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Prepared By
RECORDING REQUESTED BY AND WHEN
RECORDED MAIL TO:

Citi Community Capital
Municipal Securities Division
1801 California St., Suite 3700
Denver, CO 80202
Attention: Judy Wessler
Citi #10-7038219



Doc#: 1100604055 Fee: \$78.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 01/06/2011 10:39 AM Pg: 1 of 22

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SUBORDINATION AGREEMENT

Freddie Mac Loan (Construction) No.: 534398200
Freddie Mac Loan (Permanent) No.: 534398111

FHLMC FORM
(Governmental Entity)

THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into as of the 1st day of December, 2010, by and among (i) **FEDERAL HOME LOAN MORTGAGE CORPORATION**, a shareholder-owned, government-sponsored enterprise organized and existing under the laws of the United States ("**Freddie Mac**"), (ii) **CITIBANK, N.A.**, a national banking association (the "**Construction Lender**"), (iii) **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, as trustee (the "**Bond Trustee**") and together with Freddie Mac and the Construction Lender, the "**Senior Mortgagee**"), and (iii) the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY**, a body politic and corporate, organized and existing under the laws of the State of Illinois (in its capacity as subordinate lender, the "**Subordinate Mortgagee**").

RECITALS

A. **RANDOLPH TOWER CITY APARTMENTS, LLC** and **RANDOLPH TOWER AFFORDABLE CITY APARTMENTS, LLC**, each a limited liability company organized and existing under the laws of the State of Delaware (jointly, severally and collectively, the "**Borrower**") are the owners of certain condominium units located at 188 West Randolph Street, Cook County, Illinois, described in Exhibit A hereto (the "**Condominium Units**"). The Condominium Units are or will be improved with a multifamily housing project (the "**Improvements**").

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B. Illinois Housing Development Authority, a body politic and corporate, organized and existing under the laws of the State of Illinois (the "**Issuer**") has issued and sold its \$50,580,000 Multifamily Housing Revenue Bonds (Randolph Tower City Apartments) Series 2010 (the "**Bonds**") pursuant to a Trust Indenture dated as of the date hereof (the "**Indenture**") between the Issuer and Bond Trustee, as trustee for the holders of the Bonds.

C. Pursuant to a Financing Agreement dated as of December 1, 2010 (the "**Financing Agreement**") among the Issuer, Bond Trustee and Borrower, the Issuer used the proceeds of the sale of Bonds to make a mortgage loan (the "**Bond Mortgage Loan**") to the Borrower, to finance the acquisition, rehabilitation and equipping of the Improvements.

D. The Borrower's repayment obligations in respect of the Bond Mortgage Loan are evidenced by a Bond Mortgage Note dated as of December 1, 2010 from the Borrower to the Issuer, which note is being assigned by the Issuer to the Bond Trustee and Freddie Mac (together with all riders and addenda thereto, the "**Bond Mortgage Note**").

E. To secure the Borrower's obligations under the Bond Mortgage Note, the Borrower has executed and delivered for the benefit of the Issuer a first lien First Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 1, 2010 (the "**Bond Mortgage**") with respect to the Condominium Units and the Improvements, which Bond Mortgage has been assigned by the Issuer to the Bond Trustee and Freddie Mac pursuant to the Indenture.

F. Freddie Mac has agreed, but subject to the terms and conditions contained in a Construction Phase Financing Agreement among Freddie Mac, Construction Lender, Citibank, N.A., as loan servicer for Freddie Mac ("**Servicer**") and Borrower ("**CPFA**"), to enter into a Credit Enhancement Agreement dated as of the date hereof with the Bond Trustee (the "**Credit Enhancement Agreement**") pursuant to which Freddie Mac has agreed to make certain advances to the Bond Trustee (a) with respect to amounts due under the Bond Mortgage Loan for the Improvements and (b) to provide funds to purchase the Bonds tendered under certain circumstances in accordance with the Indenture.

G. Borrower has entered into a Reimbursement and Security Agreement dated as of the date hereof with Freddie Mac (the "**Reimbursement Agreement**") to evidence the Borrower's obligation to reimburse Freddie Mac for advances under the Credit Enhancement Agreement.

H. The Reimbursement Agreement will be secured by a second lien Second Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof (the "**Reimbursement Mortgage**") encumbering the Condominium Units and Improvements and other "**Mortgaged Property**" (as defined in the Reimbursement Mortgage).

I. Construction Lender has agreed to make a conventional construction loan to the Borrower in the original principal amount of up to \$78,319,650 (the "**Construction Loan**") pursuant to the terms and subject to the conditions of a Construction Loan Agreement (the "**Construction Loan Agreement**"), which Construction Loan is evidenced by that certain Construction Loan Note (the "**Construction Loan Note**") and secured by that certain Mortgage,

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Assignment of Rents, Security Agreement and Fixture Filing (the "**Construction Loan Mortgage**"), dated as of December 1, 2010, from the Borrower to the Construction Lender.

J. To further secure Freddie Mac against any loss Freddie Mac may incur as a result of advancing fund under the Credit Enhancement Agreement, the Construction Lender, on behalf of the Borrower and for the benefit of Freddie Mac, will advance a portion of the proceeds of the Construction Loan to the Bond Trustee.

K. In connection with the Construction Loan, Borrower and Construction Lender have entered into a certain Letter of Credit and Reimbursement Agreement (the "**LC Reimbursement Agreement**") pursuant to which Construction Lender, at the request of Borrower, will in the future issue a standby letter of credit (the "**Letter of Credit**") in an amount not greater than \$2,045,336 in favor of Freddie Mac.

L. The rights of the Issuer, the Bond Trustee, the Construction Lender and Freddie Mac to enforce remedies under, respectively, the Bond Mortgage and the Construction Loan Mortgage, initially and the Reimbursement Mortgage after Conversion (as such term is defined in the CPFPA), are governed by an Intercreditor Agreement dated as of December 1, 2010 among the Issuer, the Bond Trustee, Construction Lender and Freddie Mac ("**Intercreditor Agreement**") recorded in the Official Records ("**Recording Offices**") of Cook County, Illinois.

M. Pursuant to a Mortgage Note dated as of the date hereof by the Borrower to the order of Subordinate Mortgagee (the "**Subordinate Note**"), the Subordinate Mortgagee has made or is making a grant to the Borrower in the original principal amount of \$10,000,000 (the "**Subordinate Grant**"). The Subordinate Grant is evidenced by the Subordinate Note and will be secured by a Junior Mortgage, Security Agreement and Assignment of Rents and Leases dated as of the date hereof (the "**Subordinate Mortgage**") encumbering the Condominium Units and the Improvements.

N. In connection with the Subordinate Grant, the Subordinate Mortgagee and the Borrower have or will enter into (i) a Low Income Housing Tax Credit Extended Use Agreement (the "**Extended Use Agreement**") which provides for certain regulatory and restrictive covenants governing the use, occupancy and transfer of the Mortgaged Property, (ii) a 1602 Written Agreement dated as of December 22, 2010 (the "**Written Agreement**") and (iii) a Regulatory Agreement, dated as of December 22, 2010 (the "**Regulatory Agreement**"). The Extended Use Agreement, the Written Agreement and the Regulatory Agreement are hereinafter the "**Restrictive Covenants**".

O. The Bond Mortgage, the Reimbursement Mortgage and the Construction Loan Mortgage (collectively, the "**Senior Mortgages**") are intended to be recorded in the Recording Offices. The Subordinate Mortgage is intended to be recorded in the Recording Offices following the recording of the Senior Mortgage.

P. The execution and delivery of this Agreement is a condition of Construction Lender's entering into the Construction Loan Agreement and Freddie Mac entering into the Credit Enhancement Agreement.

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NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. The following terms, when used in this Agreement (including, as appropriate, when used in the above recitals), shall have the following meanings.

(a) The terms "**Condemnation**", "**Impositions**", "**Leases**", "**Rents**" and "**Restoration**", as well as any term used in this Agreement and not otherwise defined in this Agreement, shall have the meanings given to those terms in the Senior Mortgages.

(b) "**Bankruptcy Proceeding**" means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to the Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

(c) "**Borrower**" means all persons or entities identified as "Borrower" in the first paragraph of this Agreement, together with their successors and assigns, and any other person or entity who acquires title to the Condominium Units and Improvements after the date of this Agreement; provided that the term "Borrower" shall not include the Senior Mortgagee in the event that the Senior Mortgagee may acquire title to the Condominium Units and Improvements.

(d) "**Casualty**" means the occurrence of damage to or loss of any of the Mortgaged Property by fire or other casualty.

(e) "**Enforcement Action**" means the acceleration of all or any part of the Subordinate Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Mortgaged Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Subordinate Note or any other of the Subordinate Grant Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the taking of any other enforcement action against the Borrower, any other party liable for any of the Subordinate Indebtedness or obligated under any of the Subordinate Grant Documents, or the Mortgaged Property, except that Enforcement Action shall not include pursuit of any remedies pursuant to the Guaranty as described in this Agreement.

(f) "**Enforcement Action Notice**" means a written notice from the Subordinate Mortgagee to the Senior Mortgagee, given following a Subordinate Mortgage Default and the expiration of any notice or cure periods provided for such Subordinate Mortgage Default in the Subordinate Grant Documents, setting forth in reasonable detail the Enforcement Action proposed to be taken by the Subordinate Mortgagee.

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(g) **“Guaranty”** means that certain Guaranty of Completion and Payment provided to Subordinate Mortgagee relating to the Condominium Units.

(h) **“Loss Proceeds”** means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result or any Condemnation or Casualty.

(i) **“Senior Indebtedness”** means the “Indebtedness” as defined in the Senior Mortgage.

(j) **“Senior Loan Documents”** means the loan documents executed in connection with the Bond Mortgage, the Reimbursement Mortgage and the Construction Loan Mortgage.

(k) **“Senior Mortgage”** means, initially, the Bond Mortgage, the Reimbursement Mortgage and the Construction Loan Mortgage, and after Conversion, the Bond Mortgage and the Reimbursement Mortgage.

(l) **“Senior Mortgage Default”** means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an “Event of Default” as defined in Senior Loan Documents.

(m) **“Senior Mortgagee”** means the entities named as such in the first paragraph of this Agreement and any other person or entity who subsequently becomes the holder of the Bond Mortgage Note, the Construction Loan Note or the obligor under the Letter of Credit or the Credit Enhancement Agreement.

(n) **“Subordinate Indebtedness”** means all sums evidenced by the Subordinate Note, or secured or guaranteed by the Subordinate Mortgage, or otherwise due and payable to the Subordinate Mortgagee pursuant to the Subordinate Grant Documents, specifically excluding any sums due pursuant to the Guaranty subject to the terms of this Agreement.

(o) **“Subordinate Grant Documents”** means the Subordinate Note, Subordinate Mortgage, the Written Agreement, all promissory notes made pursuant to the Written Agreement, the Extended Use Agreement, as recorded or will be recorded contemporaneously with the Subordinate Mortgage in the Recording Offices and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Subordinate Indebtedness, as the same may be amended from time to time, except Subordinate Grant Documents shall not include the Guaranty.

(p) **“Subordinate Mortgage Default”** means any act, failure to act, event, condition, or occurrence which allows (but for any contrary provision of this Agreement), or which with the giving of notice or the passage of time, or both, would allow (but for any contrary provision of this Agreement), the Subordinate Mortgagee to take an Enforcement Action.

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(q) **“Subordinate Mortgagee”** means the person or entity named as such in the first paragraph of this Agreement and any other person or entity who becomes the legal holder of the Subordinate Note after the date of this Agreement.

2. SUBORDINATION OF SUBORDINATE INDEBTEDNESS.

(a) The Subordinate Indebtedness is and shall at all times continue to be subject and subordinate in right of payment to the prior payment in full of the Senior Indebtedness. Notwithstanding any other provision contained herein to the contrary, if an event occurs pursuant to the Guaranty which gives the Subordinate Mortgagee the right to pursue any and all remedies granted to the Subordinate Mortgagee pursuant to the Guaranty (the **“Guaranty Remedies”**), the Subordinate Mortgagee will not commence any of the Guaranty Remedies until after the expiration of a period of ninety (90) days after the Subordinate Mortgagee has given the Senior Mortgagee written notice of such Subordinate Mortgagee Default and an opportunity to cure same. After said ninety (90) day period, if Senior Mortgagee does not cure the applicable Subordinate Mortgagee Default, nothing contained herein shall prohibit or prevent the Subordinate Mortgagee from pursuing the Guaranty Remedies at such time and in such manner as provided in the Guaranty and any monies returned from pursuit of the Guaranty Remedies shall be applied by Subordinate Mortgagee as it shall determine.

(b) Until the occurrence of a Senior Mortgage Default, the Subordinate Mortgagee shall be entitled to retain for its own account all payments made on account of the principal of and interest on the Subordinate Indebtedness in accordance with the requirements of the Subordinate Grant Documents, provided no payment is made more than ten (10) days in advance of the due date thereof, however, immediately upon the Subordinate Mortgagee's receipt of notice or actual knowledge of a Senior Mortgage Default, the Subordinate Mortgagee will not accept any payments on account of the Subordinate Indebtedness, and the provisions of Section 2(c) of this Agreement shall apply. The Subordinate Mortgagee acknowledges that a Subordinate Mortgage Default constitutes a Senior Mortgage Default. Accordingly, upon the occurrence of a Subordinate Mortgage Default, the Subordinate Mortgagee shall be deemed to have actual knowledge of a Senior Mortgage Default.

(c) If (i) the Subordinate Mortgagee receives any payment, property, or asset of any kind or in any form on account of the Subordinate Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Mortgage Default of which the Subordinate Mortgagee has actual knowledge or has been given notice, or (ii) the Subordinate Mortgagee receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for the Senior Mortgagee. The Subordinate Mortgagee will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to the Senior Mortgagee. The Senior Mortgagee shall apply any payment, asset, or property so received from the Subordinate Mortgagee to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as the Senior Mortgagee shall determine in its sole and absolute discretion.

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(d) Without limiting the complete subordination of the Subordinate Indebtedness to the payment in full of the Senior Indebtedness, in any Bankruptcy Proceeding, upon any payment or distribution (whether in cash, property, securities, or otherwise) to creditors (i) the Senior Indebtedness shall first be paid in full in cash before the Subordinate Mortgagee shall be entitled to receive any payment or other distribution on account of or in respect of the Subordinate Indebtedness, and (ii) until all of the Senior Indebtedness is paid in full in cash, any payment or distribution to which the Subordinate Mortgagee would be entitled but for this Agreement (whether in cash, property, or other assets) shall be made to the Senior Mortgagee.

(e) The subordination of the Subordinate Indebtedness shall continue in the event that any payment under the Senior Loan Documents (whether by or on behalf of the Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to the Borrower or its insolvent estate, or avoided, set aside or required to be paid to the Borrower, a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law. In such event, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

3. SUBORDINATION OF SUBORDINATE GRANT DOCUMENTS.

(a) The Subordinate Mortgage and each of the other Subordinate Grant Documents are, and shall at all times remain, subject and subordinate in all respects to the liens, terms, covenants, conditions, operations, and effects of the Senior Mortgage and each of the other Senior Loan Documents.

(b) The subordination of the Subordinate Grant Documents and of the Subordinate Indebtedness shall apply and continue notwithstanding (i) the actual date and time of execution, delivery, recording, filing or perfection of the Senior Mortgage and other Senior Loan Documents and of the Subordinate Mortgage and other Subordinate Grant Documents, and (ii) the availability of any collateral to the Senior Mortgagee, including the availability of any collateral other than the Mortgaged Property.

(c) By reason of, and without in any way limiting, the full subordination of the Subordinate Indebtedness and the Subordinate Grant Documents provided for in this Agreement, all rights and claims of the Subordinate Mortgagee under the Subordinate Mortgage or under the Subordinate Grant Documents in or to the Mortgaged Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto, are expressly subject and subordinate in all respects to the rights and claims of the Senior Mortgagee under the Senior Loan Documents in and to the Mortgaged Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto.

(d) If the Subordinate Mortgagee, by indemnification, subrogation or otherwise, shall acquire any lien, estate, right or other interest in any of the Mortgaged

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Property, that lien, estate, right or other interest shall be fully subject and subordinate to the receipt by the Senior Mortgagee of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Subordinate Indebtedness and the Subordinate Grant Documents are subordinate pursuant to this Agreement.

4. ADDITIONAL REPRESENTATIONS AND COVENANTS.

(a) The Subordinate Mortgagee represents and warrants that (i) the Subordinate Mortgagee is now the owner and holder of the Subordinate Grant Documents; (ii) the Subordinate Grant Documents are now in full force and effect; (c) the Subordinate Grant Documents have not been modified or amended; (iv) no Subordinate Mortgage Default has occurred, (v) the current outstanding principal balance of the Subordinate Indebtedness is \$5,931,242.87; (vi) no scheduled monthly payments under the Subordinate Note have been or will be prepaid; and (vii) none of the rights of the Subordinate Mortgagee under any of the Subordinate Grant Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise.

(b) Without the prior written consent of the Senior Mortgagee in each instance, the Subordinate Mortgagee shall not, (i) unless required by law, amend, modify, waive, extend, renew or replace any provision of any of the Subordinate Grant Documents, or (ii) unless required by law, pledge, assign, transfer, convey, or sell any interest in the Subordinate Indebtedness or any of the Subordinate Grant Documents; or (iii) accept any payment on account of the Subordinate Indebtedness other than a regularly scheduled payment of interest or principal and interest made not earlier than ten (10) days prior to the due date thereof or as expressly authorized in Section 4(i); (iv) take any action which has the effect of increasing the Subordinate Indebtedness; (v) unless required by law, appear in, defend or bring any action to protect the Subordinate Mortgagee's interest in the Mortgaged Property, or (vi) unless required by law, take any action concerning environmental matters affecting the Mortgaged Property.

(c) The Subordinate Mortgagee shall deliver to the Senior Mortgagee a copy of each notice received or delivered by the Subordinate Mortgagee pursuant to the Subordinate Grant Documents or in connection with the Subordinate Indebtedness, simultaneously with the Subordinate Mortgagee's delivery or receipt of such notice. The Senior Mortgagee shall deliver to the Subordinate Mortgagee a copy of each notice of a Senior Mortgage Default delivered by the Senior Mortgagee, simultaneously with the Senior Mortgagee's delivery of such notice. Neither giving nor failing to give a notice to the Senior Mortgagee or Subordinate Mortgagee pursuant to this Section 4(c) shall affect the validity of any notice given by the Senior Mortgagee or Subordinate Mortgagee to the Borrower, as between the Borrower and such of the Senior Mortgagee or the Subordinate Mortgagee as provided the notice to the Borrower.

(d) Without the prior written consent of the Senior Mortgagee in each instance, the Subordinate Mortgagee will not commence, or join with any other creditor in commencing, any Bankruptcy Proceeding. In the event of a Bankruptcy Proceeding, the Subordinate Mortgagee shall not vote affirmatively in favor of any plan of reorganization or liquidation unless the Senior Mortgagee has also voted affirmatively in

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favor of such plan, except to the extent expressly required by law. In the event of any Bankruptcy Proceeding, the Subordinate Mortgagee shall not contest the continued accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings.

(e) Whenever the Subordinate Loan Documents give the Subordinate Mortgagee approval or consent rights with respect to any matter, and a right of approval or consent with regard to the same or substantially the same matter is also granted to the Senior Mortgagee pursuant to the Senior Loan Documents or otherwise, if the Senior Mortgagee's approval or consent has been given, the Subordinate Mortgagee's approval or consent as to such matter shall not be unreasonably withheld.

(f) All requirements pertaining to insurance under the Subordinate Grant Documents (including requirements relating to amounts and types of coverages, deductibles and special endorsements) shall be deemed satisfied if the Borrower complies with the insurance requirements under the Senior Loan Documents. All original policies of insurance required pursuant to the Senior Loan Documents shall be held by the Senior Mortgagee. Nothing in this Section 4(f) shall preclude the Subordinate Mortgagee from requiring that it be named as a mortgagee and loss payee, as its interest may appear, under all policies of property damage insurance maintained by the Borrower with respect to the Mortgaged Property, provided such action does not affect the priority of payment of Proceeds, or that the Subordinate Mortgagee be named as an additional insured under all policies of liability insurance maintained by the Borrower with respect to the Mortgaged Property.

(g) In the event of a Condemnation or a Casualty, the following provisions shall apply:

(i) the rights of the Subordinate Mortgagee (under the Subordinate Grant Documents or otherwise) to participate in any proceeding or action relating to a Condemnation or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Condemnation or a Casualty, shall be and remain subordinate in all respects to the Senior Mortgagee's rights under the Senior Loan Documents with respect thereto, and the Subordinate Mortgagee shall be bound by any settlement or adjustment of a claim resulting from a Condemnation or a Casualty made by the Senior Mortgagee;

(ii) all Loss Proceeds shall be applied either to payment of the costs and expenses of Restoration or to payment on account of the Senior Indebtedness, as and in the manner determined by the Senior Mortgagee in its sole discretion;

(iii) in the event the Senior Mortgagee applies or releases Loss Proceeds for the purposes of Restoration of the Mortgaged Property, the Subordinate Mortgagee shall release for such purpose all of its right, title and interest, if any, in and to such Loss Proceeds. If the Senior Mortgagee holds Loss Proceeds, or monitors the disbursement thereof, the Subordinate Mortgagee shall

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not do so. Nothing contained in this Agreement shall be deemed to require the Senior Mortgagee to act for or on behalf of the Subordinate Mortgagee in connection with any Restoration or to hold or monitor any Loss Proceeds in trust for or otherwise on behalf of the Subordinate Mortgagee, and all or any Loss Proceeds may be commingled with any funds of the Senior Mortgagee; and

(iv) if the Senior Mortgagee elects to apply Loss Proceeds to payment on account of the Senior Indebtedness, and if the application of such Loss Proceeds results in the payment in full of the entire Senior Indebtedness, any remaining Loss Proceeds held by the Senior Mortgagee shall be paid to the Subordinate Mortgagee unless another party has asserted a claim to the remaining Loss Proceeds.

(h) The Subordinate Mortgagee shall enter into recognition and non-disturbance agreements with any tenants under commercial or retail Leases to whom the Senior Mortgagee has granted recognition and non-disturbance, on the same terms and conditions given by the Senior Mortgagee.

(i) Except as provided in this Section 4(i), regardless of any contrary provision in the Subordinate Grant Documents, the Subordinate Mortgagee shall not collect payments for the purpose of escrowing for any cost or expense related to the Mortgaged Property or for any portion of the Subordinate Indebtedness. However, if the Senior Mortgagee is not collecting escrow payments for one or more Impositions, the Subordinate Mortgagee may collect escrow payments for such Impositions; provided that all payments so collected by the Subordinate Mortgagee shall be held in trust by the Subordinate Mortgagee to be applied only to the payment of such Impositions.

(j) Reserved.

(k) The Senior Mortgagee may waive, postpone, extend, reduce or otherwise modify any provisions of the Senior Loan Documents without the necessity of obtaining the consent of or providing notice to the Subordinate Mortgagee, and without affecting any of the provisions of this Agreement. Notwithstanding the forgoing, Senior Mortgagee may not modify any provisions of the Senior Loan Documents that increases the Senior Indebtedness, except for increases in the Senior Indebtedness that results from advances made by Senior Mortgagee to protect the security or lien priority of Senior Mortgagee under the Senior Loan Documents or to cure defaults under the Subordinate Grant Documents.

5. DEFAULT UNDER LOAN DOCUMENTS.

(a) Following delivery of an Enforcement Action Notice given by the Subordinate Mortgagee as a consequence of the Subordinate Mortgage Default, the Senior Mortgagee shall have the right to cure any Subordinate Mortgage Default for period of time as may be required to cure such Subordinate Mortgage Default (provided that Senior Mortgagee has commenced and is diligently pursuing such cure to completion) or until such time, if ever, as the Senior Mortgagee's delivery to the

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Subordinate Mortgagee of written consent to an Enforcement Action described in an Enforcement Action Notice given by the Subordinate Mortgagee as a consequence of the Subordinate Mortgage Default. The Senior Mortgagee shall not have any obligation whatsoever to cure any Subordinate Mortgage Default. The Senior Mortgagee shall not be subrogated to the rights of the Subordinate Mortgagee under the Subordinate Grant Documents by reason of the Senior Mortgagee having cured any Subordinate Mortgage Default. However, the Subordinate Mortgagee acknowledges that all amounts advanced or expended by the Senior Mortgagee in accordance with the Senior Loan Documents to cure a Subordinate Mortgage Default shall be added to and become a part of the Senior Indebtedness under Section 12 of the Senior Mortgage and shall be secured by the lien of, the Senior Mortgage.

(b) The Senior Mortgagee shall deliver to the Subordinate Mortgagee a notice within five (5) business days in each case where the Senior Mortgagee has given notice to the Borrower of a Senior Mortgage Default. Failure of the Senior Mortgagee to send notice to the Subordinate Mortgagee shall not prevent the exercise of the Senior Mortgagee's rights and remedies under the Senior Mortgage Documents, subject to the provisions of this Agreement. The Subordinate Mortgagee shall have the right, but not the obligation, to cure any such Senior Mortgage Default within thirty (30) days following the date of such notice; provided, however, that the Senior Mortgagee shall be entitled during such 30-day period to continue to pursue its remedies under the Senior Mortgage Documents. Subordinate Mortgagee may have up to ninety (90) days from the date of the notice to cure a non-monetary default if during such 90-day period Subordinate Mortgagee keeps current all payments required by the Senior Mortgage Documents. In the event that such a non-monetary default creates an unacceptable level of risk relative to the Mortgaged Property, or Senior Mortgagee's secured position relative to the Mortgaged Property, as determined by Senior Mortgagee in its sole discretion, then Senior Mortgagee may exercise during such 90-day period all available rights and remedies to protect and preserve the Mortgaged Property and the rents, revenues and other proceeds from the Mortgaged Property. All amounts paid by the Subordinate Mortgagee to the Senior Mortgagee to cure a Senior Mortgage Default shall be deemed to have been advanced by the Subordinate Mortgagee pursuant to, and shall be secured by the lien of, the Subordinate Mortgage.

(c) In the event of a Subordinate Mortgage Default, the Subordinate Mortgagee will not commence any Enforcement Action until after the satisfaction in full of the Senior Loan. Prior to the satisfaction in full of the Senior Loan, the Subordinate Mortgagee may not commence any Enforcement Action until the delivery by Senior Mortgagee to the Subordinate Mortgagee of the Senior Mortgagee's written consent to such Enforcement Action by the Subordinate Mortgagee provided that the Subordinate Mortgagee shall be entitled to seek specific performance to enforce covenants and agreements of the Borrower relating to income, rent, or affordability restrictions contained in the Restrictive Covenants subject to Senior Mortgagee's right to cure a Subordinate Mortgage Default set forth in Section 5(a). The Subordinate Mortgagee acknowledges that the Senior Mortgagee may grant or refuse consent to the Subordinate Mortgagee's Enforcement Action in the Senior Mortgagee's sole and absolute discretion, and that such discretion may be exercised in an arbitrary manner.

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Any Enforcement Action on the part of the Subordinate Mortgagee shall be subject to the provisions of this Agreement. The Subordinate Mortgagee acknowledges that the provisions of this Section 5(c) are fair and reasonable under the circumstances, that the Subordinate Mortgagee has received a substantial benefit from the Senior Mortgagee having granted its consent to the Subordinate Mortgage, and that the Senior Mortgagee would not have granted such consent without the inclusion of these provisions in this Agreement.

(d) The Senior Mortgagee may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action by the Subordinate Mortgagee. No action or failure to act on the part of the Senior Mortgagee in the event of a Subordinate Mortgage Default or commencement of an Enforcement Action shall constitute a waiver on the part of the Senior Mortgagee of any provision of the Senior Loan Documents or this Agreement.

(e) In the event that an Enforcement Action taken by the Subordinate Mortgagee is the appointment of a receiver for any of the Mortgaged Property, all of the rents, issues, profits and proceeds collected by the receiver shall be paid and applied by the receiver solely to and for the benefit of the Senior Mortgagee until the Senior Indebtedness shall have been paid in full.

(f) The Subordinate Mortgagee hereby expressly consents to and authorizes the release by the Senior Mortgagee of all or any portion of the Mortgaged Property from the lien, operation, and effect of the Senior Loan Documents. The Subordinate Mortgagee hereby waives to the fullest extent permitted by law, all equitable or other rights it may have (i) in connection with any release of any portion of the Mortgaged Property, (ii) to require the separate sales of any portion of the Mortgaged Property or to require the Senior Mortgagee to exhaust its remedies against any portion of the Mortgaged Property or any combination of portions of the Mortgaged Property or any other collateral for the Senior Indebtedness, or (iii) to require the Senior Mortgagee to proceed against the Borrower, any other party that may be liable for any of the Senior Indebtedness (including any general partner or managing member of the Borrower if the Borrower is a partnership or limited liability company, respectively), any portion of the Mortgaged Property or combination of portions of the Mortgaged Property, or any other collateral, before proceeding against all or such portions or combination of portions of the Mortgaged Property as the Senior Mortgagee determines. The Subordinate Mortgagee acknowledges that without notice to the Subordinate Mortgagee and without affecting any of the provisions of this Agreement, the Senior Mortgagee may (i) extend the time for or waive any payment or performance under the Senior Loan Documents; (ii) modify or amend in any respect any provision of the Senior Loan Documents; and (iii) modify, exchange, surrender, release and otherwise deal with any additional collateral for the Senior Indebtedness.

(g) If any party other than the Borrower (including the Senior Mortgagee) acquires title to any of the Mortgaged Property pursuant to a foreclosure of, or trustee's sale or other exercise of any power of sale under, the Senior Mortgage conducted in accordance with applicable law, the lien, operation, and effect of the

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Subordinate Mortgage and other Subordinate Grant Documents automatically shall terminate with respect to such Mortgaged Property.

6. MODIFICATION OR REFINANCING OF SENIOR INDEBTEDNESS.

The Subordinate Mortgagee consents to any agreement or arrangement in which the Senior Mortgagee waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money. Subordinate Mortgagee further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Indebtedness (including reasonable and necessary costs associated with the closing and/or the refinancing); and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and that all references to the Senior Indebtedness, the Senior Mortgage, the Senior Loan Documents and Senior Mortgagee shall mean, respectively, the refinance loan, the refinance note, the mortgage securing the refinance note, all documents evidencing securing or otherwise pertaining to the refinance note and the holder of the refinance note. Notwithstanding the foregoing, no such extension or refinancing shall include a maturity date later than the Forgiveness Date (as hereinafter defined).

7. MISCELLANEOUS PROVISIONS

(a) In the event of any conflict or inconsistency between the terms of the Subordinate Grant Documents and the terms of this Agreement, the terms of this Agreement shall control.

(b) This Agreement shall be binding upon and shall inure to the benefit of the respective legal successors and assigns of the parties hereto.

(c) This Agreement does not constitute an approval by the Senior Mortgagee of the terms of the Subordinate Grant Documents.

(d) Each notice, request, demand, consent, approval or other communication (collectively, "notices", and singly, a "notice") which is required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if (i) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered), or (ii) sent by a national overnight courier service (such as FedEx) designating earliest available delivery (any notice so delivered shall be deemed to have been received on the next business day following receipt by the courier), or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received on the date of delivery as confirmed by the return receipt), addressed to the respective parties as follows:

(i) Notices intended for the Senior Mortgagee shall be addressed to the address set forth in the Senior Mortgage for notices to the Senior Mortgagee.

(ii) Notices intended for the Subordinate Mortgagee shall be addressed to:

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Illinois Housing Development Authority
401 North Michigan Avenue, Suite 700
Chicago, Illinois 60611

Any party, by notice given pursuant to this Section, may change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its notices, but notice of a change of address shall only be effective upon receipt. Neither party shall refuse or reject delivery of any notice given in accordance with this Section.

(e) Nothing herein or in any of the Senior Loan Documents or Subordinate Grant Documents shall be deemed to constitute the Senior Mortgagee as a joint venturer or partner of the Subordinate Mortgagee.

(f) Upon notice from the Senior Mortgagee from time to time, the Subordinate Mortgagee shall execute and deliver such additional Instruments and documents, and shall take such actions, as are required by the Senior Mortgagee in order to further evidence or effectuate the provisions and intent of this Agreement.

(g) This Agreement shall be governed by the laws of the State in which the Condominium Units are located.

(h) If any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein, and any other application thereof, shall not in any way be affected or impaired thereby.

(i) The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the Senior Indebtedness; provided that this Agreement shall be reinstated in the event any payment on account of the Senior Indebtedness is avoided, set aside, rescinded or repaid by the Senior Mortgagee as described in Section 2(e) hereof; (ii) the payment of all of the Subordinate Indebtedness other than by reason of payments which the Subordinate Mortgagee is obligated to remit to the Senior Mortgagee pursuant to this Agreement; (iii) the acquisition by the Senior Mortgagee or by a third party purchaser, of title to the Condominium Units and Improvements pursuant to a foreclosure of, or trustee's sale or other exercise of a power of sale under, the Senior Mortgage; (iv) without limiting the provisions of Section 5(d), the acquisition by the Subordinate Mortgagee, with the prior written consent of the Senior Mortgagee, of title to the Condominium Units and Improvements subject to the Senior Mortgage pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale under) the Subordinate Mortgage; or (v) the Forgiveness Date (as such term is defined in the Subordinate Note).

(j) No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or

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partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

(k) Each party hereto acknowledges that in the event any party fails to comply with its obligations hereunder, the other parties shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief.

(l) No party other than the Senior Mortgagee and the Subordinate Mortgagee shall have any rights under, or be deemed a beneficiary of any of the provisions of, this Agreement.

(m) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such party.

(n) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[BALANCE OF PAGE LEFT INTENTIONALLY BLANK]

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IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

SENIOR MORTGAGEE:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee

By: *Rhonda Butler Jackson*
Name: Rhonda Butler Jackson
Title: Authorized Officer

Property of Cook County Clerk's Office

STATE OF ILLINOIS)
)
COUNTY OF COOK) ss:

On this 17th day of December, 2010, before me, the undersigned officer, personally appeared Rhonda Butler Jackson, Authorized Officer, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, the person or entity upon behalf of which the individual acted, executed the instrument.

Diane Mary Wertz
Notary Public



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SENIOR MORTGAGEE continued:

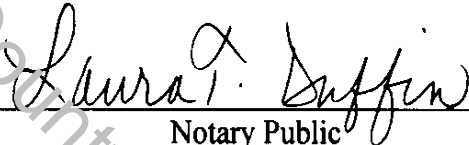
CITIBANK, N.A.

a national banking association

By: 
Name: Barry Krinsky
Title: Vice President

STATE OF FLORIDA)
)
COUNTY OF PALM BEACH) ss:

On this 17th day of December, 2010, before me, the undersigned officer, personally appeared Barry Krinsky, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, the person or entity upon behalf of which the individual acted, executed the instrument.


Notary Public




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SENIOR MORTGAGEE Continued:

FEDERAL HOME LOAN MORTGAGE CORPORATION

By: 

Name: Monty Childs

Title: Director

COMMONWEALTH OF VIRGINIA)
)
COUNTY OF FAIRFAX) ss:

On December 14, 2010 before me, ^{Carin}~~Karin~~ Grace Parker, a Notary Public in and for said County and Commonwealth of Virginia, personally appeared Monty Childs, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.




Notary Public



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SUBORDINATE MORTGAGEE:

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By:  
 Name: **Jane R. Bilger**
 Title: **Assistant Executive Director**

STATE OF ILLINOIS)
)
 COUNTY OF COOK) ss:

On this 21 day of December, 2010, before me, the undersigned officer, personally appeared Jane R. Bilger, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, the person or entity upon behalf of which the individual acted, executed the instrument.

OFFICIAL SEAL
 MARGARET A VIZZINI
 NOTARY PUBLIC - STATE OF ILLINOIS
 MY COMMISSION EXPIRES: 11/19/12


 Notary Public

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CONSENT OF BORROWER

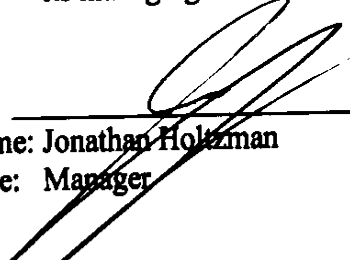
Borrower hereby acknowledges receipt of a copy of this Subordination Agreement, dated as of December 1, 2010, by and among the Federal Home Loan Mortgage Corporation, Citibank, N.A., The Bank of New York Trust Company, N.A., and Illinois Housing Development Authority, and consents to the agreement of the parties set forth herein.

BORROWER

RANDOLPH TOWER AFFORDABLE CITY APARTMENTS, LLC,
a Delaware limited liability company

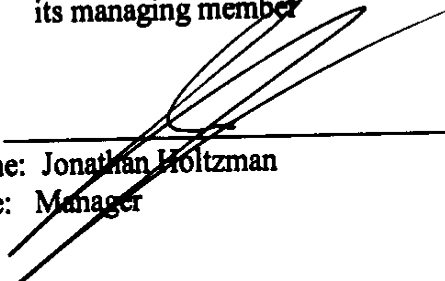
By: Holtzman Affordable Holdings, LLC,
a Delaware limited liability company,
its managing member.

By: Holtzman Interests #24, LLC,
a Michigan limited liability company,
its managing member

By: 
Name: Jonathan Holtzman
Title: Manager

RANDOLPH TOWER CITY APARTMENTS, LLC,
a Delaware limited liability company

By: Holtzman Interests #24, LLC,
a Michigan limited liability company,
its managing member

By: 
Name: Jonathan Holtzman
Title: Manager

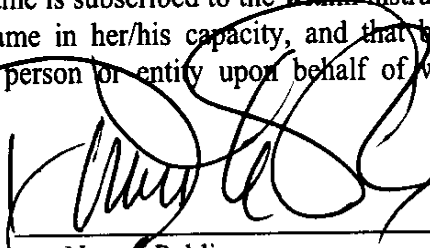
Date: December , 2010

Property of Cook County Clerk's Office

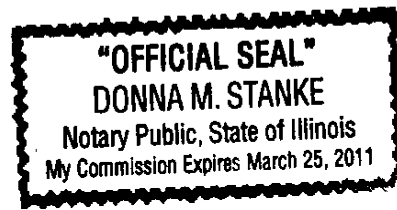
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STATE OF ILLINOIS)
) ss:
COUNTY OF COOK)

On this 17th day of December, 2010, before me, the undersigned officer, personally appeared Jonathan Holtzman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in her/his capacity, and that by his/her signature on the instrument, the individual, the person or entity upon behalf of which the individual acted, executed the instrument.



Notary Public



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EXHIBIT A

LEGAL DESCRIPTION

UNIT NO. 1:

UNIT NO. 1 IN THE RANDOLPH TOWER CITY APARTMENTS CONDOMINIUM AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED REAL ESTATE:

LOT 5 IN BLOCK 33 IN ORIGINAL TOWN OF CHICAGO IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY ILLINOIS; WHICH SURVEY IS ATTACHED AS EXHIBIT "C" TO THE DECLARATION OF CONDOMINIUM RECORDED DECEMBER 20, 2010 AS DOCUMENT NUMBER 1035422069 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS, ALL IN COOK COUNTY, ILLINOIS.

Commonly Known As: 188 West Randolph Street, Unit 1, Chicago, Illinois
60601

Permanent Index Number: 17-09-433-001-0000

UNIT NO. 2:

UNIT NO. 2 IN THE RANDOLPH TOWER CITY APARTMENTS CONDOMINIUM AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED REAL ESTATE:

LOT 5 IN BLOCK 33 IN ORIGINAL TOWN OF CHICAGO IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY ILLINOIS; WHICH SURVEY IS ATTACHED AS EXHIBIT "C" TO THE DECLARATION OF CONDOMINIUM RECORDED DECEMBER 20, 2010 AS DOCUMENT NUMBER 1035422069 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS, ALL IN COOK COUNTY, ILLINOIS.

Commonly Known As: 188 West Randolph Street, Unit 2, Chicago, Illinois
60601

Permanent Index Number: 17-09-433-001-0000