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Cook County Recorder 37.00



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This document prepared by
and after recording mail to:

Sandra L. Waldier, Esq.
Bell, Boyd & Lloyd LLC
70 West Madison Street
Suite 3100
Chicago, Illinois 60602

78645450244

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SUBORDINATION AND RECOGNITION AGREEMENT

THIS RECOGNITION AGREEMENT (the "Agreement") is made as of the ~~15th~~^{16th} day of July, 2001, by and between **CIB BANK** ("Fee Mortgagee"), **CENTRUM NORRIDGE, L.L.C.** ("Tenant") and **LASALLE BANK NATIONAL ASSOCIATION**, a national banking association ("Leasehold Mortgagee").

Recitals

A. LaSalle Bank National Association As Successor Trustee To Bank One-Ravenswood Under Trust Number 25-10608 Dated February 26, 1990 and LaSalle Bank National Association As Successor Trustee To Bank One-Ravenswood Under Trust Number 25-7859 dated July 1, 1986 (collectively, "Landlord") has entered into that certain Ground Lease for Lawrence/Cumberland Walgreen's Store dated August 29, 2000, as amended (the "Lease") with Tenant, as Tenant, with respect to the real estate legally described in EXHIBIT A attached hereto and made a part hereof (the "Leased Premises"), and located at the northwest corner of Cumberland and Lawrence Avenue, Norridge, Illinois. Tenant will be developing and constructing an approximately 14,328 square foot building to be sublet by Walgreen Co. for use as a Walgreens store. Initially capitalized terms used but not expressly defined herein shall have the respective meanings given them in the Lease.

B. Fee Mortgagee made a loan to Landlord in the amount of \$530,000.00 evidenced by a Note dated July 11, 2001 from Landlord to Fee Mortgagee, and secured by a Mortgage on a portion of the Leased Premises, dated July 11, 2001 and recorded with the Cook County Recorder of Deeds on July 17, 2001 ~~as Document Number _____~~ ("Fee Mortgagee").

C. Leasehold Mortgagee has made a loan (the "Loan") to Tenant and Centrum Norridge II, L.L.C., an Illinois limited liability company ("CNII") in the principal amount of up to \$4,975,000. The Loan is evidenced by, among other things, a Construction Loan Agreement

BOX 333-CTJ

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to \$4,975,000. The Loan is evidenced by, among other things, a Construction Loan Agreement dated July 11, 2001 among Tenant, CNII and Leasehold Mortgagee ("Loan Agreement") and a Note of even date therewith from Tenant and CNII to Leasehold Mortgagee ("Note") in the principal amount of the Loan. The Note is secured by, among other things, a Construction Leasehold Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing of even date encumbering title to contiguous land leased by CNII, a Construction Leasehold Mortgage, Security Agreement and Fixture Filing of even date encumbering Tenant's leasehold interest in the Leased Premises, and a Recognition Agreement between Landlord and Leasehold Mortgagee dated June 20, 2001 (the "Recognition Agreement").

D. Leasehold Mortgagee requires that this Agreement be executed and delivered by Fee Mortgagee as a condition to Leasehold Mortgagee's funding of the Loan.

Agreements

In consideration of the foregoing Recitals, which by this reference are made a part of this Agreement, the mutual agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Fee Mortgagee and Leasehold Mortgagee agree as follows:

1. *DEFINITIONS.*

1.1 *Fee Estate.* "Fee Estate" means the fee estate to the real estate that is subject to the Lease.

1.2 *Foreclosure Event.* A "Foreclosure Event" means any transfer of title to the Fee Estate or the Leasehold Estate as the result of any: (1) judicial or nonjudicial foreclosure; (2) trustee's sale; (3) deed, transfer, assignment, or other conveyance in lieu of foreclosure; (4) other similar exercise of rights or remedies under any Mortgage; or (5) transfer by operation of or pursuant to any bankruptcy proceeding, in each case ("1" through "5") whether the transferee is a Mortgagee, a party claiming through a Mortgagee, or a third party.

1.3 *Leasehold Estate.* "Leasehold Estate" means the leasehold estate of Tenant in the Leased Premises arising under the Lease.

1.4 *Leasehold Mortgagee's Representative.* A "Leasehold Mortgagee's Representative" means from time to time any agent, assignee, designee, nominee, or representative of Leasehold Mortgagee, provided that such agent, assignee, designee, nominee, or representative is a wholly owned subsidiary, full time employee, legal counsel, or bona fide loan servicer, custodian, or collateral agent of the Leasehold Mortgagee.

1.5 *Loss Proceeds.* The "Loss Proceeds" means condemnation award(s) and/or property insurance proceeds with respect to the Lease.

1.6 *Mortgage.* A "Mortgage" means any mortgage, deed of trust, security deed, contract for deed, deed to secure debt, or other voluntary real property (including leasehold) security instrument(s) or agreement(s) intended to grant real property (including leasehold)

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security for any obligation (including a purchase-money or other promissory note) encumbering the Leasehold Estate or the Fee Estate, as entered into, renewed, modified, consolidated, increased, decreased, amended, extended, restated, assigned, or supplemented from time to time. If two or more such mortgages are consolidated or restated as a single lien, then all such mortgages so consolidated or restated shall be treated as a single Mortgage. A Mortgage may be either a Fee Mortgage or a Leasehold Mortgage or both.

1.7 *Mortgagee.* A "Mortgagee" means the holder of any Mortgage and its successors and assigns.

1.8 *Mortgagee Protections.* The "Mortgagee Protections" means, as to any Mortgage, the following: (1) any right to receive Notices and/or to cure defaults (including, in the case of Leasehold Mortgagee, all Leasehold Mortgagee's Cure Rights); (2) any requirement for Leasehold Mortgagee's Consent to any matter; (3) in the case of Leasehold Mortgagee, all provisions of the Lease relating to a New Lease and all rights of any New Tenant or Successor Tenant; and (4) all other rights, protections, and privileges of such Mortgagee under the Lease.

1.9 *New Lease.* A "New Lease" means a new lease of the Leased Premises, effective as of (or retroactively to) the termination date of the Lease, for the remainder of the Term of the Lease, considered as if the Lease had not been terminated, with New Tenant, on all the same terms and provisions of the Lease and in the same form as the Lease. Any New Lease shall include all rights and privileges of Tenant under the Lease, but shall not include any Personal Obligations or any obligations of Tenant (such as initial construction) that have already been performed or no longer apply. Any New Lease or a memorandum thereof shall be in recordable form, and shall include all Mortgagee Protections for the benefit of any Leasehold Mortgagee of New Tenant.

1.10 *New Tenant.* A "New Tenant" means the Leasehold Mortgagee that requests a New Lease, or its Leasehold Mortgagee's Representative, or such other Tenant under a New Lease as Leasehold Mortgagee shall select (but excluding the Tenant originally named in the Lease), all as designated by Leasehold Mortgagee.

1.11 *Notice.* A "Notice" means any approval, consent, demand, designation, election, notice, or request, including any of the foregoing relating to a default, alleged default, termination, or alleged termination of this Agreement, that any party gives in connection with this Agreement.

1.12 *Successor Tenant.* A "Successor Tenant" means: (1) any purchaser, transferee, or assignee of the Leasehold Estate pursuant to a Foreclosure Event, including Leasehold Mortgagee or its assignee, designee, or nominee (if applicable); and (2) such purchaser's, transferee's, or assignee's direct and indirect successors and assigns. Any Successor Tenant shall also have all the rights of a Tenant.

Other initially capitalized terms used but not expressly defined herein have the respective meanings given them in the Lease or the Recognition Agreement.

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2. FEE MORTGAGE.

2.1 *Subordination of Fee Mortgage.* Pursuant to the terms of this Agreement, the parties acknowledge and agree that the Fee Mortgage is and shall be subordinate to the Lease and estates arising from the Lease, and to all renewals, modifications, consolidations, replacements and extensions thereof, including, without limitation, the Recognition Agreement. Upon a Foreclosure Event under the Fee Mortgage, the Lease, as amended by the Recognition Agreement, shall continue in full force and effect. Tenant shall attorn to the successor holder of the Fee Estate as successor Landlord, provided that such successor holder has assumed in writing all obligations of Landlord under the Lease. Such attornment shall in no way diminish or impair Tenant's rights and remedies against Landlord (all of which Tenant may continue to assert against the successor Landlord), or require Tenant to waive any default by Landlord.

2.2 *Required Provisions in Fee Mortgage.* The Fee Mortgage shall be deemed to contain the following provisions or their substantial equivalent. Fee Mortgagee hereby agrees to the following provisions. Such provisions reflect the definitions contained in the Lease and this Agreement. All such terms shall be deemed modified in the Fee Mortgage as appropriate to reflect the definitions in such Fee Mortgage:

This Fee Mortgage attaches solely to the Fee Estate, subject to the Lease, and does not encumber the Leasehold Estate. So long as the Lease or a New Lease has not been terminated, this Fee Mortgage is subordinate to the Lease or such New Lease and all estates arising from the Lease or such New Lease (including subleases, any Leasehold Mortgage, and the rights of any Successor Tenant as holder of the Lease), all as they may be amended or modified from time to time. Notwithstanding anything to the contrary in this Fee Mortgage, Fee Mortgagee shall have no right to receive Loss Proceeds except to the extent (and under the conditions) payable to Landlord or a Fee Mortgagee under the Lease. Upon any Foreclosure Event under this Fee Mortgage, the resulting owner of the Fee Estate shall not have any rights as Landlord (or otherwise) under or with respect to the Lease unless and until such owner of the Fee Estate has executed, acknowledged, and delivered to Tenant an instrument, in recordable form, by which such owner of the Fee Estate assumes all obligations under the Lease, subject to all terms of the Lease.

2.3 *Preservation of Fee Mortgagee's Rights.* Notwithstanding the subordination of the Fee Mortgage to the Lease or New Lease and all estates arising from the Lease or New Lease, a Foreclosure Event under the Leasehold Mortgage shall not extinguish, terminate, or otherwise adversely affect the Fee Estate (subject to the Lease) or the rights of Fee Mortgagee as against Landlord or the Fee Estate (which shall in all events remain subject to the Lease).

3. INTERACTION OF MORTGAGES WITH OTHER ESTATES AND PARTIES.

3.1 *Leasehold Mortgage.* The Leasehold Mortgage shall not encumber or attach to the Fee Estate or affect, limit, or restrict Landlord's rights and remedies under the Lease except as

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expressly provided in this Agreement. The Leasehold Mortgage shall attach solely to the Leasehold Estate and not the Fee Estate. If the Lease terminates and the New Lease Option Period has expired without Leasehold Mortgagee requesting a New Lease, then the obligations formerly secured by the Leasehold Mortgage shall be unsecured. Upon a Foreclosure Event under the Leasehold Mortgage, the Leasehold Mortgagee or Successor Tenant shall succeed only to the Leasehold Estate. Any Foreclosure Event under the Leasehold Mortgage shall not extinguish, terminate, or otherwise adversely affect the Fee Estate (subject to the Lease) or the rights of Fee Mortgagee as against Landlord or the Fee Estate (which shall in all events remain subject to the Lease).

3.2 *Fee Mortgages.* The Fee Mortgage shall be subject and subordinate to, and shall not attach to: (1) the Lease and the Leasehold Estate (whether held by Tenant, a Successor Tenant, or a New Tenant); (2) any New Lease and the Leasehold Estate thereunder; (3) any judgment arising from Landlord's breach of the Lease; (4) any estate (including a subleasehold and a leasehold mortgagee estate) directly or indirectly arising from the Lease or any New Lease or the Leasehold Estate under either (so long as the Lease or such New Lease has not been terminated in accordance with its terms and in compliance with all rights of Leasehold Mortgagee); (5) Leasehold Mortgagee's rights and remedies under this Agreement; and (6) any rights of Leasehold Mortgagee with respect to the Leasehold Estate. Fee Mortgagee, and in the event of a foreclosure of the Fee Mortgage or delivery of a deed in lieu of such foreclosure, Fee Mortgagee or grantee or successful bidder at the foreclosure sale, shall succeed only to the Fee Estate, subject to the provisions of clauses (1) through (6) above and, so long as the Lease or any such New Lease has not been terminated, any Subleases and other estates arising from the Lease or any such New Lease.

3.3 *No Merger.* The Fee Estate and the Leasehold Estate shall remain distinct and separate estates and shall not merge, notwithstanding the acquisition of both the Fee Estate and the Leasehold Estate by Landlord, Tenant, a New Tenant, any Mortgagee, or a third party, whether by purchase or otherwise.

4. MISCELLANEOUS.

4.1 *Notices.* All Notices shall be in writing and shall be addressed to Fee Mortgagee and Leasehold Mortgagee as set forth below. Notices shall be delivered by Federal Express, Postal Service Express Mail, or other nationally recognized overnight delivery service to the addresses set forth below. Notices shall be deemed delivered on the date of delivery (or when delivery has been attempted twice, as evidenced by the written report of the delivery service) to the address(es) set forth below. No Notice shall be effective unless and until a copy of such Notice has been delivered to the intended recipient's Mortgagee(s) of which the sender shall have received Notice. Notice given on behalf of a party by any attorney who represents such party shall constitute Notice by such party. The addresses of the parties are:

Fee Mortgagee: CIB Bank
161 N. Clark, Suite 165
Chicago, Illinois 60601

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Leasehold Mortgagee: LaSalle Bank National Association
Suite 1225
135 South LaSalle Street
Chicago, Illinois 60603
Attn: Andrea Patchin

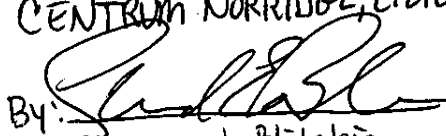

With a copy to: Bell, Boyd & Lloyd, LLC
70 West Madison Street
Suite 3100
Chicago, Illinois 60602
Attn: Sandra L. Waldier

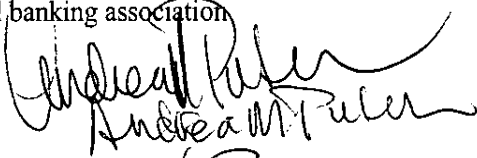
4.2 *No Third Party Beneficiaries.* Any present or future Mortgagee or Leasehold Mortgagee's Representative shall have the right to enforce all Mortgagee Protections directly in its own name as a third-party beneficiary. Nothing in this Agreement is intended or shall be deemed to confer upon any person (other than Fee Mortgagee and Leasehold Mortgagee's Representative) any right to insist upon, or to enforce against Fee Mortgagee or Leasehold Mortgagee, the performance or observance by either party of its obligations under the Lease.

4.3 *Amendment.* Any modification or amendment to this Agreement, and any waiver of Fee Mortgagee's obligations under this Agreement, must be in writing signed by the party to be charged.

4.4 *Conflicts between this Agreement and the Lease.* In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Lease, the provisions of this Agreement shall govern.

The parties have executed this Agreement as of the date first above written.

CENTRUM NORRIDGE, L.L.C.
By: 
Sherwood Blitstein,
Manager
CIB BANK
By: 
Name: John T. Bean
Title: President

LASALLE-BANK NATIONAL ASSOCIATION, a national banking association
By: 
Name: Andrea M. Puler
Title: VP
CENTRUM NORRIDGE, L.L.C.

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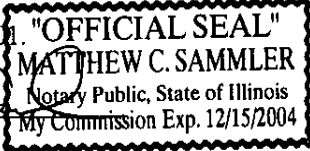
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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, MATTHEW C. SAMMLER, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that JOHN T. BEAN, PRESIDENT of CIB Bank, a _____ banking association, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act, and as the free and voluntary act of said First State Bank of Chicago, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 16th day of July, 2001.

Matthew C. Sammler
Notary Public




My commission expires _____.

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, MARIA T. ESPARZA, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that ANDREA H. PATKIN, V.P. of LaSalle Bank National Association, a national banking association, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act, and as the free and voluntary act of said LaSalle Bank National Association, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 16th day of July, 2001.

Maria T. Esparza
Notary Public



Commission expires _____.

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, ANGELA M. MASLANKA, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Sherwood Blitstein, Manager of Centrum Norridge, L.L.C. a national banking association, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act, and as the free and voluntary act of said Centrum Norridge, L.L.C., for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 16th day of July, 2001.

Angela M. Maslanka
Notary Public



Commission expires July 2, 2003.

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Commission expires _____.

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EXHIBIT A

Legal Description

PARCEL 1:

LOTS 3, 4, 5, 6, 7 AND 8 IN BLOCK 8 IN CUMBERLAND AND LAWRENCE, BEING GEORGE GAUNTLETT'S SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHWEST ¼ OF SECTION 11, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOT 9 AND THE EASTERLY 35 FEET OF LOT 10 IN BLOCK 8 IN CUMBERLAND AND LAWRENCE, BEING GEORGE GAUNTLETT'S SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHWEST ¼ OF SECTION 11, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: 4820 N. Cumberland, Norridge, IL 60656

P.I.N.: 12-11-309-013; -012; -011; -010; -009; and -008

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