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Cook County Recorder 31.00



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SUBORDINATION AGREEMENT

This **SUBORDINATION AGREEMENT** (the "Agreement") is made and entered into this June ~~30~~³⁰, 2000, by Riha Design Group, Inc., an Illinois corporation ("Tenant").

WHEREAS, 300 Oakley L.L.C., an Illinois limited liability company ("Mortgagor"), is indebted to New Century Bank, an Illinois banking corporation (the "Bank") in the principal amount of \$1,480,000.00 together with interest thereon from and after the date hereof at the rates provided in that certain Mortgage Note of even date herewith in the principal amount of \$1,480,000.00 executed by Mortgagor and delivered by Mortgagor to the Bank (the "Mortgage Note").

WHEREAS, Mortgagor, to evidence and secure the loan indebtedness evidenced by the Mortgage Note, has executed and delivered a Mortgage and Security Agreement of even date herewith (the "Mortgage") to the Bank on certain real estate in the County of Cook, State of Illinois, legally described on Exhibit "1" attached hereto and made a part hereof including the improvements now or hereafter thereon and the easement rights and appurtenances thereunto belonging, all of which said real estate being hereinafter called the "Mortgaged Premises"; and

WHEREAS, Mortgagor is the Lessor under a certain Lease dated June ~~30~~³⁰, 2000 with Tenant as Lessee (the "Lease") and under which Mortgagor leased to Tenant all of the Mortgaged Premises. Mortgagor has collaterally assigned the Lease to the Bank pursuant to that certain Collateral Assignment of Leases and Rents of even date herewith on the Mortgaged Premises made by Mortgagor to the Bank; and

WHEREAS, to induce the Bank to make the loan evidenced by the Mortgage Note, Tenant has offered to subordinate the Lease to the Mortgage pursuant to the terms, covenants and conditions of this Agreement and the Bank has accepted such offer. The subordination of the Lease to the Mortgage pursuant to the terms, covenants and conditions of this Agreement is a condition to making the above described loan evidenced by the Mortgage Note; and

NOW, THEREFORE, in consideration of the above, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Tenant hereby agrees with the Bank as follows:

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1. **Subordination.** The Lease and all of the respective rights of Tenant thereunder shall be and are hereby declared to be and at all times hereafter shall be and remain subject and subordinate in all respects to the Mortgage and to all renewals, modifications, consolidations, replacements and extensions thereof and all of the rights of the Bank thereunder and all other documents evidencing or securing the indebtedness evidenced by the Mortgage Note. In the event of a foreclosure of the Mortgage, whether judicial or nonjudicial or any other proceedings brought to enforce the Mortgage or by deed in lieu of foreclosure, the Bank shall have the option, exercisable by it in its sole discretion, to terminate and extinguish the Lease and all or any part of the rights and interests of Tenant in or to the Mortgaged Premises pursuant to the Lease, by written notice of such termination and extinguishment delivered to Tenant, which notice describes which part of the rights and interests thereunder are being terminated and extinguished. Notwithstanding such subordination and option to terminate, Tenant, as the case may be, further agrees to attorn to and/or to recognize the Bank (as mortgagee in possession or otherwise), or the purchaser at such foreclosure sale, as its landlord or lessor for the balance of the term of that part of the Lease not so terminated by the Bank, in accordance with the terms and provisions thereof, but subject, nevertheless, to the provisions of this Agreement, which Agreement shall be controlling in the event of any conflict.

2. **Estoppel.** Tenant hereby agrees that the Lease is valid, enforceable and in full force and effect, that as of the date hereof there are no defaults by any of the parties to the Lease, that there are no set offs or counterclaims by Tenant to the payment of rent due under any of the Lease, that all conditions to the effectiveness or continuing effectiveness of the Lease required to be satisfied as of the date hereof have been satisfied, that the Lease has not been modified or amended and that the Lease is the complete statement of the agreement with respect to the Tenant's use and occupancy of the Mortgaged Premises.

3. **Representations and Warranties.** Tenant hereby represents and warrants to Mortgagee that it has not subordinated the Lease or any of its respective rights thereunder to any lien or mortgage other than the Mortgage and agrees that it will not subordinate the Lease or its respective rights thereunder to any lien or mortgage without the prior written consent of the Bank.

4. **The Bank's Required Consents and Payments to the Bank.** Tenant agrees with the Bank that, from and after the date hereof until payment in full of the indebtedness under the Mortgage Note, Tenant will not terminate the Lease nor discontinue or abate the rent as a result of a default under the Lease, without the Bank's written consent. Tenant also agrees that, at the request of the Bank, the rent payments due under the Lease shall be paid directly to the Bank.

5. **Non-Liability of the Bank.** Notwithstanding anything contained herein to the contrary, the Bank shall not be:

(a) liable to any of party to the Lease for damages for any act or omissions of any other party to the Lease; or

(b) subject to any offsets, claims or defenses which any party to the Lease might have against any lessor or landlord under the Lease; or

(c) bound by any rent or additional rent or deposit, rental security or any other sums which any party to the Lease may have paid to any lessor or other landlord; or

(d) bound by any amendment or modification of the Lease made without the Bank's prior written consent; or

(e) bound to any party to the Lease subsequent to the date upon which the Bank transfers its interest in the Mortgaged Premises to any third party; or

(f) obligated or liable to any party to the Lease with respect to the construction and completion of the initial improvements in the Mortgaged Premises for the use, enjoyment or occupancy of any party to the Lease; or

(g) obligated or liable to any party to the Lease for any moving, relocation or refurbishment allowance or any payment or allowance for improvements to the Mortgaged Premises or any part thereof; or

(h) liable for the payment of any leasing commissions or other expenses for which any party to the Lease incurred the obligation to pay;

(i) bound or liable to any party to the Lease under any oral or written notice given by any other party to the Lease unless written notice thereof is also timely given to Mortgagee and Mortgagee's consent, if required as set forth herein, has been given; or

(j) bound by any environmental warranties, representations or indemnities of any party to the Lease.

6. **Notices.** All notices or other written communications required or permitted to be given pursuant to this Agreement shall be in writing, and shall be deemed to have been properly given (i) upon delivery, if delivered in person or by facsimile transmission with receipt acknowledged, (ii) one business day after having been deposited for overnight delivery with any reputable overnight courier service, or (iii) three business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, addressed as follows:

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If to the Bank: New Century Bank
363 W. Ontario Street
Chicago, IL 60610
Attention: Robert P. Noel, Jr.

If to Tenant: Riha Design Group, Inc.
Attn: Kenneth J. Riha
300 N. Oakley Blvd.
Chicago, IL 60612

or addressed as such party may from time to time designate in a writing to the other parties hereto and delivered in accordance with the provisions of this Section 6.

7. **Miscellaneous.** This Agreement may not be amended or modified in any manner other than by an agreement in writing, signed by the parties hereto or their respective successors in interest, and this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The words "foreclosure" and "foreclosure sale" as used herein shall be deemed to include the acquisition of any estate in the Mortgaged Premises, including without limitation any leasehold estate, including without limitation any such acquisition by voluntary deed, assignment or other conveyance or transfer in lieu of foreclosure.

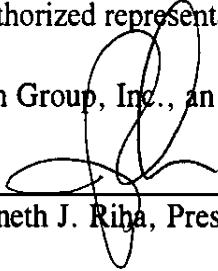
8. **Conflicts with Leases.** This Agreement shall supersede all of the terms and provisions of the Leases which are inconsistent with this Agreement.

9. **Proceeds of Casualty or Condemnation.** Any interest of any party to the Lease under the Leases in and to any proceeds of insurance arising from any casualty to the Mortgaged Premises and all interests of such parties to the Lease in and to any award for the taking of the Mortgaged Premises under the power of eminent domain or any payment in lieu of such taking shall be subordinate to the interests of the Bank therein. No party to the Lease shall seek or accept any such proceeds or awards unless and until all amounts secured by the Mortgage are paid in full.

10. **Government Law - Venue.** This Agreement shall be construed in accordance with the laws of the State of Illinois and any litigation arising out of this Agreement shall be brought in the courts of the State of Illinois or in the courts of the United States for the Northern District of the State of Illinois and all parties hereto consent to the venue of such courts.

IN WITNESS WHEREOF, the Tenant has caused this Agreement to be properly executed and sealed by its duly authorized representatives as of the date first above written.

Riha Design Group, Inc., an Illinois corporation,

By: 
Kenneth J. Riha, President

This document prepared by:
Timothy S. Breems
222 N. LaSalle
Chicago, IL 60601

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said county, in the State aforesaid, DO HEREBY CERTIFY that Kenneth J. Riha, President of Riha Design Group, Inc., an Illinois corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President of Riha Design Group, Inc., an Illinois corporation, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Riha Design Group, Inc., an Illinois corporation, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 29th day of June, 2000.

Simone Hivick
Notary Public

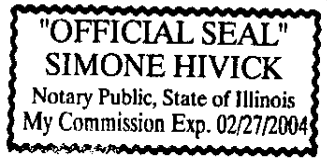


EXHIBIT "1"

PARCEL 1:

LOTS 13 TO 16, BOTH INCLUSIVE IN I.R. DILLER'S SUBDIVISION OF BLOCK 40 IN CANAL TRUSTEES' SUBDIVISION OF SECTION 7, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOT 17 (EXCEPTING THEREFROM, THAT PART OF THE SOUTH 33 FEET OF SAID LOT LYING WEST OF THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 22) IN THE RESUBDIVISION OF LOTS 17 TO 30 AND LOTS 63 TO 76 IN I. R. DILLER'S SUBDIVISION OF BLOCK 40 IN CANAL TRUSTEES' SUBDIVISION OF SECTION 7, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THAT PART OF THE NORTH AND SOUTH 18 FOOT VACATED ALLEY LYING SOUTH OF THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 13 IN I.R. DILLER'S SUBDIVISION AFORESAID AND LYING NORTH OF THE WESTERLY EXTENSION OF THE NORTH LINE OF THE SOUTH 33 FEET OF LOT 17 IN THE RESUBDIVISION OF LOTS 17 TO 30 AND LOTS 63 TO 76 IN I.R. DILLER'S SUBDIVISION OF BLOCK 40 IN CANAL TRUSTEES' SUBDIVISION OF SECTION 7, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

LOTS 1 THROUGH 6 AND THE PRIVATE ALLEY LYING NORTH OF AND ADJOINING LOTS 3, 4 AND 5 IN THE SUBDIVISION OF LOTS 19, 20, AND 21, TOGETHER WITH THAT PART OF THE EAST AND WEST 15 FOOT VACATED ALLEY LYING NORTH OF AND ADJOINING SAID LOTS IN THE RESUBDIVISION OF LOTS 17 TO 30 AND LOTS 63 TO 76 IN I.R. DILLER'S SUBDIVISION OF BLOCK 40 IN CANAL TRUSTEES' SUBDIVISION OF SECTION 7, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 5:

LOT 22 TOGETHER WITH THAT PART OF THE EAST AND WEST 15 FOOT VACATED ALLEY LYING NORTH OF AND ADJOINING SAID LOT IN THE RESUBDIVISION OF LOTS 17 TO 30 AND LOTS 63 TO 76 IN I.R. DILLER'S SUBDIVISION OF BLOCK 40 IN CANAL TRUSTEES' SUBDIVISION OF SECTION 7, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Permanent Index Numbers: 17-07-301-048; 17-07-301-049; 17-07-301-052

Address: 300 N. Oakley, Chicago, IL