Please return to: JO ANNE CRAIG
Ticor Title Insurance Company
69 West Washington Street
Chicago, IL 60602 Re: N24162S1-14

SJM-ATC-1
LARRY/ATC

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BOX 15

SUBORDINATION AGREEMENT

This Subordination Agreement is dated as of January 19, 1988 by and among SHERATON OPERATING CORPORATION, a Delaware corporation ("Sheraton"), CHICAGO TITLE AND TRUST COMPANY, an Illinois corporation, as Trustee ("Trustee") (the foregoing are collectively referred to herein as "the undersigned") and SIGNAL CAPITAL CORPORATION, a Delaware corporation ("SCC").

W I T N E S S E T H:

WHEREAS, Lake Shore National Bank, not personally, but as Trustee under a Trust Agreement dated November 30, 1987 and known as Trust No. 4967 (the "Borrower") holds a leasehold interest in certain land legally described on Exhibit A attached hereto and made a part hereof and owns certain buildings and improvements located thereon (the "Premises");

WHEREAS, the Borrower has executed and delivered a Deed of Trust dated as of August 25, 1986 and recorded in the Recorder's Office of Cook County, Illinois as document number 86,384,154, and amended as of July 29, 1987, in favor of Trustee (the "Subordinated Mortgage");

WHEREAS, Sheraton is the holder of the indebtedness secured by the Subordinated Mortgage;

WHEREAS, the Subordinated Mortgage is a lien on the Premises to secure the payment of two promissory notes dated as of August 25, 1986 in the aggregate principal amount of $1,300,000.00, with interest payable as provided therein, payable to the order of Sheraton (the "Subordinated Notes");

WHEREAS, Borrower has executed and delivered a Subordinate Leasehold Mortgage, Assignment of Rents, and Security Agreement, dated as of January 25 1988 and recorded in the Recorder's Office of Cook County on January 2, 1988, as document number 88038353 in favor of SCC (the "Second Mortgage");

WHEREAS, the Second Mortgage is a lien on the Premises to secure payment of a Mortgage Note in the principal amount of $7,000,000.00, with interest payable as provided therein, payable to the order of SCC (the "Second Mortgage Note"); and

which may be increased to $4,775,000.00

WHEREAS, SCC has required and Borrower and the undersigned have agreed, as a condition to the disbursement of the proceeds of the loan secured by the Second Mortgage (the "Loan"), that the undersigned execute and deliver this Agreement to subordinate the Subordinated Mortgage and the lien thereof and all other security instruments executed and delivered in connection therewith including, but not limited to assignment of leases and

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any UCC Financing Statements (collectively referred to as the "Collateral") to all of the right, title and interest of SCC in the Second Mortgage and to the lien thereof, and all other security instruments executed and delivered in connection therewith;

NOW, THEREFORE, in consideration of the disbursement of the proceeds of the Loan by SCC to the Borrower and in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned and SCC do hereby covenant and agree as follows:

1. Subordination. The lien of the Subordinated Mortgage and the Subordinated Notes evidencing the indebtedness owed by the Borrower to the undersigned and all other security instruments executed and delivered in connection therewith is and shall at all times, be and remain subject and subordinate to the lien of the Second Mortgage and to: (i) all the rights and remedies of SCC thereunder, including, but not limited to, all the rights and remedies given to and in the Second Mortgage Note; (ii) any of the loan documents executed by the Borrower in favor of SCC with respect to the Loan; and (iii) all advances made or to be made pursuant to the Second Mortgage and Second Mortgage Note.

2. Stand-By. Except as permitted by Section 3 below, the undersigned (i) shall not accept any payments from Borrower on account of (a) any indebtedness owing by Borrower to the undersigned, or (b) any claim which the undersigned may have against Borrower, (ii) shall not enforce any remedy, including, without limitation, any right of set-off, which the undersigned now has or may hereafter have against Borrower, and (iii) shall have no right to possession of any of the Collateral or to foreclose upon the same, whether by judicial action or otherwise, until the Loan shall have been paid and/or performed in full.

3. Permitted Payments. Until SCC gives written notice to the undersigned that an Event of Default has occurred under the Loan, the undersigned may ask, demand, take and receive from Borrower, all payments due or otherwise paid under the Subordinated Notes.

4. Distribution; Proofs of Claim. In the event of any distribution of the assets or readjustment of the obligations and indebtedness of Borrower, whether by reason of liquidation, composition, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding involving the readjustment of all or any of the indebtedness hereby subordinated, or the application of the assets of Borrower to the payment or liquidation thereof, SCC shall be entitled to receive payment in full of any and all of the Loan then owing to SCC by Borrower prior to the payment of all or any part of the indebted-

ness hereby subordinated.

only while there is an Event of Default under the Loan and the Sheraton has received notice of such Event of Default,

5. Distribution; Property Held in Trust. Should any of the Collateral or proceeds thereof be received by the undersigned upon or with respect to the Borrower's indebtedness to the undersigned prior to the satisfaction of the Loan, the undersigned shall receive and hold the same in trust for SCC and shall forthwith deliver the same to SCC in precisely the form received (except for the endorsement or assignment of the undersigned where necessary), for application on the Loan, and, until so delivered, the same shall be held in trust by the undersigned as property of SCC. In the event of the failure of the undersigned to make any such endorsement or assignment to SCC, SCC or any of its officers or employees, are hereby irrevocably authorized to make the same.

6. Assignment of Claims by the Undersigned. The undersigned agrees that until the Loan shall have been paid in full, the undersigned will not assign or transfer to others any claim the undersigned has or may have against the Borrower, unless such assignment or transfer is made expressly subject to this Subordination Agreement.

7. Continuing Agreement of Subordination. This is a continuing agreement of subordination, and SCC may continue, without notice to the undersigned, to extend credit or other accommodation or benefit and loan monies to or for the account of Borrower on the faith hereof. If in reliance on this Subordination Agreement SCC grants loans or takes other action after the dissolution of the undersigned, the rights of SCC shall be the same as if such dissolution had not occurred. This Subordination Agreement shall continue effective until the Loan shall have been paid in full.

8. Extension of Liabilities. SCC may, at any time or times hereafter, without thereby in any way impairing or affecting the undersigned's obligations under this Subordination Agreement, (i) extend additional credits or other accommodation to or for the account of Borrower, or (ii) extend the time or payment of or renew or otherwise alter the terms of the Loan.

9. Waiver of Notices; Reliance. The undersigned expressly waives all notice of the acceptance by SCC of the sub-

ordination provisions of this Subordination Agreement and all other notices whatsoever, and the undersigned expressly waives reliance by SCC upon the subordination herein provided for.

10. Waiver; Modification. No waiver shall be deemed to be made by SCC of any of its rights hereunder unless the same shall be in writing signed by SCC, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of SCC or the obligations of the undersigned to SCC in any other respect at any other time. This Subordination Agreement may not altered or amended except by an agreement in writing signed by the undersigned and SCC.

11. Application of Payments. The undersigned hereby agrees that all payments to SCC made by or on behalf of Borrower may be applied and reapplied, in whole or in part, to any part of the Loan as SCC sees fit in its sole discretion.

12. Governing Law; Severability. This Subordination Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined in accordance with the laws of the State of Illinois. Whenever possible each provision of this Subordination Agreement shall be interpreted in such manner as to be effective and valid under the applicable law, but if any provision of this Subordination 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 Subordination Agreement.

13. Successors and Assigns. This Subordination Agreement shall be binding on the undersigned and upon the successor and assigns of the undersigned, including, without limitation, upon all individuals, corporations and other entities, and their successors and assigns, now or hereafter represented by the undersigned, and shall inure to the benefit of SCC, its successors and assigns.

14. Section Titles. The section title contained in the Subordination Agreement are for convenience only and shall be without substantive meaning or content of any kind.

IN WITNESS WHEREOF, this Subordination Agreement has been duly executed by the undersigned on the day and year first above written.

SHERATON OPERATING CORPORATION

By: M. Ronald Silverstein
Its M. Ronald Silverstein
Secretary

ATTEST:
Richard Braverman
Richard Braverman
Assistant Secretary

CHICAGO TITLE AND TRUST COMPANY

By: Vivienne Brocato
Its ASST. VICE PRESIDENT

ATTEST:
Sabina Pistof
ASST. SECRETARY

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EXHIBIT A

PROPERTY DESCRIPTION

PART A

ESTATE 1:

LEASEHOLD ESTATE CREATED IN AND BY THAT CERTAIN INDENTURE OF LEASE DATED NOVEMBER 5, 1968, A MEMORANDUM OF WHICH WAS RECORDED APRIL 8, 1969 AS DOCUMENT NO. 20,804,412, AS AMENDED NOVEMBER 5, 1968, MAY 25, 1970, JUNE 18, 1971 AND FEBRUARY 15, 1977 MADE BY SAKS AND COMPANY, AS GROUND LESSOR, AND LAKE SHORE NATIONAL BANK TRUST NO. 2158, AS GROUND LESSEE, DEMISING THE LAND LEGALLY DESCRIBED IN PART B BELOW

ESTATE 2

THE OWNERSHIP OF THE BUILDING AND IMPROVEMENTS LOCATED ON THE LAND LEGALLY DESCRIBED IN PART B BELOW.

ESTATE 3

SUBLEASEHOLD ESTATE CREATED IN AND BY THAT CERTAIN INDENTURE OF LEASE DATED JULY 1, 1971 MADE BY SAKS AND COMPANY, AS SUBLESSOR AND CLARIDGES PARKING CORPORATION, AS SUBLESSEE, AS DISCLOSED BY AGREEMENT REGARDING COMMENCEMENT OF TERM OF GARAGE SUBLEASE DATED MAY 1, 1973 AND RECORDED JULY 30, 1973 AS DOCUMENT NO. 22,419,030, AS AMENDED DECEMBER 21, 1972, MAY 1, 1973 AND FEBRUARY 15, 1977 AND EVIDENCED BY A MEMORANDUM OF GARAGE SUBLEASE DATED AS OF JULY 15, 1980, AND RECORDED SEPTEMBER 22, 1980 AS DOCUMENT NO. 25,592,895, DEMISING THE "GARAGE FACILITIES" WITHIN THE BUILDING LOCATED ON THE LAND LEGALLY DESCRIBED IN PART B BELOW.

PART B

THE SOUTHEAST 1/4 (EXCEPT THE WEST 1 1/2 FEET THEREOF) OF BLOCK 45 OF KINZIE'S ADDITION TO CHICAGO IN THE NORTH FRACTIONAL 1/2 OF SECTION 10, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PERMANENT TAX NUMBER: 17-10-106-007 VOLUME: 501

ADDRESS OF PROPERTY: 140-160 EAST HURON STREET
CHICAGO, ILLINOIS

8 8 0 3 6 3 5 4

STATE OF Illinois)
COUNTY OF Cook)

I, DIANE HELMS, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that LAVERNE HOWARD, and _____, of CHICAGO TITLE AND TRUST COMPANY, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such, ASST. VICE PRESIDENT and ASST. SECRETARY Secretary, 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 and deed of said corporation, as ASST. VICE PRESIDENT as aforesaid, for the uses and purposes therein set forth; and the said ASST. Secretary then and there acknowledged that he, she, as custodian of the corporate seal of said corporation, did affix the corporate seal of said association to said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 20 day of ~~December~~ JANUARY, 1988.

Notary Public

My commission expires:

"OFFICIAL SEAL"
Diane Helms
Notary Public, State of Illinois
My Commission Expires 10/22/88

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STATE OF Massachusetts)
COUNTY OF Suffolk)

I, Judith E. Donovan, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that In Kwach Kilbourtey, and Richard Braverman, of The Austin Kilbourtey, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such, Secretary, and Assistant Secretary, 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 and deed of said corporation, as Secretary as aforesaid, for the uses and purposes therein set forth; and the said Assistant Secretary then and there acknowledged that he, she, as custodian of the corporate seal of said corporation, did affix the corporate seal of said association to said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 19th day of ~~December, 1987~~. January 1988

Judith E. Donovan
Notary Public

My commission expires:

Aug 10, 1990

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DEPT-01 RECORDING $18.00
T#2222 TRAN 0719 01/26/88 15:28:00
#2533 # B *-88-038354
COOK COUNTY RECORDER

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18.00