Partnership and Heartland have also executed and recorded certain encumbrances against the Property, including

- A. the Illinois Affordable Housing Tax Credit Regulatory Agreement between the Partnership, Heartland and IHDA dated as of December 1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211113 (the "Donation Credit Regulatory Agreement");
- B. the Hollywood House Apartments Redevelopment Agreement between the City, Heartland and Partnership dated as of December 1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211101 (the "City Redevelopment Agreement"); and
- C. the Declaration of Covenants, Conditions and Restrictions by Heartland dated as of December 1, 2008 and recorded on December 17, 2008 in the Cook County Recorder's Office as document no. 0835211099 (the "Heartland Declaration");

WHEREAS, the City has elected to increase the amount of the City Loan to the Partnership to \$4,873,741, and in connection therewith, the City, Partnership and Heartland are entering into that certain Amendment to City Loan Documents and Redevelopment Agreement, and Subordination Agreement (the "City Amendment") dated and recorded concurrently herewith in the Cook County Recorder's Office;

WHEREAS, notwithstanding the increase in the City Loan amount, the Partnership, Heartland, City and IHDA desire to preserve and maintain the same priority among the City Redevelopment Agreement, City Loan Documents, IHDA Trust Fund Loan Documents, IHDA FAF Loan Documents, Heartland Seller Financing Loan

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Documents, Heartland Sponsor Loan Documents, Donation Credit Regulatory Agreement and Heartland Declaration;

NOW, THEREFORE, in consideration of the aforesaid recitals and the benefits to be derived by the parties hereto, the parties agree as follows:

1. The Recitals set forth above are hereby incorporated into and made a part of this Agreement.
2. Heartland hereby agrees that the Heartland Seller Financing Loan Documents, Heartland Sponsor Loan Documents and Heartland Declaration, and all of Heartland's rights and obligations created thereby and therein, shall be and are completely, expressly and unconditionally subject and subordinate to the liens and encumbrances of the City Redevelopment Agreement, City Mortgage, City Assignment and City Regulatory Agreement, each as amended by the City Amendment, and all advances made or to be made thereunder and to all renewals, extensions, modifications or replacements thereof.
3. IHDA hereby agrees that the IHDA Trust Fund Loan Documents, IHDA FAF Loan Documents, and all of IHDA's rights and obligations created thereby and therein, shall be and are completely, expressly and unconditionally subject and subordinate to the liens and encumbrances of the City Redevelopment Agreement, City Mortgage, City Assignment and City Regulatory Agreement, each as amended by the City Amendment, and all advances made or to be made thereunder and to all renewals, extensions, modifications or replacements thereof.
4. IHDA, Heartland and the Partnership agree that the Donation Credit Regulatory Agreement, and all of IHDA, Heartland and Partnership's rights and obligations created thereby and therein, shall be and is completely, expressly and unconditionally subject and subordinate to the liens and encumbrances of the City Redevelopment Agreement, City Mortgage, City Assignment and City Regulatory Agreement, each as amended by the City Amendment, and all advances made or to be made thereunder and to all renewals, extensions, modifications or replacements thereof.
5. No modification, amendment, waiver or release of any provision of this Agreement or any right, obligation, claim or cause of action arising thereunder shall be valid or binding for any purpose whatsoever unless in writing and duly executed by the party against whom the same is sought to be asserted.

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6. This Agreement shall inure to and shall be binding upon the Partnership, IHDA and Heartland and their respective heirs, personal representatives, successors and assigns.
7. This Agreement may be executed in counterparts.

(The Remainder of this page was left blank intentionally.)


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In Witness Whereof, this Subordination Agreement Regarding Amended City Loan Documents and Redevelopment Agreement has been executed by the parties hereto, as of the date first set forth above.

Hollywood House Limited Partnership,
an Illinois limited partnership

By: Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not for profit corporation and its sole general partner

By: 
Andrew E. Geer, Secretary

Heartland Housing, Inc., an Illinois not for profit corporation

By: 
Andrew E. Geer, Executive Director

**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**

By: _____
Name:
Title:

91692

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In Witness Whereof, this Subordination Agreement Regarding Amended City Loan Documents and Redevelopment Agreement has been executed by the parties hereto, as of the date first set forth above.

Hollywood House Limited Partnership,
an Illinois limited partnership

By: Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not for profit corporation and its sole general partner

By: _____
Andrew E. Geer, Secretary

Heartland Housing, Inc., an Illinois not for profit corporation

By: _____
Andrew E. Geer, Executive Director

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: _____
Name: *Jane P. Stiger*
Title: *Assistant Executive Director*

llor

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State of Illinois)
) ss.
County of Cook)

Before me, a Notary Public, in and for said County and State, on this day appeared Andrew E. Geer, personally known to me to be the person whose name is subscribed to the foregoing instrument, and personally known to me to be the Secretary of Hollywood Sheridan Neighborhood Development Corp., NFP (the "General Partner"), an Illinois not-for-profit corporation, the sole general partner of Hollywood House Limited Partnership (the "Partnership"), and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act of said General Partner on behalf of the Partnership.

Given under my hand and seal of office, this 1st day of September, 2009.

My commission expires:

5-5-13

Kristine M. Berg

Notary Public



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that Andrew E. Geer, personally known me to be the Executive Director of Heartland Housing, Inc., and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument in his capacity as Executive Director of Heartland Housing, Inc., his/her free and voluntary act and deed and as the free and voluntary act and deed of Heartland Housing, Inc., for the uses and purposes therein set forth.

Given under my hand and official seal this 1st day of September, 2009.

Kristine M. Berg
Notary Public

My commission expires: 5-5-13



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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that Jane R. Bilger, personally known me to be the Assistant Executive Director of the Illinois Housing Development Authority (the "Authority"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed and delivered the said instrument in her capacity as Assistant Executive Director of the Authority, her free and voluntary act and deed and as the free and voluntary act and deed of the Authority, for the uses and purposes therein set forth.

Given under my hand and official seal this 1 day of September, 2009.

Veronica Solis
Notary Public



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EXHIBIT A

LEGAL DESCRIPTION

THE SOUTH 20 FEET OF LOT 9, ALL OF LOTS 10, 11 AND 12 IN BLOCK 6 IN COCHRAN'S ADDITION TO EDGEWATER BEING A SUBDIVISION OF SOUTH 1946 FEET OF WEST 1320 FEET OF EAST FRACTIONAL 1/2 OF SECTION 5, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN 14-05-406-021-0000

Commonly known as 5700 N. Sheridan Road, Chicago, Illinois 60660

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