

THIS DOCUMENT
WAS PREPARED BY
AND AFTER RECORDING
RETURN TO:
Illinois Housing
Development Authority
401 N. Michigan Ave.
Suite 900
Chicago, Illinois 60611
Attn: Legal Department

DEPT-01 RECORDING #31.00
T#0012 TRAN 4439 06/02/95 15:03:00

SUBORDINATION OF MANAGEMENT AGREEMENT

THIS SUBORDINATION OF MANAGEMENT AGREEMENT (this "Agreement") is made and entered into as of this 30th day of May 1995, by FINANCIAL PLACE MANAGEMENT CORP. ("Manager"), to and for the benefit of the ILLINOIS HOUSING DEVELOPMENT AUTHORITY, a body politic and corporate established pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1. et seq. (1992), as amended from time to time ("Lender").

RECITALS:

WHEREAS, Lender has agreed to loan to Financial Place Apartments Limited Partnership, an Illinois limited partnership (the "Borrower"), the maximum principal amount of TEN MILLION TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$10,200,000.00) (the "Loan"). The Loan is secured by, among other things, the Mortgage and certain other Loan Documents. The Loan Agreement, the Mortgage and such other loan documents are collectively referred to in this Agreement as the "Loan Documents"; and

WHEREAS, Borrower and Manager entered into a certain Management Agreement dated May 11, 1993 (the "Management Agreement") whereby Manager agreed to furnish services for the rental, operation and management of the Development in exchange for certain payments to Manager for its services and the payment of expenses incurred by Manager in connection with such management; and

WHEREAS, pursuant to the Illinois Mechanics Lien Act, 770 ILCS 60/0.1 et seq. (1992), as amended from time to time, managers may have lien rights with respect to unpaid fees, expenses and other costs incurred in connection with the management of real property and improvements; and

WHEREAS, in addition, Borrower executed and delivered an Assignment of Contracts, Licenses and Permits of even date herewith for the benefit of Lender (the "CLP Assignment"), which assignment included the Management Agreement; and

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WHEREAS, Lender requires, as a condition precedent to its making of the Loan, that (i) the lien and security interests of the Mortgage and the other Loan Documents be paramount, superior and prior to any and all existing liens or future rights to liens of Manager or any person or entity claiming by, through or under Manager that arise from or relate to the Management Agreement or any obligations, expenses and indebtedness arising under or related to the Management Agreement (collectively, the "Junior Liens"), and (ii) Manager consent to the CLP Assignment.

NOW THEREFORE, in consideration of the mutual covenants made herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Lender to make the Loan, it is hereby agreed as follows:

1. The foregoing recitals are incorporated in this Agreement by this reference.
2. Each non-grammatical capitalized term shall have the meaning ascribed to it in the Loan Agreement.
3. The Junior Liens are subordinated and made subject to the lien and operation of the Mortgage and other Loan Documents and any indebtedness, liabilities or obligations arising under or secured by the Loan Documents.
4. Any notice, demand, request or other communication that any party may desire or may be required to give to any other party under this Agreement shall be given in writing, at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier; or (c) certified or registered United States mail, postage prepaid, return receipt requested.

To Manager:

Financial Place Management Corp.
c/o Rezmar Corporation
853 N. Elston Avenue
Chicago, Illinois 60622
Attn: Judi Fishman

To Lender:

Illinois Housing Development Authority
401 N. Michigan Ave., Suite 900
Chicago, Illinois 60611
Attention: Manager, Multifamily Program Operations

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with a copy to:

Illinois Housing Development Authority
401 N. Michigan Ave., Suite 900
Chicago, Illinois 60611
Attention: General Counsel

Such addresses may be changed by notice to the other party given in the same manner as provided in this Agreement. Any notice, demand, request or other communication sent pursuant to subsection (a) shall be served and effective upon such personal service. Any notice, demand, request or other communication sent pursuant to subsection (b) shall be served and effective one (1) day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection (c) shall be served and effective three (3) days after proper deposit with the United States Postal Service.

5. This Agreement shall be binding upon Manager and its successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

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

7. Notwithstanding anything contained in the Management Agreement to the contrary, at any time following the date on which Lender (or any affiliate or designee of Lender) becomes an owner of any portion of the Development in any manner (including, without limitation, by purchasing the Development at a foreclosure sale or by acceptance of a deed in lieu of foreclosure), Lender shall have the right to terminate the Management Agreement, without penalty or payment of any sum, upon not less than five (5) days' prior written notice to Manager.

8. Manager acknowledges receipt of a copy of, and consents to, the CLP Assignment by Borrower, and agrees to each and all of the terms and conditions thereof.

9. 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.

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IN WITNESS WHEREOF, the undersigned has caused this Subordination of Management Agreement to be duly executed the day and year first above written.

FINANCIAL PLACE MANAGEMENT CORP.

By: 
Printed Name: GARY F. BINK
Title: _____

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

ACKNOWLEDGEMENT

I, the undersigned, a notary public in and for the State and County aforesaid, do hereby certify that Gary Peter the President of FINANCIAL PLACE MANAGEMENT CORP., 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 in his capacity as President of FINANCIAL PLACE MANAGEMENT CORP. as his free and voluntary act and deed and as the free and voluntary act and deed of FINANCIAL PLACE MANAGEMENT CORP., for the uses and purposes therein set forth.

Given under my hand and official seal this 30th day of May, 1995.

Margaret Dixon
Notary Public

OFFICIAL SEAL MARGARET ANN DIXON NOTARY PUBLIC STATE OF ILLINOIS MY COMMISSION EXP. JULY 25, 1998
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EXHIBIT A

LEGAL DESCRIPTION

THE SOUTH 10 FEET OF LOT 23 AND LOTS 26, 29, 32, 35, 38, 41, 44 AND 47 (EXCEPT THE WEST 4 FEET OF ALL SAID LOTS) IN SUBDIVISION OF BLOCK 102 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Parcel Index No. 17-16-402-039-0000

EXHIBIT A-1

LEGAL DESCRIPTION OF EASEMENT

RIGHT TO THE USE OF THE FOLLOWING DESCRIBED LAND FOR PARKING PURPOSES APPURTENANT TO PARCEL 1 CREATED BY DECLARATION OF RESTRICTIONS RECORDED MARCH 9, 1989 AS DOCUMENT 891053461

THE SOUTH 11 FEET OF LOT 34 (EXCEPT THE EAST 4 FEET THEREOF) AND LOTS 39, 40, 45, AND 46 (EXCEPT THE EAST 4 FEET OF SAID LOTS) IN THE SUBDIVISION OF BLOCK 102 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

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