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A286-008

86615793

$18.00

SUBORDINATION OF MANAGEMENT AGREEMENT

This Subordination of Management Agreement made and delivered in Chicago, Illinois as of the 1st day of October, 1986, by TERRACO, INC., an Illinois corporation (hereinafter referred to as the "Manager"), to and for the benefit of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association ("Lender").

R E C I T A L S :

A. Park Place Development Group, an Illinois limited partnership (the "Partnership"), is the sole beneficiary of LaSalle National Bank, not personally but solely as Trustee under a Trust Agreement dated June 24, 1986 and known as Trust No. 111245 (the "Trust"), which Trust owns title to certain land and improvements thereon (collectively, the "Property"), including a 4,541 square foot one-story retail strip shopping center at 3606 West Dempster Street, Skokie, Illinois; a 13,590 square foot retail shopping center at 3535 through 3555 West Dempster Street, Skokie, Illinois; and a 19,920 square foot one-story retail strip shopping center at 4150 West Dempster Avenue, Skokie, Illinois (the "Centers") legally described in attached Exhibit A (the Partnership and the Trust are hereinafter collectively referred to as the "Borrower").

B. The Partnership and the Manager have entered into a certain Management Agreement dated September 1, 1986 (the "Management Agreement") whereby the Manager agreed to furnish services for the rental, operation and management of the Centers in exchange for certain payments to the Manager for its services and the payment of all expenses incurred by the Manager in connection with the furnishing of its services.

C. Pursuant to Illinois Revised Statutes, Chapter 82, par. 1, as amended on September 20, 1985, property managers have lien rights under the Mechanics' Lien Act for expenses incurred for the management of any structure.

D. Lender has agreed to make a loan (the "Loan") in an amount not to exceed Two Million Eight Hundred Fifty Thousand and No/100 Dollars ($2,850,000) to the Trust and the Partnership. The Loan is evidenced by a certain Mortgage Note (the "Note") of even date herewith made by the Trust and the Partnership to the order of Lender in the principal amount of Two Million Eight Hundred Fifty Thousand and No/100 Dollars ($2,850,000), which Note is personally and unconditionally jointly and severally guaranteed by the Guarantors (as such term is defined in the Note). The Note is secured, among other things, by a Mortgage (the "Mortgage") of even date herewith made by the Trust granting a lien on the Property and recorded in the Office of the Cook County, Illinois Recorder of Deeds on 10-21-86, 1986 as Document No. 86615792. As additional security for repayment of the Note, the Trust and/or the Partnership are executing and delivering to Lender an Assignment of Rents and Lessor's Interest in Leases, a Combined Security Agreement and Assignment of Beneficial Interest in Land Trust, a Security Agreement (Chattel Mortgage), an Assignment of Plans, Specifications, Construction and Service Contracts and other loan documents (collectively, the "Loan Documents").

E. Lender requires as a condition precedent to its making the Loan, that the indebtedness evidenced by the Note and the lien and security interests of the Mortgage and Loan Documents be paramount and prior to any and all obligations, expenses and indebtedness owing to the Manager which arise from the Management Agreement (collectively, the "Junior Liabilities") and any and all existing liens or future rights to liens of the Manager or anybody claiming by, through or under the Manager which arise from the Junior Liabilities (collectively, the "Junior Liens").

NOW, THEREFORE, in consideration of the mutual covenants made herein and of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Lender to make disbursements of proceeds of the Loan, it is hereby agreed as follows:

1. The Junior Liabilities and the Junior Liens are hereby subordinated to each and every one of the Note, the Mortgage, and the Loan Documents and all indebtedness, liabilities and obligations of any kind whatsoever (whether now existing or hereafter arising and regardless of the aggregate amount thereof) owing by Borrower, the Guarantors or any general partner of the beneficiary of the Trust to Lender with respect to the Property (collectively, the "Senior Liabilities").

2. The payment of all Junior Liabilities shall be subordinated to the payment in full of all Senior Liabilities. No payment in respect of any Junior Liabilities shall be made at any time on or after the date the Manager has been notified by Lender of any default in the payment or performance of any of the Senior Liabilities. In the event the Manager receives any such payment, the same shall be received in trust for Lender and immediately turned over by the Manager to Lender.

3. Any notices which may be given hereunder shall be deemed given if personally delivered or mailed by United States certified or registered mail, return receipt requested, properly addressed as follows:

To the Manager:

TERRACO, INC.
3330 Old Glenview Rd.
Suite 8
Wilmette, IL 60091

To Lender:

American National Bank and Trust Company
of Chicago
33 North LaSalle Street
Chicago, Illinois 60690
Attention: Eugene Tunney

with copy to:

Greenberger, Krauss & Jacobs, Chartered
180 North LaSalle Street
Suite 2700
Chicago, Illinois 60601
Attention: David Glickstein, Esq.

4. This Agreement shall be binding upon the Manager, and upon its successors and assigns.

5. The Manager agrees to execute such further documents or instruments and take such further actions as Lender may reasonably request from time to time to carry out the intent of this Agreement.

6. This Agreement shall be construed in accordance with and governed by the laws of the State of Illinois. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

TERRACO, INC.

By: Scott H. Hendel
Title: President

Attest: Lisa M. Edelson
Title: Vice President

The undersigned hereby accepts the foregoing Subordination of Management Agreement and agrees to be bound by the terms thereof.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association

By: Mary Meyer
Title: Commercial Loan Officer

Attest: Bruce Hoff
Title: Second V.P.

86615793

This Instrument Prepared By and After Recording Return to:

Alan D. Lev, Esq.
Greenberger, Krauss & Jacobs, Chartered
180 North LaSalle Street
Suite 2700
Chicago, Illinois 60601

BOX 333-CA

DB

Property Address:
3535-3555, 3606 and 4150 West Dempster Street
Skokie, Illinois 60076

Permanent Real Estate Tax Index Nos.:

10-15-431-019-0000
10-15-431-020-0000
10-15-431-021-0000
10-15-431-022-0000
10-15-431-023-0000
10-15-431-024-0000
10-15-431-025-0000
10-15-431-026-0000
10-15-431-027-0000
10-15-431-028-0000
10-15-431-029-0000
10-14-420-014-0000
10-14-420-015-0000

10-23-200-001-0000
10-23-200-002-0000
10-23-200-003-0000
10-23-200-004-0000
10-23-200-005-0000
10-23-200-050-0000
10-23-200-008-0000
10-23-200-006-0000
10-23-200-007-0000
10-23-200-049-0000

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

COOK COUNTY, ILLINOIS
FILED FOR RECORD
1986 DEC 24 AM 10:55

86615793

I, Kimberley A. Caponigro, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY that Scott K. Gendell and Lisa M. Edelson of Jerbaco, Inc. (the "Manager"), an Illinois corporation, 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 said Partnership, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 1st day of October, 1986.

Kimberly A. Caponigro
Notary Public

My Commission Expires:

_____

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, James E. Phillipp, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Mary W. Myers and Bruce F. Martin, the Officer and 2nd Vice Pres of the American National Bank and Trust Company of Chicago (the "Bank"), respectively, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Officer, and 2nd Vice Pres, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said Bank, for the uses and purposes therein set forth; and the said 2nd Vice Pres then and there acknowledged that he, as custodian of the corporate seal of said Bank, did affix the seal of said Bank to said instrument as his own free and voluntary act and as the free and voluntary act of said Bank, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 18th day of December, 1986.

James E. Phillipp
Notary Public

My Commission Expires:

_____

"OFFICIAL SEAL"
James E. Phillipp
Notary Public, State of Illinois
My Commission Expires 9/30/90

86615793

EXHIBIT A

Parcel 1

LOTS 1 TO 10 IN BLOCK 14 IN NORTH SIDE REALTY COMPANY DEMPSTER GOLF COURSE SUBDIVISION OF THE WEST 1/2 OF THE NORTH EAST 1/4 (EXCEPT THE EAST 660 FEET) AND THE SOUTH EAST 1/4 OF THE NORTH EAST 1/4 OF SECTION 23, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Parcel 2

LOTS 20 AND 21 IN THE RESUBDIVISION OF EUGENE L. SWENSONS ADDITION TO COLLEGE HILL A SUBDIVISION OF THAT PART EAST OF PRAIRIE ROAD OF THE SOUTH 1/4 OF THE EAST 1/2 OF THE SOUTH WEST 1/4 OF SECTION 14, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Parcel 3

LOTS 5 TO 15 AND LOT 16 (EXCEPT THE EAST 6 FEET) ALL IN BLOCK 1 IN HARRY ROTH AND COMPANY'S TURNER WOODS ADDITION NO. 1, BEING A SUBDIVISION OF THE SOUTH 1/2 OF LOT 5 IN JOHN TURNER'S HEIR SUBDIVISION OF THE SOUTH 1/4 OF THE WEST 1/2 OF THE SOUTH WEST 1/4 OF SECTION 14 AND THE EAST 1/2 OF THE SOUTH EAST 1/4 OF SECTION 15, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Permanent Real Estate Tax Index Nos.:

10-15-431-019-0000 (5)
10-15-431-020-0000 (6)
10-15-431-021-0000 (7)
10-15-431-022-0000 (8)
10-15-431-023-0000 (9)
10-15-431-024-0000 (10)
10-15-431-025-0000 (11)
10-15-431-026-0000 (12)
10-15-431-027-0000 (13)
10-15-431-028-0000 (14)
10-15-431-029-0000 (15)
10-14-420-014-0000 (21)
10-14-420-015-0000 (20)

(HKO)

TO

(AJO)

~~10-23-200-001-0000~~
~~10-23-200-002-0000~~
~~10-23-200-003-0000~~
~~10-23-200-004-0000~~
~~10-23-200-005-0000~~
~~10-23-200-006-0000~~
~~10-23-200-008-0000~~
~~10-23-200-006-0000~~
~~10-23-200-007-0000~~
~~10-23-200-049-0000~~

10-14-310-015 (5)
10-14-310-049 (6,7)
10-14-310-048 (7 8 9)
10-14-310-047 (10,11)
10-14-310-046 (11,12,13,14)
10-14-310-045 (14,15)
10-14-310-044 (17)
(EBO) TO

86615793