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1. Borrower, for itself and its successors and assigns, agrees, and Lender and any other holder of the Junior Obligations, by its acceptance of the Junior Obligations,

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, Borrower and Lender hereby agree as follows:

WHEREAS, as an inducement to Merchants to make the Loan, Borrower and Lender have committed to Merchants to subordinate, to the extent and in the manner hereinafter set forth, any and all indebtedness and obligations of Borrower to Lender, whether now existing or hereafter incurred (hereinafter referred to collectively as the "Junior Obligations"), to the prior payment and satisfaction in full of all indebtedness and obligations of Borrower to Merchants, whether now existing or hereafter incurred, including but not limited to the Loan (hereinafter referred to collectively as the "Senior Obligations");

WHEREAS, Merchants has committed to Borrower to make a loan in the principal amount of fifteen million and no/100 Dollars (\$15,000,000.00) (hereinafter referred to as the "Loan"); and

W I T N E S S E S T H A T :

THIS SUBORDINATION AGREEMENT, executed this 28th day of February, 1989, by VMS/MCL DEARBORN PARK II VENTURE, an Illinois partnership having its principal office at 1337 Fullerton Avenue, Chicago, Illinois 60614 (hereinafter referred to as "Borrower"), and VMS STRATEGIC LAND TRUST, a Massachusetts business trust having its principal office at 8700 West Bryn Mawr Avenue, Chicago, Illinois 60631 (hereinafter referred to as "Lender"), and MERCHANTS NATIONAL BANK & TRUST COMPANY OF INDIANAPOLIS, a national banking association having its principal banking office at One Merchants Plaza, Indianapolis, Indiana 46255 (hereinafter referred to as "Merchants").

SUBORDINATION AGREEMENT

Attorney-at-Law
1600 Capital Center South
201 North Illinois
Indianapolis, IN 46204

This instrument was prepared by and after recording mail to: Thomas W. Dinwiddie, Attorney-at-Law

BOX 333 - TH

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COOK COUNTY CLERK

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71-98-536 A3

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agrees, that the payment and satisfaction of the Junior Obligations are hereby expressly subordinated, to the extent and in the manner hereinafter set forth, to the payment and satisfaction in full of the Senior Obligations.

2. Until payment in full of the Senior Obligations, Lender agrees that (a) prior to a default in the Senior Obligations, Lender will not demand, collect or receive directly or indirectly from Borrower, or any entity directly or indirectly affiliated with Borrower, any payment on the Junior Obligations, whether in cash or other property, other than scheduled payments of principal and interest on that certain Note dated February 27, 1989 executed by Borrower to Lender in the principal amount of Three Million One Hundred Twenty-Five Thousand and no/100 Dollars (\$3,125,000.00) (hereinafter referred to as the "Note"), and (b) after a default in the Senior Obligations, Lender will not demand, collect or receive directly or indirectly from Borrower, or any entity directly or indirectly affiliated with Borrower, any payment on the Junior Obligations, whether in cash or other property. Borrower agrees that Borrower will not directly or indirectly make payments to Lender on the Junior Obligations, whether in cash or any other property, or otherwise take any action which would result in a violation of this Agreement or any other agreement of Borrower and Merchants, and Lender further agrees that, if payment of any such cash or transfer of any such property is made to it, such payment or transfer will have been made in trust for Merchants, and Lender will forthwith pay or transfer the same to Merchants to be applied upon the Senior Obligations.

3. Lender agrees to give Merchants written notice of any default by Borrower under the Junior Obligations and to allow Merchants at least fifteen (15) days to cure any default in the payment of monies and at least thirty (30) days to cure any other default (or if such default cannot reasonably be cured within such thirty (30) day period, to institute whatever action is necessary to cure such default and to diligently pursue such cure) prior to Lender's exercise of any rights or remedies that Lender may have with respect thereto. Borrower and Lender shall not make any modifications or amendments to the Note which materially, adversely affects Merchants without the prior written consent of Merchants.

4. Lender consents and agrees that until the payment in full of the Senior Obligations, Lender may sell, assign or otherwise transfer or encumber the Junior Obligations only if (i) such sale, assignment or other transfer or encumbrance is made subject to the terms and provisions of this Subordination Agreement, and (ii) Lender gives notice to Merchants at least twenty (20) days prior to such sale, assignment, transfer or encumbrance.

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7. All notices and other communications hereunder shall be in writing (including telegraphic communication) and shall be deemed effective when received, registered or certified United States mail, postage prepaid, by Borrower at 1337 Fullerton Avenue, Chicago, Illinois 60614, by Lender at 8700 West Bryn Mawr Avenue, Chicago, Illinois 60631, Attention: Loan Servicing Department, and by Merchants at One Merchants Plaza, Suite 1030E, Indianapolis, Indiana 46255.

6. In the event of any liquidation of Borrower or any of its property under judicial process or otherwise or any proceeding affecting Borrower or any of its property under any bankruptcy, receivership, dissolution, insolvency, debtor relief, reorganization, arrangement or other similar laws now or hereafter in effect, Lender and any other holder of the Junior Obligations, by its acceptance thereof, hereby agrees to take such action as may be necessary or appropriate to effectuate the subordination provided herein and agrees to use its best efforts to cooperate with Merchants to take action (including but not limited to the acceptance or rejection of any plan or reorganization or arrangement) for the mutual benefit of Lender and Merchants.

(b) In the event that any such payment or distribution of assets of Borrower shall be received by the holder of the Junior Obligations, notwithstanding the foregoing in violation of the subordination provisions hereof, while any Senior Obligations are unpaid or unsatisfied, such further payment or distribution shall be held in trust by the holder of the Junior Obligations and forthwith be delivered to Merchants in precisely the form received (but with such endorsements as may be necessary) and until such delivery shall be held in trust as the property of Merchants.

(a) The Senior Obligations shall be paid and satisfied in full before the holder of the Junior Obligations is entitled to receive any payment thereunder, and any payment or distribution to which the holder thereof would be entitled thereunder but for the subordination provisions hereof shall be paid directly to Merchants; and

5. In the event of any acceleration of the Senior Obligations pursuant to the terms of any agreement now in effect by and between Borrower and Merchants or any distribution of the assets of any kind or character, dissolution, winding-up, liquidation or reorganization of Borrower (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise):

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ASSISTANT

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Attention: Loan Servicing Manager or at such other addresses as Borrower, Lender or Merchants may from time to time specify by written notice to the others.

8. Lender acknowledges and agrees that (a) Merchants makes no representation or warranty to Lender with respect to the value or adequacy of Merchant's collateral or otherwise; (b) without notice to or the consent of Lender, Merchants may (i) increase, renew, extend, compromise or modify any Senior Obligations provided, however, that Merchants agrees to give Lender notice of any modification which materially, adversely affects Lender, (ii) exercise, fail to exercise, waive or amend any of its rights under any instrument evidencing, securing or delivered in connection with the Senior Obligations, (iii) release collateral and any obligor of the Senior Obligations and (iv) apply any amounts paid to Merchants in such order of application as Merchants, in its sole discretion, deems appropriate.

9. The rights and obligations of Merchants, Borrower and Lender hereunder shall inure to the benefit of and be binding upon Merchants, Borrower and Lender and their respective successors, assigns and legal representatives.

10. This Subordination Agreement has been entered into and shall be governed by and construed in accordance with the laws of the State of Illinois.

11. Lender acknowledges and agrees that any lien, security interest, pledge or other hypothecation from Borrower to Lender securing the Junior Obligations including but not limited to (i) the lien of a certain mortgage dated February 27, 1989 executed by Borrower to Lender (hereinafter referred to as the "Junior Mortgage") covering certain real property described in Exhibit "A" attached hereto and by reference made a part hereof (the "Real Estate") and (ii) the lien of a certain Assignment of Leases and Rents covering the Real Estate dated February 27, 1989 executed by Borrower to Lender (hereinafter referred to as the "Junior Assignment"), shall be subject and subordinate to any lien, security interest, pledge or hypothecation from Borrower to Merchants securing the Senior Obligations including but not limited to a certain Real Estate Mortgage and Assignment of Rents and Leases of even date herewith executed by Borrower to Merchants (the "Secured Mortgage").

12. Until payment in full of the Senior Obligations, the rights of Merchants to demand, collect or receive any rents, insurance proceeds, condemnation proceeds, judgments, awards for damages and settlements or any other amounts which

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may result from damage to the Real Estate, condemnation proceedings affecting the Real Estate, the sale or other disposition of the Real Estate or the operation of the Real Estate shall be prior and superior to the rights of Lender to demand, collect or receive the same.

13. Notwithstanding anything expressed or implied herein or in any agreement, instrument or document executed in connection with the Junior Obligations or the Senior Obligations to the contrary, Lender agrees to automatically execute and deliver partial release of the lien of the Junior Mortgage and the Junior Assignment simultaneously with the execution and delivery of partial releases of the Senior Mortgage for the same Real Estate provided that Merchants receives the greater of (a) ninety-two percent (92%) of the net gross sale price, or (b) One Hundred percent (100%) of the net sales proceeds remaining after deducting reasonable closing costs paid to unrelated third parties other than brokerage commissions in the amount of six percent (6%) payable to MCL Realty Company.

14. Merchants agrees that after the loan proceeds evidenced by the Note have been disbursed, Merchants shall give Lender written notice of any default by Borrower under the loan and shall allow Lender at least five (5) days to cure any default by Borrower under the Junior Obligations and to allow Merchants at least fifteen (15) days to cure any default in the payment of monies and at least thirty (30) days to cure any other default (or if such default cannot reasonably be cured within such thirty (30) day period, to institute whatever action is necessary to cure such default and to diligently pursue such cure) such default prior to Merchants' exercise of any rights or remedies that Merchants may have with respect thereto. Borrower shall not be third party beneficiary of Merchants' obligation to Lender under this paragraph 14.

15. Notwithstanding anything expressed or implied herein to the contrary, Lender may demand, collect or receive at any time and from time to time, (1) any payment from the Initial Interest Reserve (as defined in the Note) or the Interest Reserve Increase (as defined in the Note) and (11) any payment from VMS Realty Partners pursuant to that certain Guaranty dated February 27, 1989 executed by VMS Realty Partners and David E. McLean to Lender. Said payments shall be free and clear of any interest of Merchants under this Subordination Agreement.

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ASSOCIATED

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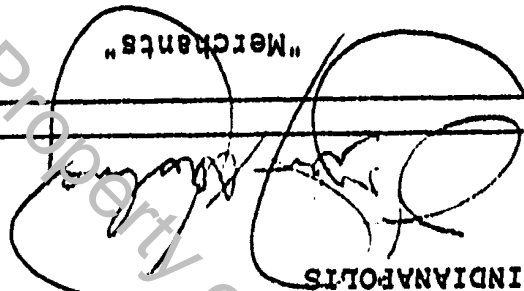
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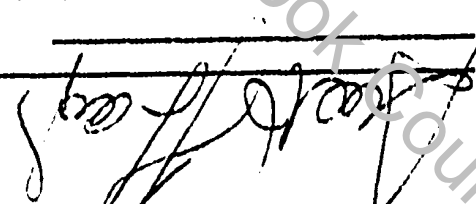
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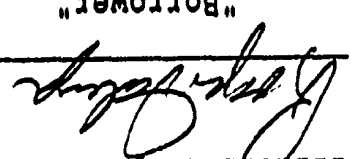
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BY: 

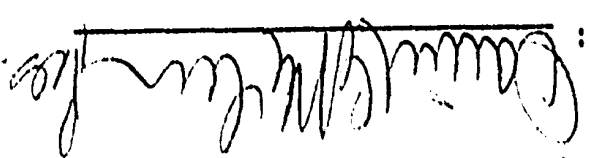
 "Merchants"
 MERCHANTS NATIONAL BANK & TRUST COMPANY
 OF INDIANAPOLIS

BY: 

 "Management Company"
 VMS STRATEGIC LAND TRUST

BY: 

 "Borrower"
 VMS/Dearborn Park II, Inc.,
 an Illinois Corporation

BY: 

 Corporation,
 an Illinois Corporation
 Dearborn Prairie Homes Corporation,
 an Illinois Corporation
 VMS/MCL DEARBORN PARK II VENTURE

IN WITNESS WHEREOF, Lender and Borrower have caused this Subordination Agreement to be duly executed on the day and in the year first above written.

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ASSOCIATE

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OF INDIVIDUALS
AND CORPORATIONS
AND PARTNERSHIPS
AND TRUSTS
AND ESTATES
AND UNINCORPORATED ASSOCIATIONS
AND PARTNERSHIPS
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AND UNINCORPORATED ASSOCIATIONS

IN THE YEAR 1900
THIS DOCUMENT IS HEREBY FILED FOR RECORD
IN THE OFFICE OF THE CLERK OF COOK COUNTY

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- 17-21-210-017-0000
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- 17-21-210-009-0000
- 17-21-210-009-0000
- 17-21-210-008-0000

PERM TAX NO.

BLOCK 7 TOGETHER WITH THE SOUTH 381.50 FEET OF BLOCK 4 IN DEARBORN PARK UNIT NO. 2, BEING A RE-SUBN OF SUNDRY LOTS AND VACATED STREETS AND ALLEYS IN PART OF THE NORTH EAST 1/4 OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL "B":

BLOCK 5 IN DEARBORN PARK UNIT NO. 2, BEING A RE-SUBN OF SUNDRY LOTS AND VACATED STREETS AND ALLEYS IN PART OF THE NORTH EAST 1/4 OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL "A":

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT A

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- 01-01-001-010-0010
- 01-01-001-030-0010
- 01-01-001-050-0010
- 01-01-001-070-0010
- 01-01-001-090-0010
- 01-01-001-110-0010
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- 01-01-001-870-0010
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- 01-01-001-910-0010
- 01-01-001-930-0010
- 01-01-001-950-0010
- 01-01-001-970-0010
- 01-01-001-990-0010

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PROPERTY OF

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PROPERTY OF

CLERK OF THE COUNTY OF COOK, ILLINOIS
111 N. WASHINGTON ST. CHICAGO, ILL. 60602
TEL: 312.743.3000 FAX: 312.743.3001

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DU PAGE

MAY 13, 1989

My County of Residence: (SANGER T. MUMFORD) Notary Public

My Commission Expires:

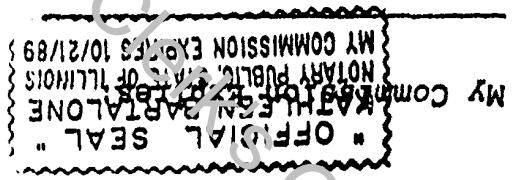
[Signature]

WITNESS my hand and Notarial Seal this 13th day of February, 1989.

Before me, a Notary Public in and for said County and State, personally appeared the WMS Strategic Fund Trust, who, after having been duly sworn, acknowledged the execution of the foregoing Subordination Agreement for and on behalf of such business trust.

STATE OF Illinois)
COUNTY OF Cook)
SS:)

My County of Residence:



(Notary Public)
[Signature]

WITNESS my hand and Notarial Seal this 13th day of February, 1989.

Before me, a Notary Public in and for said County and State, personally appeared WMS Strategic Fund Trust, an Illinois corporation and WMS/Dearborn Park II, Inc., an Illinois corporation, who, after having been duly sworn, acknowledged the execution of the foregoing Subordination Agreement for and on behalf of each such corporations as the general partners of WMS/MCL Dearborn Park II Venture.

STATE OF Illinois)
COUNTY OF Cook)
SS:)

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ASSIGNED

DEPARTMENT OF

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Property of Cook County Clerk's Office

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P. I. N. # 17-21-210-009, 011, 012, 013, 023, 024, 025, 010
17-21-210-028, 016, 017, 022, 026, 032 + 082

Property bounded by Roosevelt Road on the North,
15th Street on the South, State Street on the East

1363m/das

My Commission Expires: May 20, 1991

My County of Residence: My County

(Paul A. Stafford) Notary Public

WITNESS my hand and Notarial Seal this 20th day of February, 1989.

Before me, a Notary Public in and for said County and State, personally appeared Stephen J. Hastings, (n) Asst Cashier of Merchants National Bank & Trust Company of Indianapolis, who, after having been duly sworn, acknowledged the execution of the foregoing Subordination Agreement for and on behalf of such bank.

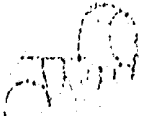
STATE OF Indiana }
COUNTY OF Marion }
SS:

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ASSOCODEE

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MR. COMMISSIONER

EXPIRES 1988

MINUTE WA 1000, MR. COMMISSIONER

PROPERTY OF COOK COUNTY
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9 (10) WA 1000, MR. COMMISSIONER
EXPIRES 1988

COMMISSIONER

CLERK OF COURT

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