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THIS INSTRUMENT WAS PREPARED BY AND AFTER RECORDING SHOULD BE RETURNED TO:

Lawrence M. Gritton  
KATZ RANDALL WEINBERG & RICHMOND  
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Chicago, Illinois 60606  
(312) 807-3800

KRWR File No. 02441.31800

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Cook County Recorder 47.00



Recorder's Box

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## SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is made as of the 6<sup>th</sup> day of December, 2000 by and between Senior Lender (described below) and Junior Lender (described below).

### Identification of Parties and Instrument:

Junior Lender - Name and Address:

Argo Federal Savings Bank, FSB  
5218 S. Archer Road  
P.O. Box 168  
Summit Illinois 60501  
Attn: Frances M. Pitts

Senior Lender - Name and Address:

U.S. Bank National Association  
701 Lee Street, Suite 800  
Des Plaines, Illinois 60016  
Attn: Robert J. Burda

Borrower - Name and Address:

Investment Management Corporation  
c/o Chicago Equity Fund  
One East Superior Street  
Suite 604  
Chicago, Illinois 60611  
Attn: Jeff Frankwick

Junior Note - Amount and Date:

\$750,000.00 dated December 6, 2000

Junior Mortgage - Date and Recording Information:

Mortgage dated December 6, 2000 and recorded December \_\_\_\_, 2000 as Document No. \_\_\_\_\_ in Cook County, Illinois

Senior Note - Amount and Date:

\$2,125,000.00 dated December 6, 2000

LGR:TTON/423794.4

**BOX 333-CTI**

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**Senior Mortgage** - Date and  
Recording Information:

Mortgage and Security Agreement dated  
December 6, 2000 and recorded November     ,  
2000 as Document No.                      in Cook  
County, Illinois

## RECITALS:

A. Borrower has executed and delivered the Junior Note made payable to the order of Junior Lender. The Junior Note is secured by: (i) the Junior Mortgage, made by Borrower in favor of Junior Lender and encumbering the real estate legally described in **Exhibit "A"** attached hereto and by this reference made a part hereof (the "**Property**"); and (ii) certain other documents and instruments, if any, listed in **Exhibit "B"** attached hereto and by this reference made a part hereof (the "**Other Junior Documents**"; the Junior Note, Junior Mortgage and the Other Junior Documents are hereinafter collectively referred to as the "**Junior Loan Documents**").

B. Borrower has executed and delivered the Senior Note made payable to the order of Senior Lender. The Senior Note is secured by: (i) the Senior Mortgage encumbering the Property; and (ii) certain other documents and instruments, if any, listed in **Exhibit "C"** attached hereto and by this reference made a part hereof (the "**Other Senior Documents**"; the Senior Note, Senior Mortgage and Other Senior Documents are hereinafter collectively referred to as the "**Senior Loan Documents**").

C. Without the execution and delivery of this Agreement, the granting of the Junior Loan Documents constitutes a default under the Senior Loan Documents, and Senior Lender will consent to the Junior Loan Documents only upon execution and delivery of this Agreement by Junior Lender.

**NOW, THEREFORE**, to induce Senior Lender to consent to the Junior Loan Documents and for TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Junior Lender hereby agrees that until the Senior Loan Documents have been paid and satisfied in full:

1. **Subordination of Instruments.** Except to the extent detailed under this Agreement, any and all of the: (a) Junior Loan Documents (and every amendment, modification, renewal and extension thereof); (b) indebtedness, liabilities, obligations, liens and security interests evidenced or created by the Junior Loan Documents or associated therewith; and (c) other indebtedness, liabilities and obligations of any kind whatsoever (whether now existing or hereafter arising) of Borrower to Junior Lender, are hereby subordinated to: (x) any and all of the Senior Loan Documents (and every amendment, modification, renewal and extension thereof); (y) all indebtedness, liabilities and obligations evidenced, secured by or created by the Senior Loan Documents or associated therewith, including, without limitation, future advances under the Senior Loan Documents, in whatever amounts and whenever made; and (z) with respect to the Property, all other indebtedness, liabilities and obligations of any kind whatsoever (whether now existing or hereafter arising) of Borrower to Senior Lender.

2. **Acknowledgment of Superior Lien Rights of Junior Lender in IHDA Funds and Portion of FHLB Grant.** Notwithstanding the provisions of Section 1 above, Senior Lender acknowledges and agrees that:

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(a) Junior Lender has provided bridge financing until funds (the "IHDA Funds") are advanced under programs administered by the Illinois Housing Development Authority ("IHDA") upon completion of rehabilitation of the Property, which bridge financing has enabled Borrower to provide the Senior Lender a first lien perfected security interest in the Property and other collateral. Senior Lender warrants and agrees that, provided IHDA executes a subordination agreement in a form reasonably acceptable to Senior Lender, Senior Lender's interest in the IHDA Funds is subject to Junior Lender's interest in the IHDA Funds, as memorialized in Junior Lender's Loan and Security Agreement and UCC Financing Statements, to the full extent of principal and interest accruing under the Junior Note; and

(b) Junior Lender has played a role in Borrower's procurement of a \$192,000 grant (the "FHLB Grant") from the Federal Home Loan Bank of Chicago ("FHLB") and agrees that Junior Lender shall be additionally secured and shall maintain a senior interest in the first \$50,000 of such FHLB Grant funds, with the balance of such FHLB Grant funds subject to Senior Lender's collateral interests.

**3. Subordination of Payments.** With the exception of the payment of the IHDA funds and FHLB Grant funds to Junior Lender, as set forth in Section 2 above, the payment of all amounts due and owing or coming due under the Junior Loan Documents (collectively, the "**Junior Payments**"), specifically including without limitation:

(a) payments from Borrower to Junior Lender of interest and principal under the Junior Note (unless such payments are made from the IHDA Funds);

(b) payments of insurance proceeds and condemnation, eminent domain or similar awards to be paid to or for the benefit of Junior Lender under the terms of any of the Junior Loan Documents; and

(c) rents, issues and profits from the Property paid or payable to Junior Lender,

are hereby and shall be subordinate to the payment in full of all amounts due and owing or coming due under the Senior Loan Documents (collectively, the "**Senior Payments**"), specifically including, without limitation: (x) payments of interest and principal under the Senior Note, (y) payments of insurance proceeds and condemnation, eminent domain or similar awards to be paid to or for the benefit of Senior Lender under the terms of any of the Senior Loan Documents, and (z) Senior Lender's interest in all rents, issues and profits from the Property.

**4. Leases.** The Junior Loan Documents and the lien created thereby shall be subject and subordinate to any and all existing and future leases affecting all or any portion of the Property.

**5. Junior Payments Made After Default.** With the exception of payment of the IHDA Funds and FHLB Grant funds as set forth in Section 2 hereof, no Junior Payment shall be made or accepted at any time on or after such time as Junior Lender shall have been notified by Senior Lender of any default by Borrower under any of the Senior Loan Documents. In the event Junior Lender receives any such payment (other than payment of the IHDA Funds and FHLB Grant funds), the same shall be received in trust for Senior Lender and immediately paid by Junior Lender to Senior Lender.

**6. Insurance Proceeds and Condemnation Awards.** Junior Lender shall have no right to participate in the adjustment or settlement of insurance losses and/or condemnation claims. Junior Lender hereby further agrees, upon the request and at the direction of Senior Lender, to endorse in

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favor of Senior Lender any and all checks payable to Junior Lender which represent insurance or condemnation proceeds paid for claims relating to the Property in any way. Junior Lender hereby appoints Senior Lender as its attorney-in-fact, in its place and stead to settle all insurance claims relating to the Property and to receive all payments and endorse all checks with regard thereto to the full extent of all amounts secured by the Senior Loan Documents.

7. **No Amendment.** Junior Lender shall not amend or modify any of the Junior Loan Documents without the prior written consent of Senior Lender. Senior Lender shall not amend or modify any of the Senior Loan Documents to increase the loan amount, change the interest rate, or otherwise adversely affect the rights of Junior Lender without the prior written consent of Junior Lender.

8. **Cross-Default.** Junior Lender and Borrower acknowledge that the occurrence of a default under the Junior Loan Documents shall constitute an Event of Default under the Senior Loan Documents.

9. **Bankruptcy.** Junior Lender agrees not to commence, or join with any other creditor in commencing, any bankruptcy, reorganization or insolvency proceedings with respect to Borrower (or any party comprising Borrower). In the event of any dissolution, winding up, liquidation, readjustment, reorganization or other similar proceedings relating to Borrower (or any party comprising Borrower), whether voluntary or involuntary, partial or complete, and whether in bankruptcy, insolvency or receivership, or upon an assignment for the benefit of creditors, or any other marshaling of its assets and liabilities, or any sale of all or substantially all of its assets, or otherwise, the Senior Payments shall first be paid in full before Junior Lender shall be entitled to receive and to retain any of the Junior Payments. Notwithstanding the foregoing, Junior Lender shall have the right to receive any payments of the IHDA Funds and FHLB Grant funds, as set forth in Section 2 hereof, to the full extent of principal and interest accruing under the Junior Note.

10. **Action Taken by Senior Lender.** Senior Lender may, from time to time, whether before or after any discontinuance of this Agreement, at its sole discretion and without notice to Junior Lender, take any or all of the following actions: (i) retain or obtain a security interest in the Property or any other property (with the exception of the IHDA Funds and FHLB Grant funds, to the extent set forth in Section 2 hereof) to secure any of the obligations or liabilities created by or associated with the Senior Loan Documents; (ii) retain or obtain the primary or secondary obligation of any other obligor or obligors with respect to any of the obligations or liabilities created by or associated with the Senior Loan Documents; and (iii) extend or renew (for one or more periods) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property.

11. **Deed in Lieu of Foreclosure.** Junior Lender hereby covenants and agrees that upon the occurrence of a default under the Senior Loan Documents, Senior Lender may, at its sole discretion, without notice to Junior Lender: (i) with or without releasing and extinguishing the Senior Mortgage or the liens or security interests created by the Senior Loan Documents, cause title in and to all or any portion of the Property (or any interest of any kind therein, including, without limitation, a beneficial interest in a land trust) to be transferred, assigned or conveyed to a nominee for Senior Lender, subject to the lien of the Junior Loan Documents; and/or (ii) take possession of the Property and take all actions necessary to operate and maintain the Property, including, without limitation, the right to complete construction of the improvements located on the Property and the right to lease or sell all or any portion of the Property or any interest in the Property, without Senior Lender's having any obligation to commence a foreclosure proceeding or have a receiver appointed.



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Junior Lender hereby waives the right to assert any and all claims and defenses against Senior Lender relating to or arising from any action taken by Lender pursuant to the preceding sentence, including, without limitation, the right to assert that the Senior Mortgage was merged into any deed or instrument of conveyance to a nominee for Senior Lender. Junior Lender hereby waives any right to have a receiver appointed in connection with any foreclosure action filed by Senior Lender against the Property.

**12. Assignment by Senior Lender.** Senior Lender may, from time to time, whether before or after any discontinuance of this Agreement, at its discretion and without notice to Junior Lender, assign or transfer any or all of the Senior Payments or any interest therein and/or any or all of the Senior Loan Documents, or any interest therein, and notwithstanding any such assignment or transfer or subsequent assignment or transfer thereof, the Senior Payments and the Senior Loan Documents shall be and remain Senior Payments and Senior Loan Documents for the purpose of this Agreement. Any such assignment or transfer shall be subject to the rights of the Junior Lender in the IHDA Funds and FHLB Grant funds, as set forth in Section 2 hereof.

**13. Notice to Senior Lender and Right to Cure.** Junior Lender shall not, without giving Senior Lender thirty (30) days' prior written notice and an opportunity to cure (within such 30-day period) the default of Borrower specified in such notice, take any action of any kind (including, without limitation, the initiation of any proceeding seeking or contemplating foreclosure or the appointment of a receiver or of a trustee in bankruptcy) to enforce any right or remedy against Borrower.

**14. Notices.** Any notices which may be given hereunder shall be deemed given when personally delivered and receipted for or two days after deposited in the United States mail certified or registered mail, return receipt requested, properly addressed to the respective address set forth on the first page of this Agreement.

**15. Execution of Additional Documents.** Junior Lender agrees to execute such further documents and instruments and take such further actions as Senior Lender may request from time to time to carry out the intent of this Agreement, upon amendment, modification, renewal or extension of the Senior Loan Documents.

**16. Governing Law, Etc.** This Agreement shall be construed in accordance with and governed by the laws of the State of Illinois. All actions or proceedings arising directly, indirectly or otherwise in connection herewith shall be litigated, at Lender's sole election, only in Cook County, Illinois, or in courts having a situs within the county and state where the Property is located. The undersigned hereby consents and submits to the jurisdiction of any local, state or federal court located therein, and hereby waives any rights to transfer or change the venue of any litigation brought hereunder. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. The captions herein are for purposes of convenience only.

**17. Binding Effect.** This Agreement shall be binding upon Senior Lender, Junior Lender and their respective legal representatives, successors and assigns, including any owner or holder of any of the Senior Loan Documents and the Junior Loan Documents, and shall inure to the benefit of Senior Lender and Junior Lender and their respective successors and assigns, including any subsequent owner or holder of any of the Senior Loan Documents or the Junior Loan Documents.

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18. Waiver of Jury Trial. RECOGNIZING THAT ANY DISPUTE ARISING OUT OF THE TRANSACTION REFERRED TO HEREIN WILL BE COMMERCIAL IN NATURE AND COMPLEX, THE UNDERSIGNED DESIRE TO MINIMIZE THE COSTS INVOLVED IN THE DISPUTE RESOLUTION PROCESS AND, THEREFOR, HEREBY WAIVE THE RIGHT TO A TRIAL BY JURY.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by Senior Lender and Junior Lender as of the day and year first above written.

**SENIOR LENDER:**

ATTEST:

U.S. BANK NATIONAL ASSOCIATION

*Atreya D. Johnson*  
Its: Assistant Vice President By: \_\_\_\_\_

*Robert J. Rando*  
Its: V.P. PRESIDENT

**JUNIOR LENDER:**

ATTEST:

ARGO FEDERAL SAVINGS BANK, FSB

\_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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18. Waiver of Jury Trial. RECOGNIZING THAT ANY DISPUTE ARISING OUT OF THE TRANSACTION REFERRED TO HEREIN WILL BE COMMERCIAL IN NATURE AND COMPLEX, THE UNDERSIGNED DESIRE TO MINIMIZE THE COSTS INVOLVED IN THE DISPUTE RESOLUTION PROCESS AND, THEREFOR, HEREBY WAIVE THE RIGHT TO A TRIAL BY JURY.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by Senior Lender and Junior Lender as of the day and year first above written.

**SENIOR LENDER:**

ATTEST:

U.S. BANK NATIONAL ASSOCIATION

\_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**JUNIOR LENDER:**

ATTEST:

ARGO FEDERAL SAVINGS BANK, FSB

*Ancesha Bitts*  
Its: *Executive Vice President*  
*and Corporate Secretary*

By: *[Signature]*  
Its: *[Signature]*



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## BORROWER'S ACKNOWLEDGMENT

The undersigned acknowledges receipt of a copy of the foregoing Subordination Agreement, waives notice of acceptance thereof by Senior Lender and agrees to be bound by the terms and provisions thereof, to mark its respective books and records so as to clearly indicate that the Junior Payments and Junior Loan Documents are subordinated to the Senior Payments and Senior Loan Documents (except with respect to the payment of the IHDA Funds and FHLB Grant funds, as set forth in Section 2 of the Subordination Agreement) in accordance with the terms of such Subordination Agreement, to make no payments or distributions contrary to the terms and provisions thereof, and to do every other act and thing necessary or appropriate to carry out such terms and provisions. In the event of any violation of any of the terms and provisions of the foregoing Subordination Agreement by reason of any act or omission within the direct or indirect control of Borrower, then, at the election of Senior Lender, any and all obligations of the undersigned to Senior Lender shall forthwith become due and payable and any and all agreements of Senior Lender to make loans to the undersigned shall forthwith terminate.

Dated: December 17<sup>th</sup>, 2000.

### BORROWER:

INVESTMENT MANAGEMENT CORPORATION

By: 

William W. Higginson, President

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STATE OF Illinois )  
COUNTY OF Cook )

I, Sonia Fernandez, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Robert J. Burda, as VICE President of US BANK NATIONAL ASSOCIATION, and PATRICIA A. Johnson, as ASST. V.P. Secretary of said Corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such VICE President and ASST. V.P. Secretary of said Corporation, respectively, 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 Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 5<sup>th</sup> day of December, 2000.

Sonia Fernandez  
Notary Public



STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

I, \_\_\_\_\_, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that \_\_\_\_\_, as \_\_\_\_\_ President of ARGO FEDERAL SAVINGS BANK, FSB, and \_\_\_\_\_ as \_\_\_\_\_ Secretary of said Corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such \_\_\_\_\_ President and \_\_\_\_\_ Secretary of said Corporation, respectively, 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 Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of December, 2000.

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

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STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

I, \_\_\_\_\_, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that \_\_\_\_\_, as \_\_\_\_\_ President of US BANK NATIONAL ASSOCIATION, and \_\_\_\_\_, as \_\_\_\_\_ Secretary of said Corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such \_\_\_\_\_ President and \_\_\_\_\_ Secretary of said Corporation, respectively, 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 Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of December, 2000.

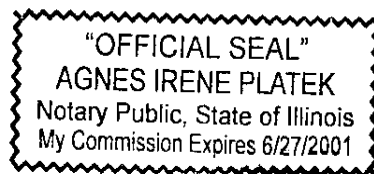
\_\_\_\_\_  
Notary Public

STATE OF ILLINOIS )  
COUNTY OF COOK )

I, AGNES I. PLATEK, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that RALPH E. ROSZYNEK JR. as SENIOR VICE President of ARGO FEDERAL SAVINGS BANK, FSB, and JAMES M. PITT, as CORPORATE Secretary of said Corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such VICE - President and CORPORATE Secretary of said Corporation, respectively, 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 Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 7th day of December, 2000.

Agnes Irene Platek  
Notary Public



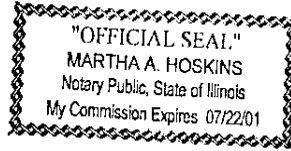
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STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

I, Martha A. Hoskins, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that William W. Higginson, as President of INVESTMENT MANAGEMENT CORPORATION, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President of said Corporation, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as hi own free and voluntary act and as the free and voluntary act of said Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 6th day of December, 2000.

Martha A. Hoskins  
Notary Public



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## EXHIBIT "A"

### LEGAL DESCRIPTION

LOTS 8 TO 11, ALL INCLUSIVE, IN BLOCK 9 IN GUNDERSEN'S NORTH BIRCHWOOD SUBDIVISION OF BLOCKS 4 TO 17, INCLUSIVE, IN DAVID P. O'LEARY'S SUBDIVISION OF PART OF THE SOUTH ½ OF THE NORTHEAST ¼ OF SECTION 30, TOWNSHIP 41 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.: 11-30-215-005-0000

Address: 7715-21 North Hermitage Avenue, Chicago, Illinois

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## EXHIBIT "B"

### OTHER JUNIOR DOCUMENTS

All Junior Loan Documents are dated December 6, 2000, unless otherwise indicated below:

1. Note;
2. Junior Mortgage;
3. Undated UCC-1 Financing Statement;
4. Undated UCC-2 Financing Statement.



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## EXHIBIT "C"

### OTHER SENIOR LOAN DOCUMENTS

All Senior Loan Documents are dated December 6, 2000, unless otherwise indicated below:

1. Construction Loan Agreement.
2. Assignment of Rents and Lessor's Interest in Leases.
3. Security Agreement.
4. Undated UCC-1 Financing Statement.
5. Undated UCC-2 Financing Statement.
6. Environmental Indemnity Agreement.
7. Collateral Assignment of Plans, Licenses, Permits and Contracts.
8. Collateral Assignment of Unit Sales Contracts.
9. Collateral Assignment of General Contract.
10. Collateral Assignment of Architect's Agreement and Plans.