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THIS DOCUMENT WAS PREPARED BY AND
WHEN RECORDED MAIL TO:

88206590

Shelsky, Saitlin & Froelich, Ltd.
444 North Michigan Avenue
Suite 2300
444 North Michigan Avenue
Chicago, Illinois 60611
Attn: Steven E. Silverman, Esq.

SUBORDINATION AGREEMENT

THIS AGREEMENT is made and entered into as of May 9, 1988 by and among American National Bank and Trust Company of Chicago, a National Banking Association, (the "Senior Lender"), LaSalle National Bank, a National Banking Association, of Chicago, Illinois, not personally, but solely as Trustee under Trust Agreement dated September 22, 1987 and known as Trust No. 112654 and VMS/MCL Venture, an Illinois general partnership (collectively, the "Borrower"), and VMS Mortgage Investors L.P. III, a Delaware limited partnership (the "Subordinated Lender").

RECITALS:

A. Senior Lender has extended credit to Borrower pursuant to those certain Mortgage Notes dated as of October 29, 1987 in the principal sums of \$5,000,000.00; \$6,000,000.00 and \$4,000,000.00 (hereinafter referred to collectively as the "Senior Note") and secured by, among other things, that certain Mortgage and Security Agreement dated October 29, 1987 and filed October 30, 1987 as Document LR 3663825 and recorded as document number 87-588145 made by the Borrower in favor of Senior Lender (the "Senior Mortgage"), and that certain Assignment of Leases, Rents, Sales Contracts and Proceeds of even date therewith (the "Senior Assignment"); the Senior Mortgage, the Senior Assignment and the Senior Note are hereinafter collectively referred to as the "Senior Loan Documents") which Senior Mortgage and Assignment constitute liens or encumbrances on that certain real property legally described on Exhibit A attached hereto and made a part hereof (the "Property") and the improvements located and to be constructed on the Property (the "Project").

B. Subordinated Lender has agreed to extend credit to Borrower pursuant to that certain Note dated May 9, 1988 in the original principal sum of \$4,251,000.00 (the "Subordinated Note"), which is to be secured by, among other things, that certain Mortgage on the Project dated May 9, 1988 and to be recorded in the offices of the

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PROPERTY

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Recorder of Deeds and Registrar of Torrens Titles of Cook County, Illinois (the "Subordinated Mortgage"); the Subordinated Note and the Subordinated Mortgage are sometimes hereinafter collectively referred to as the "Subordinated Loan Documents").

C. As a condition to extending credit to Borrower, Subordinated Lender has agreed that the Subordinated Mortgage and the obligations of Borrower to Subordinated Lender be subordinated to the Senior Loan Documents and the obligations of Borrower running to Senior Lender.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by each of the parties hereto, it is agreed as follows:

1. Subordination of Interests. All now existing or hereafter arising interests of Subordinated Lender (including, but not limited to, the lien of the Subordinated Mortgage) in the Property and the Project (and all leases, rents, income, profits and other revenues therefrom), pursuant to the Subordinated Note and Mortgage shall be and are hereby declared to be subject, junior and subordinate to all now existing or hereafter arising rights or interests in the Property and the Project held by Senior Lender pursuant to the Senior Loan Documents.

2. Subordination of Other Collateral and Proceeds. All now existing or hereafter arising rights and interests of Subordinated Lender in all tangible and intangible personal property in which a security interest or lien arises under the Senior Loan Documents ("Personal Property"), and all products and proceeds of the Personal Property, including, without limitation, all insurance and condemnation proceeds, shall be and hereby are declared to be subject, junior and subordinate to all now existing or hereafter arising rights or interests of Senior Lender in the Personal Property and all products and proceeds of the Personal Property.

3. Extent of Subordination. The subordinations provided for in paragraphs 1 and 2 above shall remain in full force and effect until all now existing or hereafter arising obligations of Borrower under the Senior Loan Documents are paid and satisfied in full and Senior Lender has no further obligations to advance additional funds with respect to the Project under the Senior Loan Documents, which obligations of Borrower shall include, without limitation, the obligation to pay to Senior Lender:

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(a) all outstanding balances of principal, interest and applicable penalties on the Senior Note;

(b) all fees, charges, costs and expenses incurred by Senior Lender in preparing or amending the Senior Loan Documents, including reasonable attorneys' fees;

(c) all fees, charges, costs and expenses incurred by Senior Lender in protecting the lien of the Senior mortgage or the lien or security interest applicable to other collateral pledged to Senior Lender;

(d) all fees, charges, costs and expenses, including reasonable attorneys' fees, incurred by Senior Lender in enforcing its rights and remedies under the Senior Loan Documents or applicable law.

All the foregoing obligations of Borrower are hereinafter referred to as the "Senior Loan Obligations."

4. Conflicting Terms. In the event of any conflict between the provisions of this Subordination Agreement and the provisions of the Subordinated Loan Documents, the provisions of this Subordination Agreement shall be deemed to be controlling.

5. Attachment, Perfection. The rights and interests subordinated hereby and the priorities established hereby shall bind the parties hereto, irrespective of the attachment, filing, perfection or lack thereof of the security interests, liens or other interests held by the parties under their respective loan documentation.

6. Senior Loan. Senior Lender represents and warrants to Subordinated Lender that:

a) the Senior Loan Documents are in full force and effect;

b) upon payment in full of the principal, accrued interest, and other indebtedness evidenced or secured by the Senior Loan Documents, Senior Lender will release in full its interest in the Property, the Project and the Personal Property;

c) Senior Lender is the current holder of all right, title and interest in and to the Senior Loan Documents and has not agreed to assign or convey all or any portion of its interest in the Senior Loan Documents to any person or entity;

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d) Senior Lender consents to the execution, delivery, and recording of the Subordinated Loan Documents and to the best knowledge of Senior Lender, there is no default under any of the Senior Loan Documents;

e) The maximum principal amount to be advanced by Senior Lender to Borrower under the Senior Loan Documents shall not exceed the sum of \$15,000,000 exclusive of protective advances and interest.

7. Partial Releases. Until the Senior Lender has been paid in full, Subordinated Lender hereby agrees not to exercise its discretion but to automatically execute and deliver partial releases of the lien of the Subordinated Mortgage upon the sale and conveyance of Units (as defined in the Subordinated Mortgage) simultaneously, with the execution and delivery of partial releases of the Senior Mortgage for the same Units.

8. Notice of Default and Opportunity to Cure. Subordinated Lender expressly agrees to deliver to Senior Lender a copy of any notice of default under the Subordinated Loan Documents and to afford Senior Lender the same opportunity to cure as is afforded Borrower under the Subordinated Loan Documents. Subordinated Lender agrees to accept performance by Senior Lender as performance and cure of any such defaults under the Subordinated Loan Documents.

Senior Lender agrees to use its best efforts to give Subordinated Lender notice of default under the Senior Loan Documents and to afford Subordinated Lender the same opportunity to cure as is afforded Borrower under the Senior Loan Documents. Senior Lender agrees to accept performance by Subordinated Lender as performance and cure of any such defaults under the Senior Loan Documents.

9. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

10. Amendments, Changes or Modifications. Except as otherwise herein provided, this Agreement may be effectively amended, changed, modified, altered or terminated only in writing signed by the party against whom enforcement of such amendment, change or modification is sought.

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SEE RIDER AT

11. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Illinois.

12. Recitals. The above Recitals are true and correct as of the date hereof and constitute part of this Agreement.

13. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon each of the parties hereto and their respective successors and assigns.

14. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be the original, and all of which shall constitute but one in the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the date first above written.

BORROWER:

VMS/MCL Venture, an Illinois general partnership

By: VMS Embassy Club, Inc., an Illinois corporation, A General Partner

By: Richard A. Beaman

Name: Richard A. Beaman

Title: Vice President & AUTHORIZED SIGNATORY

- and -

By: Embassy Club Development Corporation, an Illinois corporation. A General Partner

By: Corinne Bek

Name: Corinne Bek

Title: PRESIDENT

- and -

LaSalle National Bank, as Trustee as aforesaid and not personally

By: Corinne Bek

Name: Corinne Bek

Title: ASSISTANT VICE PRESIDENT

ATTEST:

Its: ASSISTANT SECRETARY

REG 216599

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RIDER ATTACHED TO AND MADE A PART OF DOCUMENT
DATED 5-9-88 UNDER TRUST NO. 112654

Subordination Agreement

This instrument is executed by LA SALLE NATIONAL BANK, not personally but solely as Trustee, as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee. All the terms, provisions, stipulations, covenants and conditions to be performed by LA SALLE NATIONAL BANK are undertaken by it solely as Trustee, as aforesaid, and not individually and all statements herein made are made on information and belief and are to be construed accordingly, and no personal liability shall be asserted or be enforceable against LA SALLE NATIONAL BANK by reason of any of the terms, provisions, stipulations, covenants and/or statements contained in this instrument.

FORM XX 0421

TACHED HERETO AND MADE A PART HEREOF

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VMS MORTGAGE INVESTORS L.P. III, a
 Delaware limited partnership
 BY: VMS Mortgage Investors III,
 Inc., an Illinois corporation,
 Its Managing General Partner
 BY: [Signature]
 Name: A. Kotlin
 Title: V-P/COO

SUBORDINATED LENDER:

[Signature]
 Its: Asst. Sec.

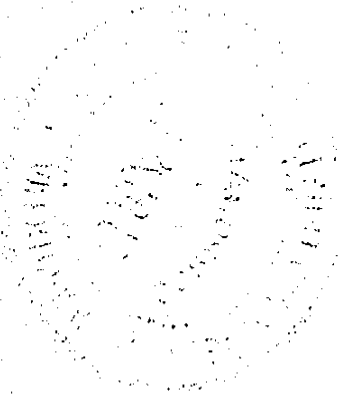
ATTEST:

AMERICAN NATIONAL BANK AND TRUST
 COMPANY OF CHICAGO, a National
 Banking Association
 BY: [Signature]
 Name: Erskine Plunkett
 Title: Vice President

SENIOR LENDER:

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STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

I, Marla Framarin, a Notary Public in and for said County, in the state aforesaid, DO HEREBY CERTIFY THAT Corinna Bek Assistant Vice President of LaSALLE NATIONAL BANK, and Clifford Scott-Rudnick Assistant Secretary of said Bank, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Assistant Vice President 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 of said Bank, for the uses and purposes therein set forth; and the Said Assistant Secretary did also then and there acknowledge that he, as custodian of the corporate seal of said Bank, did affix the said corporate 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 9 day of May, 1988.

Marla Framarin
Notary Public

My commission expires:

4-28-90

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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, DO HEREBY CERTIFY, that Daniel E. McLean personally known to me to be the President of Embassy Club Development Corporation, an Illinois corporation which is a general partner of VMS/MCL Venture, an Illinois general partnership (the "Mortgagor") personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me in person and acknowledged that as such President, he signed and delivered the foregoing instrument pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary act, and as the free and voluntary act and deed of said corporation on behalf of the Mortgagor, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 9th day of May, 1988.

[Signature]
Notary Public

My commission expires:

5/26/88

Notary Public of Cook County Clerk's Office

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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, DO HEREBY CERTIFY, that RICHARD A. BERMAN personally known to me to be the ~~VICE PRESIDENT & AUTHORIZED SIGNATURE~~ AUTHORIZED SIGNATURE of VMS Embassy Club, Inc., an Illinois corporation which is a general partner of VMS/MCL Venture, an Illinois general partnership (the "Mortgagor") personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me in person and acknowledged that as such AUTHORIZED SIGNATURE, he signed and delivered the foregoing instrument pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary act, and as the free and voluntary act and deed of said corporation on behalf of the Mortgagor, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 9th day of May, 1988.

Jane L. Simmons
Notary Public

My commission expires:

May 13, 1989

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2025/01/15 10:10:00

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OFFICIAL SEAL
Cook County Clerk
111 North Dearborn Street
Chicago, Illinois 60601

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STATE OF ILLINOIS }
COUNTY OF COOK } ss

I, the undersigned, a Notary Public, in and for the County and State aforesaid, do hereby certify, that ALBERT KOPIN personally known to me to be the Vice President of VMS Mortgage Investors III, Inc., an Illinois corporation (the "Corporation") which is the Managing General Partner of VMS Mortgage Investors L.P. III, a Delaware limited partnership (the "Partnership"), 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 as such Vice President, he signed and delivered the said instrument as Managing General Partner on behalf of the Partnership pursuant to authority given by the Board of Directors of the Corporation, as their free and voluntary act, and as the free and voluntary act and deed of said Corporation and the Partnership, for the uses and purposes therein set forth.

Given under my hand and official seal, this 9th day of May, 1988.

Janet D. Simmons
NOTARY PUBLIC

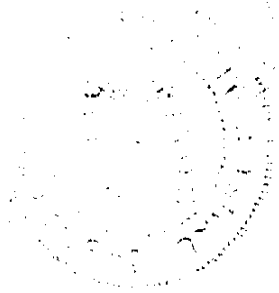
My Commission Expires: May 13, 1989

Notary of Cook County Clerk's Office

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1:

LOTS 1 TO 11, BOTH INCLUSIVE, AND THE EAST 1/2 OF THE NORTH AND SOUTH ALLEY LYING WEST OF AND ADJOINING SAID LOTS 1 TO 11, BOTH INCLUSIVE, IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 12 TO 21, BOTH INCLUSIVE, AND ALL THE NORTH AND SOUTH 16 FOOT ALLEY LYING WEST OF SAID LOTS 12 TO 16, BOTH INCLUSIVE, AND EAST OF SAID LOT 17, VACATED BY ORDINANCES RECORDED AS DOCUMENTS 6443641 AND 10186377 AND THE NORTH 1/2 OF THE EAST AND WEST 16 FOOT ALLEY LYING SOUTH OF SAID LOTS 16 TO 21, BOTH INCLUSIVE, AND THE SOUTH LINE OF SAID LOT 16, EXTENDED WEST TO THE SOUTHEAST CORNER OF SAID LOT 17 IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOT 2 AND THE WEST 1/2 OF THE NORTH AND SOUTH 16 FOOT ALLEY LYING EAST AND ADJOINING LOT 2 AFORESAID, ALL IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

LOT 5 AND 6 AND THE SOUTH 1/2 OF THE EAST AND WEST 16 FOOT ALLEY LYING NORTH AND ADJOINING SAID LOTS 5 AND 6 ALSO THE SOUTH 553 FEET OF LOT 7 (EXCEPTING THEREFROM THE NORTH 159 FEET OF THE WEST 212 FEET OF SAID SOUTH 553 FEET OF LOT 7) IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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EXHIBIT A
(cont.)

PARCEL 5:

ALL THAT PART OF DRUMMOND PLACE LYING SOUTH OF LOT 11 IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45, AFORESAID, AND LOT 2 IN THE SUBDIVISION OF LOT 1 IN JOSEPH E. SHEFFIELD'S SUBDIVISION OF BLOCK 45 AFORESAID, AND THE SOUTH LINE OF SAID LOT 11, EXTENDED WEST TO THE SOUTHEAST CORNER OF SAID LOT 2 AND NORTH OF LOTS 12 AND 17 TO 21, BOTH INCLUSIVE, IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 AFORESAID, AND THE NORTH LINE OF SAID LOT 12 EXTENDED WEST TO THE NORTHEAST CORNER OF SAID LOT 11 AS VACATED BY ORDINANCE RECORDED AS DOCUMENT 10832010, EAST OF THE THIRD PRINCIPAL MERIDIAN, ALL IN COOK COUNTY, ILLINOIS.

*1430 W. Wrightwood
Chicago, Ill. 60614
14-29-302-043, 044, 045, 046, 047, 048, 049, 050,
062, 065, 067, 070, 072, 073 & 074*

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#7430 # B *-88-206590
COOK COUNTY RECORDER

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