THIS INSTRUMENT PREPARED BY
AND PLEASE RETURN TO:
KIMBERLY K. ENDERS, ESQ.
100 WEST MONROE STREET #1100
CHICAGO, ILLINOIS 60603

3966478

COMMONLY KNOWN AS: 5025 West 65th Street, and 6502-6540 South Lavergne Street, Bedford Park, IL 60638
P.I.N.: 19-21-212-074-0000

SUBORDINATION AGREEMENT

This Subordination Agreement ("Subordination") is made as of this 24 day of April, 1991 between First Chicago Bank of Oak Park, an Illinois banking corporation ("Oak Park") and NBD Bank Evanston, N.A., a national banking association ("Evanston").

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R E C I T A L S:

A. Oak Park has made a loan ("Oak Park Loan") in the principal amount of $1,050,000 to Harbor Properties Associates, Inc., an Illinois corporation ("Harbor"). The Oak Park Loan is evidenced by a certain Promissory Note in the principal amount of $1,050,000 dated May 20, 1988 made by Harbor in favor of Oak Park ("Oak Park Note") and secured by, among other things, a certain Real Estate Mortgage and Assignment of Rents ("Oak Park Mortgage") presently covering the real estate described in Exhibit A attached hereto ("Real Estate") and filed with the Registrar of Titles of Cook County, Illinois as Document No. LR3710722 on May 25, 1988. In addition Victor L. Chatfield, Joseph Flaska and Harry Lipner (collectively "Guarantors") executed and delivered to Oak Park

their Guaranty of Note, Mortgage and Other Undertakings ("Guaranties") to secure the Oak Park Note. The Oak Park Note, Oak Park Mortgage and Guaranties and all other documents evidencing and securing the Oak Park Loan are referred to herein collectively as the "Oak Park Loan Documents."

B. Evanston has agreed to make a mortgage loan ("Evanston Loan") in the principal amount of $2,500,000 to Harbor to provide funds for additional improvements on the Real Estate and to refinance certain loans made by Harris Bank-Argo to Harbor. The Evanston Loan is evidenced by a certain Promissory Note in the principal amount of $2,500,000 dated April 21, 1991 made by Harbor in favor of Evanston ("Evanston Note"). The Evanston Note will be secured by, among other things, a certain Mortgage dated April 21, 1991 made by Harbor to Evanston ("Evanston Mortgage") which encumbers the Real Estate. The Evanston Note, Evanston Mortgage and any other documents given to secure the Evanston Loan are referred to herein collectively as the "Evanston Loan Documents."

MORTGAGE Doc# 3960514

C. As a condition precedent to Evanston funding the Evanston Loan, Evanston requires Oak Park to subordinate the lien of its mortgage to the lien of the Evanston Mortgage. Oak Park agrees to subordinate the Oak Park Mortgage to the lien of the Evanston Mortgage in consideration of the covenants and conditions contained in a Fifth Loan Modification Agreement between Oak Park and Harbor registered on the date of registration of this instrument.

NOW, THEREFORE, in consideration of the foregoing RECITALS and the covenants and agreements contained herein, the parties hereto agree as follows:

1. Subordination. Oak Park hereby subordinates the lien of the Oak Park Mortgage to the lien of the Evanston Mortgage to the extent of $2,500,000 in principal, all accrued interest and all other costs chargeable pursuant to the Evanston Note.

2. Notice and Consent.

(a) Notwithstanding the foregoing subordination, Evanston agrees not to increase (i) the principal amount of the Evanston Note, or (ii) the interest rate set forth in the Evanston Note, without Oak Park's written consent, except as may be increased automatically or by notice in the event of Harbor's default.

(b) Evanston shall give Oak Park written notice of the occurrence of any default or event of default by Harbor under the Evanston Loan Documents at the times and in the same manner such notice is given to Harbor pursuant to the Evanston Loan Documents. Oak Park may, but shall not be obligated to, cure any such default within the period provided for cure in the Evanston Loan Documents plus an additional seven (7) days in the case of monetary defaults and an additional thirty (30) days in the case of non-monetary defaults. In the event Oak Park does not exercise its rights to cure Harbor's default under the Evanston Loan Documents, Evanston shall be entitled to proceed to enforce its legal and equitable remedies to foreclose the Evanston Loan Documents.

(c) Oak Park shall give Evanston written notice of the occurrence of any default or event of default by Harbor under the Oak Park Loan Documents at the times and in the same manner such notice is given to Harbor pursuant to the Oak Park Loan Documents.

Evanston may, but shall not be obligated to, cure any such default within the period provided for cure in the Oak Park Loan Documents plus an additional seven (7) days in the case of monetary defaults and an additional thirty (30) days in the case of non-monetary defaults. In the event Evanston does not exercise its rights to cure Harbor's default under the Oak Park Loan Documents, Oak Park shall be entitled to proceed to enforce its legal and equitable remedies to foreclose the Oak Park Loan Documents, and Evanston agrees that so long as payments on the Evanston Note are kept current, the priority and lien of the Evanston Loan Documents are not affected by such proceedings, and Oak Park cures and continues to cure any of Harbor's defaults under the Evanston Loan Documents, Evanston agrees that such proceedings shall not be an event of default under the Evanston Loan Documents.

(d) In the event Oak Park or Evanston, as the case may be, does not notify the other party that it intends to proceed to cure as provided above or fails to fully comply with the cure provisions hereof within the applicable time periods, then each may pursue any and all remedies available to it for Harbor's default and the payment of all amounts under the Oak Park Loan Documents shall be postponed and subordinated to the payment in full of any and all amounts owing under the Evanston Loan Documents.

3. <u>Benefit of Agreement</u>. This Agreement is solely for the benefit of Evanston and Oak Park and their respective permitted successors and assigns and is not intended and shall not be construed to limit their respective rights to obtain payment of any principal, interest, late charge interest at the default rate,

fees, prepayment premiums or any other charges whatsoever from Harbor pursuant to the Evanston Loan Documents or the Oak Park Loan Documents or from the various property interests securing repayment of the Evanston Loan and Oak Park Loan. The provisions set forth in this Subordination are solely for the purpose of defining the relative rights of Evanston and Oak Park and nothing shall impair as between Oak Park and Evanston the unconditional and absolute obligations of Harbor to pay the obligations under the Evanston Loan Documents and Oak Park Loan Documents in accordance with their terms. Oak Park expressly does not subordinate the Oak Park Mortgage to the lien of any mortgage other than the Evanston Mortgage.

4. Conflict. In the event of a conflict between the terms and provisions of the Evanston Loan Documents or the Oak Park Loan Documents and the terms and provisions of this Subordination, the terms and provisions of this Subordination shall control.

5. Waiver and Discretion. Failure of any party to enforce any of the terms, covenants and conditions hereof shall not be construed or deemed to be a waiver of any rights or remedies hereunder or under the Evanston Loan Documents or Oak Park Loan Documents. Evanston and Oak Park shall each have the full right, power and authority to enforce this Subordination or any of the terms, covenants and conditions hereof at any time or times that Evanston or Oak Park shall deem fit.

6. Notices. All notices expressly provided for hereunder shall be given by Evanston or Oak Park and all notices and demands of any kind or nature whatever which Evanston or Oak Park may be required or may desire to give or to serve shall be in writing and

shall be served by hand delivery or by certified mail, return receipt requested, postage prepaid addressed to the appropriate addresses set forth below. Hand delivered service shall be deemed effective when given. Service of any notice or demand sent by certified mail, return receipt requested, shall be deemed effective three days after the date of mailing. All notices shall be addressed to the parties as follows:

IF TO EVANSTON: NBD Bank Evanston, N.A.
Orrington @ Davis Street
Evanston, Illinois 60201
Attn: Commercial Loans Department

IF TO OAK PARK: First Chicago Bank of Oak Park
1048 Lake Street
Oak Park, Illinois 60301
Attn.: Commercial Real Estate Loan Dept.

7. Binding Effect. This Agreement applies to and binds the parties hereto and their respective permitted successors and assigns.

8. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Illinois.

9. Severability. In the event any one or more of the provisions contained in this Subordination shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Subordination shall be construed as if such invalid, illegal or unenforceable provision has never been contained herein, but only to the extent that it is invalid, illegal or unenforceable.

10. Modification. This Agreement may be modified only by an agreement in writing signed by the parties hereto.

11. Cooperation. Evanston agrees to reasonably cooperate with Oak Park in executing or approving the execution of documents reasonably necessary to allow Oak Park to pursue its foreclosure or deed in lieu of foreclosure rights in accordance with this Subordination.

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

IN WITNESS WHEREOF, the parties hereto have executed this Subordination effective April 24th, 1991.

NBD Bank Evanston, N.A., a national banking association

BY: William B McKinley AVP
Its authorized signatory

BY: Peter E. Colburn AVP
Its authorized signatory

First Chicago Bank of Oak Park, an Illinois corporation

BY: _____
Its authorized signatory

BY: _____
Its authorized signatory

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that William B McKinley and Peter E. Colburn, authorized signatories of NBD Bank Evanston, N.A., personally known to me to be the same persons whose names are subscribed to the foregoing instrument, 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.

GIVEN under my hand and Notarial Seal 5-9, 1991.

Renate R Enyart
Notary Public

OFFICIAL SEAL
RENATE R. ENYART
Notary Public, State of Illinois
My Commission Expires 8-30-92

STATE OF ILLINOIS)
) SS
COUNTY OF DuPAGE)

The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that EVAN R. KAYES and THOMAS E. SLAIB, authorized signatories of First Chicago Bank of Oak Park, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, 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.

GIVEN under my hand and Notarial Seal 4-24, 1991.

Rita H Boukal
Notary Public

"OFFICIAL SEAL"
Rita H. Boukal
Notary Public, State of Illinois
My Commission Expires 8/14/93

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DUPLICATE

Sub
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1991 MAY 22 PM 3 23
CAROL MOSELEY BRAUN
REGISTRAR OF TITLES

IDENTIFIED
NO.

Registrars Titles
CAROL MOSELEY BRAUN
C.T. GONZALES

03966478

03966478

CHICAGO TITLE INS.

3880758

72-91-537

EXHIBIT A

That part of the East 640.0 feet of the West 1159.0 feet of the South 712.50 feet of the North 762.50 feet of the Southwest Quarter of the Northeast Quarter of Section 21, Township 38 North, Range 13, East of the Third Principal Meridian, lying East of the following described line beginning at a point in the South line of the North 50 feet of the said Quarter Quarter Section 659.0 feet East of the West line thereof; Thence South 00 degrees 00' 00" West parallel with the West line therof 292.45 feet to a point of curve; Thence Southwesterly Along an arc of a circle convex Southeasterly and having a radius of 278.94 feet for a distance of 185.96 feet to a point of reverse curve (the chord of said arc having a bearing of South 23 degrees 57' 10" West); Thence Southwesterly along an arc of a circle convex Northwesterly and having a radius of 296.94 feet for a distance of 131.78 feet to a point in the East line of the West 519.0 feet of said Quarter Quarter Section 621.83 feet South of the North line thereof (the chord of said arc having a bearing of South 30 degrees 22' 34" West); Thence South 00 degrees 00' 00" East along the East line of the West 519.0 feet for a distance of 140.69 feet to the South line of the North 762.50 feet aforesaid (except therefrom that part lying South of the following described lines: beginning at a point in the East line of the West 1159.0 feet aforesaid 469.92 feet South of the North line thereof; Thence North 89 degrees 59' 39" West along the South face of a high 1-story brick building 440.81 feet; Thence South 00 degrees 00' 21" West 94.78 feet to an arc of a circle convex Northwesterly and having a radius of 270.53 feet; Thence Southwesterly along said arc 76.57 feet (the chord of said arc having a bearing of South 60 degrees 53' 15" West); Thence Southerly along an arc of a circle convex Northwesterly and having a radius of 315.05 feet for a distance of 205.32 feet to a point in the South line of the North 762.50 feet aforesaid 9.96 feet East of the East line of the West 519.0 feet aforesaid and also except that part lying West of the following described lines: commencing at a point in the East line of the West 1159.0 feet aforesaid, 469.92 feet South of the North line thereof; Thence North 89 degrees 59' 39" West along the South face of a high 1-story brick building 424.05 feet to the point of beginning, being on the East face of a brick wall; Thence North 00 degrees 16' 25" West along said East face 34.94 feet to the South face of a brick wall; Thence North 89 degrees 59' 05" East along said South face 4.22 feet to the center line of a brick wall; Thence North 00 degrees 09' 03" West along said center line 147.40 feet; Thence South 89 degrees 54' 43" East along said center line 60.35 feet to the East face of a brick wall; Thence North 00 degrees 17' 47" West along said East face 35.77 feet to the center line of a brick wall; Thence North 89 degrees 54' 43" West along said center line 60.32 feet; Thence North 00 degrees 05' 17" East along said center line and its Northerly extension 202.09 feet to a point in the South line of the North 50.0 feet of said Quarter Quarter Section 420.23 feet West of the East line of the West 1159.0 feet of said Southwest Quarter of the Northeast Quarter), all in Cook County, Illinois.

Commonly known as: East Section of 5025 W. 65th Street, and 6502-6540 S. Lavergne, Bedford Park, Illinois 60638

P.I.N. 19-21-212-074-000