

UNOFFICIAL COPY

00837591

38/003 16 001 Page 1 of 12  
2000-10-25 12:51:58  
Cook County Recorder 83.50

SUBORDINATION AGREEMENT (SECOND MORTGAGE)



THIS SUBORDINATION AGREEMENT (the "Agreement") is made as of this 15 day of August, 2000, between NEW CENTURY BANK ("Senior Lender") and HELEN SLIMAK and JOHN SLIMAK (collectively "Subordinated Lender").

RECITALS

A. Senior Lender and 3153-57 S. ARCHER PARTNERS, an Illinois general partnership, RICHARD SYKES and MICHAEL ARNOLD (collectively, the "Borrower") are parties to a certain Construction Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Financing Statement dated as of August 15, 2000 (the "Senior Mortgage"), pursuant to which Senior Lender has provided or will provide Borrower a loan in the principal amount of up to Seven Hundred Thousand and No/100 Dollars (\$700,000.00) (the "Loan").

B. The Loan is evidenced by a Mortgage Note of even date with the Senior Mortgage (the "Senior Note"). Initially capitalized terms used but not otherwise defined in this Agreement have the same meanings given them in the Senior Mortgage, Senior Note or other senior loan documents (as hereinafter defined) executed between Senior Lender and Borrower.

C. The Loan is secured by inter alia:

(i) the Senior Mortgage, encumbering the Real Estate (legally described on Exhibit A attached hereto) and the improvements thereon; and

(ii) such other documents and instruments as may evidence, govern, guaranty or secure the Loan, including the Loan Documents.

D. The Senior Note, 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". 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".

E. Subordinated Lender is the owner and holder of a certain Note (the "Subordinated Note") dated Aug 15, 2000, in the original principal amount of One Hundred Thousand and No/100 Dollars (\$100,000.00) made by Borrower payable to the order of Subordinated Lender.

F. Subordinated Lender is also the mortgagee of a certain Mortgage (the "Subordinated Mortgage") dated Aug 15, 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").

W00000 38 Cash Co, St

*Handwritten signature/initials*

*(2nd / final mortgage)*

# UNOFFICIAL COPY

G. All obligations of Obligor to Senior Lender, whether now existing or hereafter arising, due or to become due, under the Senior Note, Senior Mortgage and the Senior Loan Documents are referred to collectively as the “**Senior Liabilities**”.

H. All obligations of Obligor 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**”.

I. 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 Obligor heretofore made or hereafter to be made under the Senior Loan Documents pursuant to the terms thereof.

3. Subordination of Payment. Except as provided in this Section 3, 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 Borrower, that (a) an Event of Default has occurred under the Note, and/or (b) the Loan is out of balance, the Subordinated Lender shall be entitled to accept from Borrower and retain for its account, 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

# UNOFFICIAL COPY

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 take all reasonable efforts to 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, (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; (iii) seek to obtain possession of the Real Estate, or (iv) seek any accounting from Senior Lender in respect to the proceeds of 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 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

# UNOFFICIAL COPY

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.

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 fifteen (15) 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 Senior Note 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.

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 (where such foreclosure does not extinguish the security interest created by the Subordinated Loan Documents) or through a deed in lieu of foreclosure 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

00837591

# UNOFFICIAL COPY

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; (e) make additional advances in excess of the Loan Amount and the documents and instruments evidencing such additional advances shall constitute and be deemed part of the Senior Loan Documents which shall be superior to the documents and instruments evidencing and securing indebtedness to the Subordinated Lender; and (f) 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, without 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. Partial Release. Subordinated Lender will deliver its partial release of the lien of the Subordinated Mortgage and other Subordinated Loan Documents, as applicable, upon the closing of the sale of a Unit in accordance with the terms of the Senior Loan Documents. The Subordinated Lender shall consent to the execution and recording of the Constituent Documents (as defined in the Senior Mortgage) upon notice from the Senior Lender.

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

19. 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

# UNOFFICIAL COPY

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.

20. 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 Senior Lender:

New Century Bank  
363 West Ontario Street  
Chicago, Illinois 60610

with a copy to:

Duane, Morris & Heckzcher, L.L.P.  
227 West Monroe Street, Suite 3400  
Chicago, Illinois 60606  
Attention: Daniel Kohn, Esq.

In the case of Subordinated  
Lender, to:

Helen Slimak and John Slimak  
2186 East Crown Point Boulevard  
Naples, Florida 34112

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.

21. 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.

22. 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.

[SIGNATURES ON FOLLOWING PAGE]

# UNOFFICIAL COPY

## ACKNOWLEDGMENT

The Undersigned acknowledge receipt of a copy of the foregoing Subordination Agreement dated as of August 15, 2000 between NEW CENTURY BANK and HELEN SLIMAK and JOHN SLIMAK, 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 Senior Note 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.

### BORROWER:

3157-57 S. ARCHER PARTNERS, a general partnership

By:

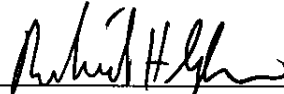


Richard Sykes, a partner

By:



Michael Arnold, a partner



RICHARD SYKES



MICHAEL ARNOLD

00837591

# UNOFFICIAL COPY

State of Illinois, County of Illinois ss. I, the undersigned, a  
Notary Public in and for said County, in the State aforesaid, do hereby certify  
IMPRESS that Michael Aronoff RICHARD H. SYKES  
SEAL personally known to me to be the same person whose name(s) are sub-  
scribed to the foregoing instrument appeared before me this day in person,  
HERE and acknowledged that they signed and delivered the said instrument as  
their free and voluntary act, for the uses and purposes therein set forth.  
Given under my hand and official seal this 15 day of August, 1st 2000  
Commission Expires 08/26/03  
John P. Ahern  
NOTARY PUBLIC

Property of Cook County Clerk's Office

00837591



# UNOFFICIAL COPY

## SENIOR LENDER

NEW CENTURY BANK

By: John Wang  
Its: Vice President

## SUBORDINATED LENDER

Helen V. Slimak  
HELEN SLIMAK

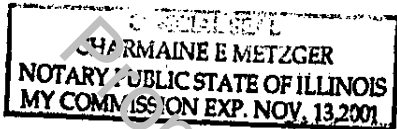
John Slimak  
JOHN SLIMAK

Property of Cook County Clerk's Office

# UNOFFICIAL COPY

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF )

Personally came before me this 23<sup>rd</sup> day of October, 2000,  
~~and~~ TO ANN WONG, Vice President of NEW  
CENTURY BANK, to me known to be such persons and officers who executed the foregoing  
instrument and acknowledge that they executed the same as such officers as the deed of said bank.  
by its authority.

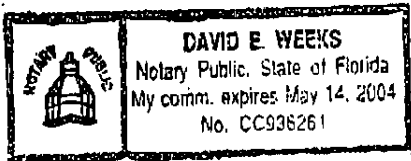


Charmaine E Metzger  
Notary Public

My Commission Expires: Nov 13 2001

X STATE OF FLORIDA )  
 ) SS.  
COUNTY OF COLLIER )

Personally came before me this 15 day of Aug, 2000, HELEN SLIMAK  
and JOHN SLIMAK, to me known to be such persons who executed the foregoing instrument and  
acknowledged that they executed the same as their own and free act.



David E Weeks  
Notary Public

My Commission Expires: 5/14/04

THIS DOCUMENT WAS PREPARED BY  
AND AFTER RECORDING RETURN TO:

Daniel Kohn  
Duano, Morris & Hecktcher LLP  
227 West Monroe Street, Suite 3400  
Chicago, Illinois 60606

00837591

# UNOFFICIAL COPY

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF )

Personally came before me this \_\_\_\_\_ day of \_\_\_\_\_, 2000,  
and \_\_\_\_\_ of NEW  
CENTURY BANK, to me known to be such persons and officers who executed the foregoing  
instrument and acknowledge that they executed the same as such officers as the deed of said bank,  
by its authority.

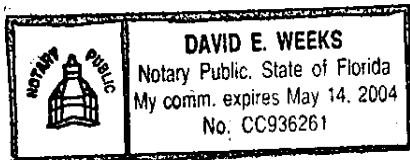
\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

X

STATE OF FLORIDA )  
 ) SS.  
COUNTY OF COLLIER )

Personally came before me this 15 day of Aug, 2000, HELEN SLIMAK  
and JOHN SLIMAK, to me known to be such persons who executed the foregoing instrument and  
acknowledged that they executed the same as their own and free act.



[Signature]  
Notary Public  
My Commission Expires: 5/14/04

THIS DOCUMENT WAS PREPARED BY  
AND AFTER RECORDING RETURN TO:

Daniel Kohn  
Duane, Morris & Heckscher LLP  
227 West Monroe Street, Suite 3400  
Chicago, Illinois 60606



00837591

UNOFFICIAL COPY

Property of Cook County Clerk's Office

# UNOFFICIAL COPY

## EXHIBIT A

4. The land referred to in the commitment is described as follows:

THE NORTHEASTERLY 1/2 OF LOT 26 IN THOMAS STINSON'S SUB. OF BLOCKS 1, 2 AND 10 IN CANAL TRUSTEE'S SUBDIVISION OF THE EAST 1/2 OF SECTION 31, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTHEASTERLY 1/2 OF SAID LOT 26, OTHERWISE DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTH CORNER OF SAID LOT; THENCE SOUTHWESTERLY ON THE NORTHWESTERLY LINE OF SAID LOT, 25

FEET MORE OR LESS TO A POINT IN SAID NORTHWESTERLY LINE EQUIDISTANT FROM THE NORTH AND WEST CORNER OF SAID LOT; THENCE SOUTHEASTERLY PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT, 150 FEET MORE OR LESS TO THE SOUTHEASTERLY LINE OF SAID LOT; THENCE NORTHEASTERLY ON THE SOUTHEASTERLY LINE OF SAID LOT TO THE EAST CORNER OF SAID LOT; THENCE NORTHWESTERLY ON THE NORTHEASTERLY LINE OF SAID LOT, TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS; ALSO LOT 25 IN STINSON'S SUBDIVISION OF BLOCKS 1, 2 AND 10 IN THE CANAL TRUSTEE'S SUBDIVISION OF THE EAST 1/2 OF SECTION 31, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESS: 3153-57 S. ARCHER AVENUE  
CHICAGO, ILLINOIS 60609

PROPERTY IDENTIFICATION NUMBERS:

17-31-213-010; 17-31-213-011; 17-31-213-012 VOL. 520

00837591