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SUBORDINATION AGREEMENT

This SUBORDINATION AGREEMENT ("Agreement") made this 25th day of January, 1990, by and between HELEN HERMANN, whose address is Route 1, Box 930 Lake Leelanau, Michigan, and HOME FEDERAL BANK FOR SAVINGS, a Federally chartered savings bank ("Home Federal").

$18.00

RECITALS

WHEREAS, Borrower is currently indebted to Home Federal, which indebtedness is evidenced by a certain Note dated September 1, 1989 in the original principal amount of $200,000.00 (the "Original Note"); and

WHEREAS, the Original Home Federal Note is secured by a certain Junior Mortgage, Assignment of Rents and Security Agreement dated September 1, 1989 and recorded December 6, 1989 as Document No. 89581183 (the "Original Home Federal Mortgage") encumbering the property legally described in Exhibit "A" attached hereto and commonly known as 1936 North Sedgwick, Chicago, Illinois (the "Property"); and

WHEREAS, Richard C. Hermann ("Borrower") is currently indebted to Helen Hermann, which indebtedness is evidenced by a certain Note dated as of November 28, 1989 ("Hermann Note") in the original principal amount of $330,000.00; and

WHEREAS, the Hermann Note is secured by a certain Junior Mortgage dated November 28, 1989 and recorded as Document Number 89566719 in the office of the Recorder of Deeds on November 28, 1989 (the "Hermann Mortgage"), encumbering the Property; and

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WHEREAS, Home Federal in connection with the Original Home Federal Note and the Original Home Federal Mortgage lent money to the Borrower on the condition that the Original Home Federal Mortgage be superior to any mortgages encumbering the Property taken out on or after September 1, 1989; and

WHEREAS, the Hermann Mortgage is expressly subordinated to the Original Home Federal Mortgage on its face; and

WHEREAS, the Original Home Federal Mortgage was not recorded until December 8, 1989 and Borrower had transferred the Property into American National Bank Land Trust No. 109683-03 on October 2, 1989 (the "Trust") as to which Trust Borrower was and remains sole beneficiary; Borrower did not own title to the Property as of the date the Original Home Federal Mortgage was recorded; and

WHEREAS, a new Junior Mortgage, Assignment of Rents and Security Agreement (the "New Home Federal Mortgage") has been prepared and executed by the Trust as holder of fee simple title (and Borrower as sole beneficiary) in order to provide Home Federal with the same security it had in the Property under the Original Home Federal Mortgage; and

WHEREAS, the Hermann Mortgage was taken out on November 29, 1989, and is thus prior in time to the New Home Federal Mortgage; and

WHEREAS, Borrower and Helen Hermann wish to acknowledge and agree that the New Home Federal Mortgage is superior to the Hermann Mortgage and to subordinate the lien of the Hermann Mortgage to the lien of the New Home Federal Mortgage.

NOW, THEREFORE, in consideration of the sum of $10.00 and other goods and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, Helen Hermann hereby covenant and agree as follows:

1. Hermann Mortgage. Helen Hermann hereby consents to the execution and delivery by Borrower of the New Home Federal Mortgage and an Assignment of Beneficial Interest in the Trust (collectively the "Home Federal Mortgage Documents"). Borrower and Helen Hermann covenant and agree that the Hermann Mortgage and any and all other documents or instruments now or hereafter evidencing or securing the indebtedness evidenced by the Hermann Note shall be and the same is hereby junior, subordinate and subject in all respects to the lien and security interest of the Home Federal Mortgage Documents.

2. Third Party Benefit. That this Agreement shall inure to the benefit of all persons who, from time to time, are holders of the New Home Federal Note in their capacity as such holders.

3. Estoppel. That (i) all installments of principal and interest and other charges payable as of the date hereof under the Hermann Note and Hermann Mortgage have been paid in full; (ii) that there have been and are no defaults under the Hermann Note and the Hermann Mortgage, and Helen Hermann is not aware of any state of facts, which with the passage of time, or the giving of notice, or both, would constitute a default under the Hermann Note or the Hermann Mortgage; and (iii) attached hereto as Exhibits B and C, respectively, are true, correct and complete copies of the Hermann

Note and the Hermann Mortgage and the same have not been amended, modified, terminated and there are no other documents or instruments evidencing or securing the loan evidenced by the Hermann Note.

4. Governing Law. That this Agreement shall be construed, interpreted, and governed by and in accordance with the laws of the State of Illinois.

5. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which shall together constitute one and the same document.

6. Payments in Respect of Hermann Mortgage. In the event that Helen Hermann receives any payment or other distribution of any kind or character from Borrower or from any other source whatsoever in respect of the Hermann Mortgage, other than as expressly permitted by the terms of this Agreement, such payment or other distribution shall be received in trust for the Bank and promptly turned over by the undersigned to the Bank. Helen Hermann will mark her books and records, and cause Borrower to mark his books and records, so as to clearly indicate that the Hermann Mortgage is subordinated in accordance with the terms of this Agreement, and will cause to be clearly inserted in any promissory note or other instrument which at any time evidences the Hermann Mortgage a statement to the effect that the payment thereof is subordinated in accordance with the terms of this Agreement. Helen Hermann will execute such further documents or instruments and take

such further action as the Bank may reasonably from time to time request to carry out the intent of this Agreement.

7. Headings. The headings used herein are solely for the convenience of the parties and shall not serve to modify or interpret the rest of the Sections at the beginning of which they appear.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

X Helen Hermann
HELEN HERMANN

RC Hermann
RICHARD C. HERMANN

HOME FEDERAL BANK FOR SAVINGS,
a Federally chartered savings and loan association

By John M. B[illegible]

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STATE OF MICHIGAN)
) SS
COUNTY OF ~~COOK~~ Lackanaw)

I, Eleanor M. Stevens, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Helen Hermann, personally know 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 she signed and delivered the said instrument as her own free and voluntary acts.

Eleanor M. Stevens
Notary Public

ELEANOR M. STEVENS
NOTARY PUBLIC, Lackanaw County, MI
My Commission Expires July 23, 1991

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, CATHERINE W. SHIN, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Richard C. Hermann, personally know 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 she signed and delivered the said instrument as her own free and voluntary acts.

" OFFICIAL SEAL "
CATHERINE W. SHIN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 6/6/92

Catherine W. Shin
Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 26th day of January, 1990, by John Burkhead of Home Federal Bank for Savings, a Federally chartered savings bank, on behalf of the bank.

GIVEN under my hand and Notarial Seal this 26th day of January, 1990.

Notary Public

OFFICIAL SEAL
Marion J. Nathan
Notary Public, State of Illinois
My Commission Expires Dec. 7, 1992

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OFFICIAL SEAL
Aaron J. Kaban
Notary Public, State of Illinois
My Commission Expires Dec. 7, 1992

EXHIBIT "A"

Lot 10 in Doggett and Hills Subdivision of Block 40 in Conal Trustees' Subdivision of the North 1/2 of the North 1/2 of the South East 1/4 and the East 1/2 of the South West 1/4 of Section 33, Township 40 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois

commonly known as 1936 North Sedgwick, Chicago, Illinois, 60614, permanent real estate tax index number 14-33-037-031.

Prepared by & Return to:
DAVID KLUEVER
GOTTLIEB & SCHWARTZ
200 EAST RANDOLPH DRIVE
CHICAGO, ILLINOIS 60601

BOX 333-TH

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