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Cook County Recorder

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SUBORDINATION AGREEMENT (SECOND MORTGAGE)

THIS SUBORDINATION AGREEMENT (the "Agreement") is made as of this 26 day of June, 2000, between LASALLE BANK NATIONAL ASSOCIATION ("Senior Lender") and THE PRIVATEBANK AND TRUST COMPANY ("Subordinated Lender").

RECITALS

A. Senior Lender and 6 WEST L.L.C., an Illinois limited liability company (the "Borrower") are parties to a certain Mortgage, Security Agreement and Financing Statement dated June 26 2000 (the "Senior Mortgage"), pursuant to which Senior Lender has provided or will provide Borrower a loan in the principal amount of up to \$4,644,337 (the "Loan").

B. In connection with the Loan, at the request of Borrower, on even date herewith Senior Lender has issued an Amendment to an Irrevocable Letter of Credit, No. 9200000227, dated January 14, 1994, in the original aggregate principal amount of \$5,172,000 (the "Letter of Credit") which has been assigned a new Letter of Credit, No. S519107 in support of the Illinois Development Finance Authority Industrial Revenue Bonds, Series 1986 (6 West Hubbard Street Project). The stated amount of the Letter of Credit as of the date hereof is the sum of \$4,644,337.00.

C. Borrower is obligated to reimburse Senior Lender for the full amount of any drafts drawn under the Letter of Credit and to pay to the Lender all indebtedness, obligations and liabilities (the "Reimbursement Obligations") under a certain Letter of Credit and Reimbursement Agreement, dated this date, between the Lender and the Borrower (the "Credit Agreement").

D. The Reimbursement Obligations are secured by the Senior Mortgage executed by Borrower as Mortgagor for the benefit of Senior Lender for the premises commonly known as 6 West Hubbard Street, Chicago, Illinois ("Premises") legally described in Exhibit A attached hereto.

E. Contemporaneously herewith, Senior Lender and Borrower have executed certain Bank Collateral Security Agreements (as such documents are defined in the Credit Agreement) further securing the Reimbursement Obligations.

F. The Loan is secured by inter alia:
(i) the Senior Mortgage, encumbering the Premises; and
(ii) such other documents and instruments as may evidence, govern, guaranty or secure the Loan, including the Bank Collateral Security Agreements.

G. The Senior Mortgage and all of the foregoing described documents and instruments, together with all other documents and instruments evidencing and securing the Loan, are hereinafter collectively referred to as the "Senior Loan Documents". Initially capitalized terms used but not

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otherwise defined in this Agreement have the same meanings given them in the Senior Mortgage or Bank Collateral Security Agreements executed between Senior Lender and Borrower. All persons and entities now or hereafter obligated under the Senior Loan Documents, including Borrower and Guarantors, are referred to individually as "Obligor" and collectively as "Obligors".

H. Subordinated Lender is the owner and holder of a certain Mortgage Note (the "Subordinated Note") dated June 26, 2000, in the original principal amount of \$2,500,000 made by Borrower payable to the order of Subordinated Lender. Subordinated Lender is also the mortgagee of a certain Second Mortgage (the "Subordinated Mortgage") dated June 26, 2000, securing the payment of the Subordinated Note. (All documents evidencing, securing or guaranteeing the Subordinated Note including any guaranties delivered by any Obligor are hereinafter collectively referred to as the "Subordinated Loan Documents").

I. All obligations of Obligors to Senior Lender, whether now existing or hereafter arising, due or to become due, under the Reimbursement Obligation, Senior Mortgage and the Senior Loan Documents are referred to collectively as the "Senior Liabilities".

J. All obligations of Obligors to Subordinated Lender, whether now existing or hereafter arising, due or to become due, under the Subordinated Note and the Subordinated Loan Documents are referred to collectively as the "Subordinated Liabilities".

K. Senior Lender has agreed to allow the Subordinated Mortgage to become a lien on the Real Estate, on the condition that Subordinated Lender enter into this Agreement.

In consideration of the foregoing Recitals which by this reference are made a part of this Agreement, and as an inducement to Senior Lender to allow the Subordinated Mortgage to become a lien on the Real Estate, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto represent, warrant and agree as follows:

1. Warranties of Subordinated Lender. Subordinated Lender represents and warrants that the documents attached as Exhibits B and C respectively are true, correct and complete copies of the Subordinated Note and the Subordinated Mortgage.

2. Subordination of Liens. Subordinated Lender hereby agrees that the Subordinated Liabilities are and shall be subordinate to the Senior Liabilities and that the liens and security interests created by the Subordinated Loan Documents are and shall be subordinate to the liens and security interests created by the Senior Loan Documents and to any and all amendments, modifications, extensions, replacements or renewals of the Senior Loan Documents, and to any and all advances for the benefit of the Obligors heretofore made or hereafter to be made under the Senior Loan Documents pursuant to the terms thereof. Subordinated Lender agrees that the Subordinated Loan Documents shall be in form and content acceptable to Senior Lender.

3. Subordination of Payment. Except as provided in this Section 3 of this Agreement, until the Senior Liabilities have been paid in full, the payment of the Subordinated Liabilities shall

be postponed and subordinated to the payment of all of the Senior Liabilities, and Subordinated Lender shall accept no payments or other distributions whatsoever (including, without limitation, distributions of casualty insurance or condemnation proceeds) on account of the Subordinated Liabilities, nor shall any property or assets of any Obligor be applied to the purchase or acquisition or retirement of any Subordinated Liabilities. Any other terms and provisions of this Agreement regarding payment of the Subordinated Liabilities to the Subordinated Lender notwithstanding, unless the Subordinated Lender has been advised by the Senior Lender, or the Borrower, that an "Event of Default" (as such term is defined in the Credit Agreement) has occurred and is continuing under the Credit Agreement, the Subordinated Lender shall be entitled to accept from the Borrower and retain for its own account the principal and interest payments due under the Subordinated Note.

4. Constructive Trust. Except as provided for in Section 3 of this Agreement, in the event that Subordinated Lender receives any payment or other distribution of any kind or character from any Obligor from any source whatsoever in respect to any of the Subordinated Liabilities, such payment or other distribution shall be received and shall be held by Subordinated Lender in trust for Senior Lender and promptly turned over by Subordinated Lender to Senior Lender. Subordinated Lender shall cause to be clearly inserted in all promissory notes or other instruments which at any time evidence or secure any of the Subordinated Liabilities, prior to the negotiation, assignment or transfer thereof, statements to the effect that the payment thereof is subordinated in accordance with the terms of this Agreement. Subordinated Lender shall execute such further documents or instruments as Senior Lender may reasonably require from time to time to carry out the intent of this Agreement.

5. Notification to Subordinated Lender. Senior Lender will notify the Subordinated Lender of any amendment, modification, extension, replacement or renewal of the Senior Loan Documents or of any advances for the benefit of the Obligors hereafter to be made under the Senior Loan Documents, provided that the no consent thereto from the Subordinated Lender shall be required.

6. Waiver by Subordinated Lender. Subordinated Lender hereby waives all diligence in collection or protection of or realization upon the Senior Liabilities or any security therefor.

7. Covenants of Subordinated Lender. Subordinated Lender shall not, without the prior written consent of Senior Lender which consent shall not be unreasonably withheld, (a) modify, amend or consent to any modification or amendment of any document evidencing or securing the Subordinated Liabilities, or (b) take any action affecting any Real Estate or personal property in which Senior Lender claims a security interest (including, without limitation, any action to subordinate any such Real Estate or personal property to the Subordinated Loan Documents, or any of them), and shall not (i) commence, or join with any other creditor in commencing, any bankruptcy, reorganization or insolvency proceedings with respect to any Obligor; (ii) seek to appoint a receiver for any Obligor or (iii) seek to obtain possession of the Real Estate.

8. Bankruptcy of Any Obligor. In the event of any dissolution, winding-up, liquidation, readjustment, reorganization or other similar proceedings relating to any Obligor or its

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creditors or property (whether voluntary or involuntary, partial or complete, and whether in bankruptcy, insolvency or receivership, or upon an assignment to benefit creditors, or any other marshaling of the assets and liabilities of such Obligor, or any sale of all or substantially all of the assets of such Obligor, or otherwise), the Senior Liabilities shall first be paid in full before Subordinated Lender shall be entitled to receive and to retain any payment or distribution with respect to the Subordinated Liabilities. In order to implement the foregoing, (a) payments and distributions of any kind or character in respect of the Subordinated Liabilities to which Subordinated Lender would be entitled if the Subordinated Liabilities were not subordinated pursuant to this Agreement shall be made directly to the Senior Lender; and (b) Subordinated Lender shall promptly file a claim or claims, in the form required in such proceedings, for the full outstanding amount of the Subordinated Liabilities, and shall take all steps reasonably requested by Senior Lender to cause said claim or claims to be approved and all payments and other distributions in respect thereof to be made directly to the Senior Lender.

9. Enforcement of Subordinated Obligations. Subordinated Lender shall have all rights to enforce any and all security given to Subordinated Lender, including, without limitation, the Subordinated Mortgage, only upon payment in full of all Senior Liabilities. Subordinated Lender hereby agrees that the indebtedness evidenced, secured and guaranteed by the Subordinated Loan Documents shall not be accelerated, nor shall any remedies be pursued thereunder without the prior written consent of Senior Lender. Notwithstanding the above, so long as Subordinated Lender provides prior written notice to Senior Lender, Subordinated Lender may commence a lawsuit pursuant to the Subordinated Note or any guaranty of the Subordinated Note, provided, however, in no event whatsoever may Subordinated Lender foreclose its lien evidenced by the Subordinated Mortgage.

10. Notices of Default. Senior Lender and the Subordinated Lender hereby agree to give each other contemporaneously with the giving thereof to the applicable Obligor, copies of any notices given to an Obligor regarding any default or event of default or event which following the passage of time and failure to cure, could result in the occurrence of a default or event of default under the Senior Loan Documents or the Subordinated Loan Documents, as applicable.

11. Cure. The Subordinated Lender shall have thirty (30) days from and after the date of notice of any monetary default to either (a) cure the monetary default by making payment to the Senior Lender or (b) pay to the Senior Lender all sums due and owing under the Senior Loan Documents in accordance with a payoff letter to be provided by the Senior Lender upon written request from the Subordinated Lender. Nothing contained herein shall be deemed to prevent the Senior Lender from exercising any and all available remedies pursuant to the terms of any other documents evidencing or securing the Reimbursement Obligations at any time from and after the date the Senior Lender declares a default.

12. Insurance Proceeds and Condemnation Awards. Subordinated Lender agrees that in the event of a casualty to the buildings or improvements constructed on the Real Estate or a condemnation or taking under a power of eminent domain of the Real Estate, the buildings or improvements thereon, or a threat of such a condemnation or taking, all adjustments of insurance

claims, condemnation claims and settlements in anticipation of such a condemnation or taking shall be prosecuted, at Senior Lender's election, by Senior Lender and all payments and settlements of insurance claims or condemnation awards or payments and settlements of insurance claims or condemnation awards or payments in anticipation of condemnation or a taking shall be paid to Senior Lender, to be held and disbursed in accordance with the provisions of the Senior Loan Documents. Subordinated Lender hereby irrevocably assigns to Senior Lender all of its interests in any such claims, settlements or awards (the "Award") and irrevocably grants to Senior Lender a power of attorney, coupled with an interest, to execute any and all documents on Subordinated Lender's behalf necessary in connection with the prosecution or settlement of the Award. Notwithstanding the above, if after application of the Award to the Senior Liabilities there remains excess proceeds, Senior Lender shall direct said proceeds to be paid to Subordinated Lender so long as such direction does not violate any provision of the Senior Loan Documents.

13. Acquisition of Fee Title by Senior Lender. Subordinated Lender hereby agrees that an acquisition of fee title to the Real Estate or any part thereof by Senior Lender, its nominee, or any other person or entity through a foreclosure of the Senior Mortgage will not constitute a default or any event of default under the Subordinated Loan Documents.

14. Subrogation. Until such time as the Senior Liabilities have been paid in full, Subordinated Lender waives and releases any and all rights of subrogation which subrogation would result in Subordinated Lender obtaining a priority equal or superior to the priority of the Senior Loan Documents for any funds which Subordinated Lender may advance either to cure defaults under security instruments or pay liens encumbering the Real Estate or otherwise protect the lien of the subordinated Loan Documents or any of them.

15. Permitted Actions by Senior Lender. Senior Lender may, at any time and from time to time, in its sole discretion and without notice to Subordinated Lender, take any or all of the following actions: (a) retain or obtain a security interest in any property to secure any of the Senior Liabilities; (b) retain or obtain the primary or secondary obligation of any Obligor or Obligors with respect to any of the Senior Liabilities; (c) alter or modify any of the Senior Liabilities, or release or compromise any obligation of any nature of any Obligor with respect to any of the Senior Liabilities; (d) release its security interest in, or surrender, release or permit any substitution or exchange for all or any part of, the property securing any of the Senior Liabilities, or release, compromise, alter or modify any obligation of any nature of any Obligor with respect to any such property; and (e) take any such action with respect to any collateral for the Senior Liabilities which it may be entitled to take under the Senior Loan Documents, pursuant to applicable law or otherwise.

16. Assignment. Senior Lender may, at any time and from time to time, upon written notice to Subordinated Lender, assign or transfer any or all of the Senior Liabilities or any interest therein; and notwithstanding any such assignment or transfer thereof, such Senior Liabilities shall be and remain Senior Liabilities for the purpose of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were Senior Lender;

provided, however, that unless Senior Lender shall otherwise consent in writing, Senior Lender shall have the unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement for the benefit of Senior Lender as to those of the Senior Liabilities which Senior Lender has not assigned or transferred.

17. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and assigns whether immediate or remote.

18. No Waiver by Senior Lender. Senior Lender shall not be prejudiced in its right under this Agreement by any act or failure to act by any Obligor or Subordinated Lender, or any non-compliance of any Obligor or Subordinated Lender with any agreement or obligation, regardless of any knowledge thereof which Senior Lender may have or with which Senior Lender may be charged; and no action of Senior Lender permitted hereunder shall in any way affect or impair the rights of Senior Lender and the obligations of Subordinated Lender under this Agreement. No delay on the part of Senior Lender in the exercise of any rights or remedies shall operate as a waiver thereof, and no single or partial exercise by Senior Lender of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Agreement be binding upon Senior Lender except as expressly set forth in writing duly signed and delivered on behalf of Senior Lender.

19. Notice. All notices, waivers, demands, requests or other communications required or permitted hereunder shall, unless otherwise expressly provided, be in writing and be deemed to have been properly given, served and received (a) if delivered by messenger, when delivered, (b) if mailed, on the third business day after deposit in the United States Mail, certified or registered, postage prepaid, return receipt requested, or (c) if delivered by reputable overnight express courier, freight prepaid, the next business day after delivery to such courier, in every case addressed to the party to be notified as follows:

If to Subordinated Lender: The PrivateBank and Trust Company
Attn: James A. Ruckstaetter
10 North Dearborn
Chicago, Illinois 60602

with a copy to: Law Offices of Alan Pearlman
20 North Wacker Drive, Suite 1500
Chicago, Illinois 60606
Attention: Alan Pearlman

In the case of Senior
Lender, to: LaSalle Bank National Association
Real Estate Department
Attn: Ramon Cepeda
135 South LaSalle

with a copy to:

Deutsch, Levy & Engel, Chartered
227 West Washington Street, Suite 1700
Chicago, Illinois 60606
Attention: Barry R. Katz

or such address(es) or addressee(s) as any party entitled to receive notice hereunder shall designate to the others in the manner provided herein for the service of notices. Rejection or refusal to accept or inability to deliver because of changed address or because no notice of changed address was given, shall be deemed receipt.

20. Construction and Interpretation of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. Wherever possible, each provision of this Agreement shall be interpreted in such a 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 of the remaining provisions of this Agreement.

21. Termination. This Agreement shall terminate upon full and final payment of any and all amounts due under the Senior Liabilities, provided that all rights of Subordinated Lender hereunder shall automatically terminate at such time as the Subordinated Liabilities have been paid in full.

SENIOR LENDER

LASALLE BANK NATIONAL ASSOCIATION

By: Ramon Cepeda

Print Name: Ramon Cepeda

Its: Vice President

SUBORDINATED LENDER

THE PRIVATEBANK AND TRUST COMPANY

By: James A. Ruckstetter

Print Name: JAMES A. Ruckstetter

Its: Managing Director

ACKNOWLEDGMENT

The Undersigned acknowledge receipt of a copy of the foregoing Subordination Agreement dated as of June 26, 2000 between LASALLE BANK NATIONAL ASSOCIATION and THE PRIVATEBANK AND TRUST COMPANY, waive notice of acceptance thereof by Senior Lender and agree to be bound by the terms and provisions thereof, to mark their books and records, respectively, so as to clearly indicate that the Subordinated Note and Subordinated Mortgage are subordinated to the Reimbursement Obligation and Senior Mortgage in accordance with the terms of the Subordination Agreement, to make no payment or distribution contrary to the terms and provisions of the Subordination Agreement, and to do every other act and thing necessary or appropriate to carry out such terms and provisions of the Subordination Agreement. In the event of any violation of any of the terms and provisions of the Subordination Agreement or this Acknowledgment, by reason of any act or omission within the direct or indirect control of the Undersigned, then, at the election of the Senior Lender, any and all obligations of the Undersigned to the Senior Lender shall forthwith become due and payable and any and all agreements of Senior Lender to the Undersigned shall forthwith terminate.

6 WEST L.L.C., an Illinois limited liability company

By

Print Name: Marc H. Schwartz

Its: Manager

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EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1:

LOT 1 IN BLOCK 8 IN WOLCOTT'S ADDITION TO CHICAGO IN COOK COUNTY, ILLINOIS SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOT 2 IN BLOCK 13 IN KINZIE ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE NORTH FRACTIONAL SECTION 10, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

TAX ID NO.s 17-09-025-0000
 17-09-026-0000

PROPERTY ADDRESS: 6 West Hubbard, Chicago, Illinois

This document prepared by/
After recording return to:
Barry R Katz
Deutsch, Levy & Engel
225 W Washington Street
Suite 1700
Chicago, IL 60606

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EXHIBIT B

SUBORDINATED NOTE

Property of Cook County Clerk's Office

ACQUISITION MORTGAGE NOTE

\$ 2,500,000.00

June 26, 2000

THIS ACQUISITION MORTGAGE NOTE (the "Note") is made as of the date stated above by **6 WEST L.L.C.**, an Illinois limited liability company ("Borrower"), with a mailing address at 205 N. Michigan Avenue, #3800, Chicago, Illinois 60601, Attention: Marc H. Schwartz ("Borrower"), to the order of **THE PRIVATEBANK AND TRUST COMPANY**, having its principal office at 10 North Dearborn Street, Chicago, Illinois 60602, Attention: James A. Ruckstaetter.

ARTICLE I
PAYMENT

FOR VALUE RECEIVED, Borrower hereby promises to pay to the order of Lender, at Lender's office at the address stated above or such other place as Lender may from time to time designate in writing to Borrower, the principal amount of **TWO MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$2,500,000.00)** or so much as may now or hereafter be disbursed by Lender to or for the benefit of Borrower, together with interest, in repayment of a loan made by Lender to Borrower (the "Loan"), all in lawful money of the United States of America, as follows:

1.1 Equal Installments of Principal and Fixed Interest. Prior to the end of the fifth Loan Year (as defined below) or the Loan's otherwise becoming due, interest shall accrue on the amount of the principal balance outstanding under this Note at the rate of Eight and 875/100ths Percent (8.875%) per annum ("Interest Rate"). Principal and interest shall be paid in equal, monthly installments of Twenty Thousand Seven Hundred Sixty Six and 33/100 Dollars (\$20,766.33) each, commencing August 1, 2000 and continuing on the first day of each successive month until the end of the fifth Loan Year (as defined below). All installments of principal and interest shall be applied first to interest at the rate herein specified to the date of receipt of payment and the balance shall be applied on account of principal. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Commencing with the first monthly payment of principal and interest due after the expiration of the fifth (5th) Loan Year, the interest rate shall be adjusted to equal two and one half percent (2.5%) in excess of the then current United States Treasury (CMT) rate for the term most closely corresponding with the Maturity Date (the "Substitute Interest Rate"). Lender's monthly payment of principal interest shall be recalculated based upon the Substitute Interest Rate, the then current principal balance and an amortization period of twenty (20) years. Lender shall notify Borrower of the amount of the new monthly principal and interest payment and Borrower shall thereafter make equal, monthly installments payments in said amount, commencing on the first day of the next month and continuing on the first day of each successive month until the Maturity Date (as defined below) or the loan's otherwise becoming due. Borrower acknowledges that until such time as Borrower receives notification from Lender as to the amount of the new monthly payment,

Borrower shall continue to make monthly payments in the amount set forth in the first paragraph of this Section 1.2.

1.2 Payment of Indebtedness at Maturity. The term "Indebtedness" shall mean the indebtedness evidenced by this Note, including the principal, all interest and all prepayment fees and premiums, if any, and all extensions, renewals, modifications, or substitutions thereof, and all fees, costs and expenses incurred by Lender in connection with the Loan that are reimbursable by Borrower; and all other sums due or required to be paid to Lender under the Loan Documents (as defined below). The entire Indebtedness shall be due and payable **JUNE 30, 2010** ("Maturity Date"). Borrower acknowledges that the monthly principal payments set forth herein will not "self amortize" the repayment of the Loan and that on the Maturity Date a balloon payment of principal will be due. Borrower acknowledges that Lender has no obligation to refinance the Loan at maturity.

1.3 Optional Prepayments with Premium. Borrower reserves the right to prepay on any installment payment date after the date hereof the entire unpaid principal balance of this Note, together with accrued interest to the date of such prepayment and all other Indebtedness then due, provided that: (a) Borrower gives Lender not less than two (2) days prior written notice of its intention to do so; and (b) Borrower pays, at the time of such prepayment and in addition thereto, a premium equal to: (i) two percent (2%) of the amount of principal so prepaid during the first (1st) Loan Year; (ii) one percent (1%) of the amount of principal so prepaid during the second (2nd) through fourth (4th) Loan Years; (iii) two percent (2%) of the amount of principal so prepaid during the sixth (6th) Loan Year; and (iv) one percent (1%) of the amount of principal so prepaid during the seventh (7th) through ninth (9th) Loan Years. No prepayment premium shall be due if the prepayment is made during the fifth (5th) or tenth (10th) Loan Years. If a Default exists and Lender elects to declare the entire unpaid principal balance and accrued interest immediately due and payable, a tender of payment of such amount, made at any time prior to sale under foreclosure of the Mortgage, shall be deemed to constitute an evasion of the foregoing prepayment provisions. Such payment shall therefore, include the prepayment premium calculated as above shall be included in the indebtedness then due and payable, and any tender of payment shall include such premium. The term "Loan Year" means a twelve (12) month period, the first such Loan Year commencing on the date on which the first installment payment hereunder is due and payable and each subsequent Loan Year commencing on each anniversary thereof.

1.4 Payment Time. All payments shall be delivered in good funds to Lender prior to 12:30 p.m., Chicago time, on the date due at its principal office at 10 North Dearborn Street, Chicago, Illinois 60602, or at such other place as Lender designates in writing.

ARTICLE II **SECURITY, DEFAULTS, AND REMEDIES**

2.1 Security for Payment; Loan Documents. Payment of this Note is secured by certain loan documents (as amended, extended and modified, collectively, the "Loan Documents"), all of even date, including the following: (a) a Junior Mortgage, Assignment of Leases and Rents, and

Security Agreement ("Mortgage") from Borrower to Lender, constituting a second lien on certain real estate described therein (and any other property mortgaged thereby); (b) a Loan Agreement between Borrower and Lender; (c) a Collateral Assignment of Leases and Rents from Borrower to Lender; and (d) a Guaranty of Payment from Jules M. Laser, Stephen J. Pokorny and Marc H. Schwartz (individually and collectively "Guarantor");

2.2 Events of Default. Each of the following constitute an event of default under this Note ("Default"): (a) failure of Borrower to pay any amount of Indebtedness when due, whether interest, principal or otherwise and whether as an installment, on the Maturity Date or otherwise which failure continues for a period of five (5) days from the due date; (b) any other Default or Event of Default under any of the Loan Documents; (c) Borrower's failure to pay, when due, any amount payable under any other obligation of Borrower, or any Related Entity (as hereinafter defined) of Borrower, to Lender, however created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, subject to applicable cure periods, if any; (d) an indictment or other charge is filed against the Borrower, or any Related Entity of Borrower, in any jurisdiction, under any federal or state law, for which forfeiture of any collateral securing the Loan, as described in the Loan Documents, or of any other funds, property or other assets of Borrower is a potential penalty unless such charge is dismissed within ten (10) days after filing; or (e) the death or legal incapacity of Marc H. Schwartz. For purposes of this Note, a "Related Entity" shall be defined as Borrower or any Guarantor.

2.3 Acceleration of Maturity. At any time after the occurrence of any Default and at the option of Lender, the entire principal balance under this Note, together with interest accrued thereon and all other Indebtedness (including all sums expended by Lender in connection with such Default), shall without further notice become immediately due and payable. The Mortgage and the other Loan Documents restrict changes in the ownership of the Premises (as defined in the Mortgage) and other changes relating to such ownership, and provide for acceleration, under certain circumstances, of the Indebtedness upon the breach of such restrictions.

2.4 Default Interest Rate. While any Default exists, interest on the unpaid principal balance of the Loan from time to time shall accrue at a rate per annum ("Default Interest Rate") equal to the Interest Rate plus four percent (4%), and Borrower shall pay such interest upon demand, or if no such demand is made, then at the times installments of interest and/or principal are due as provided herein. All unpaid interest that has accrued under this Note, whether prior (at the Interest Rate) or subsequent (at the Default Interest Rate) to the occurrence of the Default, shall be paid at the time of, and as a condition precedent to, the curing of the Default.

2.5 Attorneys' Fees. If any counsel (whether an employee of Lender or otherwise) is employed, retained or engaged (a) to collect the Indebtedness or any part thereof, whether or not legal proceedings are instituted by Lender; (b) to represent Lender in any bankruptcy, reorganization, receivership, or other proceedings affecting creditors' rights and involving a claim under this Note; (c) to protect the liens or security interests created by any of the Loan Documents; or (d) to represent Lender in any other proceedings in connection with the Loan Documents or the

property described therein, then Borrower shall pay to Lender all related reasonable attorneys' fees, time charges and expenses as a part of the Indebtedness.

2.6 Lender's Remedies. Upon the occurrence of a Default, Lender, at its option, may proceed to foreclose the Mortgage, to exercise any other rights and remedies available to Lender under the Mortgage or the other Loan Documents and to exercise any other rights and remedies against Borrower or with respect to this Note which lender may have at law, at equity or otherwise.

Lender's remedies under this Note, the Mortgage, and all other Loan Documents shall be cumulative and concurrent and may be pursued singly, successively, or together against any or all of Borrower and any other Obligors (as defined below), the real estate described in the Mortgage, and any other security described in the Loan Documents or any portion or combination of such real estate and other security. Lender may resort to every other right or remedy available at law or in equity without first exhausting the rights and remedies contained herein, all in Lender's sole discretion. Failure of Lender, for any period of time or on more than one occasion, to exercise its option to accelerate the Maturity Date shall not constitute a waiver of that right at any time during the Default or in the event of any subsequent Default. Lender shall not by any other omission or act be deemed to waive any of its rights or remedies unless such waiver is written and signed by an officer of Lender, and then only to the extent specifically set forth. A waiver in connection with one event shall not be construed as continuing or as a bar to or waiver of any right or remedy in connection with a subsequent event.

2.7 Late Charges. If any installment of interest or the unpaid principal balance due under this Note or any required escrow fund payment for taxes or insurance becomes overdue for a period in excess of fifteen (15) days, Borrower shall pay to Lender upon demand a late charge of four cents (\$.04) for each dollar so overdue in order to defray part of the increased cost of collection resulting from such late payments. Payment of such late charges does not excuse or cure a late payment.

ARTICLE III OTHER MATTERS

3.1 Notices. Any notice or demand that Lender or Borrower may desire or be required to give to the other shall be in writing and shall be mailed or delivered (in person or by nationally recognized overnight courier service) to the intended recipient at its address set forth above or at such other address as such party may, in writing, designate to the other. Notices to Lender are to be directed to the attention of James A. Ruckstaetter, with a copy to Alan D. Pearlman, Law Offices of Alan D. Pearlman, LLC, 20 North Wacker drive, Suite 1500, Chicago, Illinois 60606. Any notice shall be deemed to have been given and effective on the date of delivery if hand-delivered, the next business day after delivery to the nationally recognized overnight courier service if by such courier service, or two (2) business days after mailing by United States registered or certified mail, return receipt requested, or when delivered in person. Any party may change the address to which notices may be sent by notice to the other party or parties as provided herein. Unless specifically required

herein, notice to Borrower of the exercise of any option granted to Lender by this Note is not required.

3.2 Governing Law. The State of Illinois is the place of negotiation, execution, delivery, and payment of this Note, the location of the real estate described in the Mortgage, and the place of performance under the Loan Documents. Thus, this Note shall be governed by and construed in accordance with the law of the State of Illinois.

3.3 Waivers, Consents, Etc. Borrower, Guarantor, and any and all others who are now or may become liable for all or part of the Indebtedness and obligations of Borrower under this Note (all referred to individually and collectively as "Obligors") agree to be jointly and severally, and directly and primarily bound by this Note. Obligors jointly and severally (a) waive and renounce any and all redemption and exemption rights and the benefit of all valuation and appraisal privileges; (b) waive presentment and demand for payment, notices of nonpayment and of dishonor, protest of dishonor, and notice of protest; (c) except as specifically required herein, waive all notices in connection with the performance, default, or enforcement or collection of this Note; (d) waive any and all lack of diligence and delays in the enforcement or collection of the Note; (e) agree that the liability of each Obligor shall be unconditional and without regard to the liability of any other person or entity, and shall not in any manner be affected by any indulgence or forbearance granted or consented to by Lender; (f) consent to any and all extensions of time, renewals, waivers, or modifications that may be granted by Lender with respect to payment or other provisions of this Note, and to the release of any security at any time given, with or without substitution, and to the release of any person or entity liable for the payment thereof; and (g) consent to the addition of any and all other makers, endorsers, guarantors, and other obligors, and to the acceptance of any and all other security, and agree that the addition of any such obligors or security shall not affect the liability of any Obligor.

3.4 Interpretation. The headings of sections and paragraphs in this Note are for convenience of reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions. The use of singular and plural nouns, and masculine, feminine, and neuter pronouns, shall be fully interchangeable, where the context so requires. If any provision of this Note, or any paragraph, sentence, clause, phrase, or word, or the application thereof, in any circumstances, is adjudicated to be invalid or unenforceable, the validity or enforceability of the remainder of this Note shall be construed as if such invalid or unenforceable part were never included. Time is of the essence of this Note.

3.5 Business Loan. Borrower hereby represents that: (a) the proceeds of the Loan will be used for the purposes specified in 815 ILCS 205/4(1)(a) or (c) (1992 State Bar Edition) of the Illinois Compiled Statutes, as amended; (b) the Loan constitutes a "business loan" within the purview of those Sections; and (c) the proceeds of the Loan will not be used for the purchase of registered equity securities within the purview of Regulation "U" issued by the Board of Governors of the Federal Reserve System.

3.6 Interest Laws. Lender and Borrower intend to comply with the laws of the State of Illinois with regard to the rate of interest charged. Notwithstanding any provision to the contrary in this Note or any of the Loan Documents, no such provision shall require the payment or permit the collection of any amount ("Excess Interest") in excess of the maximum amount of interest permitted by law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the Indebtedness. If any Excess Interest is provided for, or is adjudicated to be provided for, in this Note or any of the Loan Documents, then in such event (a) the provisions of this paragraph shall govern and control; (b) neither Borrower nor any of the other Obligor shall be obligated to pay any Excess Interest; (c) any Excess Interest that Lender may have received shall, at the option of Lender, be (i) applied as a credit against the then outstanding principal balance of the Loan, accrued and unpaid interest thereon not to exceed the maximum amount permitted by law, or both, (ii) refunded to the payor, or (iii) so applied or refunded in any combination of the foregoing; (d) the applicable interest rate shall be automatically subject to reduction to the maximum lawful contract rate allowed under the applicable usury laws of the State, and this Note and the Loan Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in the applicable interest rate; and (e) neither Borrower nor any of the other Obligor shall have any action against Lender for any damages whatsoever arising out of the payment or collection of Excess Interest.

3.7 Subsequent Holders. Upon any endorsement, assignment, or other transfer of this Note by Lender or by operation of law, the term "Lender," shall mean such endorsee, assignee, or other transferee or successor to Lender then becoming the holder of this Note.

3.8 Subsequent Obligor. This Note shall be binding on all persons claiming under or through Borrower. The terms "Borrower" and "Obligor," as used herein, shall include the respective successors, assigns, legal and personal representatives, executors, administrators, devisees, legatees, and heirs of Borrower and any other Obligor.

3.9 Security Interest in Accounts. To secure payment of the Indebtedness, Borrower hereby grants to and creates in Lender a lien upon and security interest in (a) any property of or in the name of Borrower now or hereafter in the possession or control of, or in transit to, Lender or any agent or bailee for Lender, any and all dividends, distributions and other rights on or with respect to, and substitutions for and proceeds of, any of the foregoing; and (b) any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or moneys of or in the name of Borrower now or hereinafter with Lender (collectively, the "Collateral"). Borrower further agrees to deliver to Lender, upon request, in due form for transfer, any of the Collateral which may at any time be in or come into the possession or control of the Borrower. Upon Default, Lender may, from time to time, without demand or notice of any kind, appropriate and apply toward payment of such of the Liabilities, and in such order of application, as Lender may elect, any and all Collateral (except for any funds in the Escrow Account, as said term is defined in the Construction Loan Agreement) then or thereafter with Lender.

[SIGNATURE APPEARS ON NEXT PAGE]

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EXHIBIT C

SUBORDINATED MORTGAGE

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