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00142429

SUBORDINATION AGREEMENT

XCH-739197-27 (3)

THIS SUBORDINATION AGREEMENT (this "Agreement") dated as of February 17, 2000, among LASALLE BANK NATIONAL ASSOCIATION, a national banking association ("Senior Lender"), NASIX, LLC a Delaware limited liability company ("Mezzanine Lender"), and BANQUE WORMS CAPITAL CORPORATION, a Delaware corporation ("Bridge Lender").

RECITALS

A. Michigan Avenue Associates Limited Partnership, an Illinois limited partnership ("Borrower") has borrowed \$14,950,000 from Senior Lender (the "Senior Loan") pursuant to a Construction Loan Agreement between Borrower and Senior Lender (the "Senior Loan Agreement"). The Senior Loan is evidenced by a \$14,950,000 Promissory Note from Borrower to Senior Lender (the "Senior Note") and is secured by, among other things, (i) a Construction Mortgage and Security Agreement with Assignment of Rents from Borrower to Senior Lender ("Senior Mortgage") encumbering the real property described on Exhibit A hereto, together with all improvements thereon and appurtenances thereto (the "Property"), (ii) an Assignment of Leases and Rents covering the rents, issues and profits (the "Rents") from the Property (the "Senior Assignment"), and (iii) a Security Agreement covering the fixtures, personalty and other rights of Borrower related to the Property (the "Senior Security Agreement"). The Senior Note, the Senior Loan Agreement, the Senior Mortgage, the Senior Assignment, the Senior Security Agreement and all other security instruments securing the Senior Loan, whether or not specified above, are herein collectively called the "Senior Loan Documents".

B. Borrower has borrowed \$5,714,829 from Mezzanine Lender (the "Mezzanine Loan") pursuant to a Loan Agreement between Borrower and Mezzanine Lender (the "Mezzanine Loan Agreement"). The Mezzanine Loan is evidenced by a \$5,714,829 Promissory Note from Borrower to Mezzanine Lender (the "Mezzanine Note"). The Mezzanine Note is secured only by (i) a Pledge and Security Agreement from the partners of Borrower ("Partners") to Mezzanine Lender encumbering partnership interests in Borrower (the "Mezzanine Security Agreement"), (ii) a Supplemental Equity Reserve and Security Agreement (the "Mezzanine

Pledge") pledging \$300,000 deposited by Borrower with Mezzanine Lender (the "Mezzanine Pledge Account") and the security described in Exhibit B. The Mezzanine Note, the Mezzanine Loan Agreement, the Mezzanine Security Agreement, the Mezzanine Pledge and all security instruments securing the Mezzanine Note, whether or not specified above and including the "Loan Documents" as defined in the Mezzanine Loan Agreement, are herein collectively called the "Mezzanine Loan Documents."

C. Borrower has borrowed \$1,600,000 from Bridge Lender (the "Bridge Loan"). The Bridge Loan is evidenced by a \$1,600,000 Promissory Note from Borrower to Bridge Lender (the "Bridge Note"). The Bridge Note is secured only by an Assignment, Pledge and Security Agreement from Borrower to Bridge Lender pledging the proceeds payable to Borrower under the Application for Tax Increment Financing described therein (the "Bridge Security Agreement"). The Bridge Note, the Bridge Security Agreement and all security instruments securing the Bridge Note, whether or not specified above, are herein collectively called the "Bridge Loan Documents."

D. In order to induce Senior Lender to make the Senior Loan, Mezzanine Lender is willing to subordinate the Mezzanine Loan and the Mezzanine Loan Documents to the Senior Loan and the Senior Loan Documents. In order to induce Senior Lender to make the Senior Loan and Mezzanine Lender to make the Mezzanine Loan, Bridge Lender is willing to subordinate the Bridge Loan and the Bridge Loan Documents to the Senior Loan, Senior Loan Documents, Mezzanine Loan and Mezzanine Loan Documents. In addition, Senior Lender, Mezzanine Lender and Bridge Lender wish to make certain agreements with respect to the relationship between the Senior Loan Documents, the Mezzanine Loan Documents and the Bridge Loan Documents.

E. Capitalized terms not defined herein will have the same meanings given them in the Senior Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Senior Lender, Mezzanine Lender and Bridge Lender hereby agree as follows:

1. Representations and Approval of Senior Loan Documents. Senior Lender hereby represents and warrants to Mezzanine Lender and Bridge Lender that it has delivered true and complete copies of the Senior Loan Documents to Mezzanine Lender and Bridge Lender. Mezzanine Lender and Bridge Lender each acknowledges that it has received and reviewed, and Mezzanine Lender and Bridge Lender hereby consents to all the provisions of, the Senior Loan Documents. Mezzanine Lender and Bridge Lender each hereby acknowledges that the execution and performance of the Senior Loan Documents will not constitute a default under the Mezzanine Loan Documents or Bridge Loan Documents. Mezzanine Lender and Bridge Lender each acknowledges and agrees that Senior Lender is under no obligation or duty to, nor has Senior Lender represented that it will see to, the application of the proceeds of Senior Lender's Loan by Borrower or any other person or entity to whom Senior Lender disburses such proceeds, and any application or use of such proceeds for purposes other than those provided in the Senior Loan

Documents shall not defeat the subordination herein in whole or in part. Senior Lender represents that, as of the date hereof, the Senior Loan Documents are not cross defaulted with any other loan from Senior Lender to Borrower or any affiliate of Borrower, and the security provided for in the Senior Loan Agreement does not secure any such loan from Senior Lender to Borrower or any affiliate of Borrower. Senior Lender does not have a security interest in the partnership interests in Borrower or in the Mezzanine Pledge Account.

2. Representations and Approval Regarding Mezzanine Loan Documents.

Mezzanine Lender hereby represents and warrants to Senior Lender and Bridge Lender that it has delivered true and complete copies of the Mezzanine Loan Documents to Senior Lender and Bridge Lender. Senior Lender and Bridge Lender each acknowledge that it has received and reviewed the Mezzanine Loan Documents. Subject to the terms and conditions of this Agreement, each of Senior Lender and Bridge Lender hereby consent to all of the provisions of the Mezzanine Loan Documents, and Senior Lender and Bridge Lender each hereby acknowledge that the execution and performance of the Mezzanine Loan Documents, but only subject to and in accordance with the terms and conditions of this Agreement, shall not constitute a default under the Senior Loan Documents or Bridge Loan Documents, respectively. Mezzanine Lender shall not, without the prior written consent of Senior Lender (which consent may be given without the consent or approval of Bridge Lender) (a) amend the interest rate, principal amount advanced, the maturity date (other than to extend the maturity date for 1 year on the same terms and conditions as presently exist), recourse, the security under or any other economic term of the Mezzanine Loan Documents; (b) amend, supplement or modify the Mezzanine Loan Documents in any respect which would violate or conflict with the provisions of this Agreement; or (c) sell or assign to any other party the Mezzanine Loan Documents. Mezzanine Lender hereby represents that the Mezzanine Loan Documents are not cross-defaulted with any other loan from Mezzanine Lender to Borrower or to any affiliate of Borrower, and the security provided for in the Mezzanine Security Agreement does not secure any such loan from Mezzanine Lender to Borrower or any affiliate of Borrower.

3. Representations and Approval Regarding Bridge Loan Documents.

Bridge Lender hereby represents and warrants to Senior Lender and Mezzanine Lender that it has delivered true and complete copies of the Bridge Loan Documents to Senior Lender and Mezzanine Lender. Senior Lender and Mezzanine Lender each acknowledge that it has received and reviewed the Bridge Loan Documents. Subject to the terms and conditions of this Agreement, each of Senior Lender and Mezzanine Lender hereby consents to and approves all of the provisions of the Bridge Loan Documents, and Senior Lender and Mezzanine Lender each hereby acknowledge that the execution and performance of the Bridge Loan Documents, but only subject to and in accordance with the terms and conditions of this Agreement, shall not constitute a default under the Senior Loan Documents or Mezzanine Loan Documents, respectively. Bridge Lender shall not, without the prior written consent of Senior Lender (which consent may be given without the consent or approval of Mezzanine Lender) (a) amend the interest rate, principal amount advanced, the maturity date (other than to extend the maturity date for 1 year on the same terms and conditions as presently exist), recourse, the security under or any other economic term of the Bridge Loan Documents; (b) amend, supplement or modify the Bridge Loan Documents in any respect which would violate or conflict with the provisions of this Agreement; or (c) sell or

assign to any other party the Bridge Loan Documents. Bridge Lender hereby represents that the Bridge Loan Documents are not cross-defaulted with any other loan from Bridge Lender to Borrower or to any affiliate of Borrower, and the security provided for in the Bridge Security Agreement does not secure any such loan from Bridge Lender to Borrower or any affiliate of Borrower.

4. Subordination of Mezzanine Loan, Bridge Loan, Mezzanine Loan Documents and Bridge Loan Documents. (a) Mezzanine Lender and Bridge Lender each hereby intentionally and unconditionally subordinates and makes junior the Mezzanine Loan Documents (excluding therefrom the Mezzanine Pledge Account) and Bridge Loan Documents to (i) the lien or charge on the Property of the Senior Loan Documents and all extensions, supplements, modifications, consolidations and amendments to the Senior Loan Documents, and (ii) the lien and security interest created by, as well as to all of the terms, covenants and conditions contained in, the Senior Loan Documents and any extensions, consolidations, modifications, amendments and supplements thereto. Senior Lender may extend, consolidate, modify, amend or supplement the Senior Loan Documents without the consent or approval of Mezzanine Lender or Bridge Lender. Any such extension, consolidation, modification, supplement or amendment shall not affect the subordination of the Mezzanine Loan Documents and Bridge Loan Documents set forth herein; provided, however, that Senior Lender shall not, without the consent of Mezzanine Lender, enter into the following amendments of the Senior Loan Documents, and any such amendments without Mezzanine Lender's consent shall not be superior to the lien and terms of the Mezzanine Loan Documents: (i) the advance of additional Senior Loan proceeds to Borrower that (A) are not used for costs and expenses related to the Property or the Senior Loan or (B) are used to pay off all or any part of the Bridge Loan; or (ii) prohibiting the granting to Mezzanine Lender of the Mezzanine Pledge or Mezzanine Security Agreement.

(b) Bridge Lender hereby intentionally and unconditionally subordinates and makes junior the Bridge Loan Documents to (i) the lien or charge of the Mezzanine Loan Documents and all extensions, supplements, modifications, consolidations and amendments to the Mezzanine Loan Documents, and (ii) to the lien and security interest created by, as well as to all of the terms, covenants and conditions contained in, the Mezzanine Loan Documents and any extensions, consolidations, modifications, amendments and supplements thereto. Mezzanine Lender may extend, consolidate, modify, amend or supplement the Mezzanine Loan Documents without the consent or approval of Bridge Lender. Any such extension, consolidation, modification, supplement or amendment shall not affect the subordination of the Bridge Loan Documents set forth herein.

(c) Every document and instrument included within the Mezzanine Loan Documents (except the Mezzanine Pledge Account) and Bridge Loan Documents shall be subject and subordinate to every document and instrument included within the Senior Loan Documents and all extensions, modifications, consolidations, supplements and amendments to the same.

(d) The Mezzanine Loan Documents and Bridge Loan Documents shall also be expressly subject and subordinate to any and all advances, in whatever amounts and whenever made, with interest thereon, and to any expenses, charges and fees incurred thereby, including any



and all of such advances, interest, expenses, charges and fees which may increase the indebtedness secured by the Senior Loan Documents above the original principal amount thereof, provided the same is advanced or incurred pursuant to the provisions of the Senior Loan Documents (or any extension, consolidation, modification, amendment or supplement thereto).

(e) Mezzanine Lender and Bridge Lender each hereby acknowledges that in reliance upon and in consideration of the foregoing subordination, Senior Lender is making the Senior Loan, which would not be made or entered into by Senior Lender but for Senior Lender's reliance upon the foregoing subordination.

5. Subordination to Management Agreements. So long as the Senior Loan Documents encumber any of the Property, each of Mezzanine Lender and Bridge Lender will not take any action that might terminate or modify any existing or future management agreement affecting the Property, except for Mezzanine Lender's rights as "Borrower" subsequent to its enforcement of the Mezzanine Security Agreement which shall, in all events, be subject to the provisions of the Senior Loan Documents.

6. Collection of Rents. So long as the Senior Loan Documents encumber any of the Property, should Mezzanine Lender or Bridge Lender take any action to collect the Rents or to have a receiver appointed to collect the Rents or otherwise to enforce any existing or future lease (whether in accordance with or in contravention of the provisions hereof), all the Rents collected by Mezzanine Lender or its receiver or Bridge Lender or its receiver will be deemed to be collected for the benefit of Senior Lender and will be paid to Senior Lender immediately on demand. This Section 6 shall not be deemed to be a waiver of any of the restrictions set forth in Section 7 below.

7. Standstill Agreement. (a) So long as the Senior Loan or any portion thereof remains unpaid and any Senior Loan Document encumbers any portion of the Property, neither Mezzanine Lender nor Bridge Lender shall commence any judicial or non-judicial action or proceeding (i) to collect the Rents; (ii) to have a receiver appointed to collect the Rents or otherwise; (iii) except as provided in Sections 7(e) and 7(f), to exercise any remedies under the Mezzanine Loan Documents or Bridge Loan Documents, including but not limited to the exercise of any remedies under the Mezzanine Security Agreement or Bridge Security Agreement; (iv) except as provided in Sections 7(e) and 7(f), to commence any suit, action or proceeding to enforce any of the terms, covenants or conditions of the Mezzanine Loan Documents or Bridge Loan Documents, including the declaration of an Event of Default under the Mezzanine Loan Documents or the acceleration of the Mezzanine Loan or under the Bridge Loan or the Bridge Loan Documents, or (v) to bring or join with any other creditor in bringing any bankruptcy, insolvency, receivership or similar proceeding against Borrower or any constituent entity of Borrower or any of their assets, without the prior written consent of Senior Lender, which may be withheld in Senior Lender's sole and absolute discretion. Notwithstanding the foregoing limitations on Mezzanine Lender's ability to exercise its rights under the Mezzanine Loan Documents, Mezzanine Lender shall provide Senior Lender with prompt written notice of any default or event of default under any Mezzanine Loan Documents. Notwithstanding the foregoing limitations on Bridge Lender's ability to exercise its rights under the Bridge Loan Documents,

Bridge Lender shall provide Senior Lender and Mezzanine Lender with prompt written notice of any default or event of default under any Bridge Loan Documents.

(b) Until ninety-one (91) days following the satisfaction in full of the Senior Loan, each of Mezzanine Lender and Bridge Lender hereby covenants and agrees that it will not acquiesce, petition or otherwise invoke or cause any other person or entity to invoke the process of the United States of America, any state or other political subdivision thereof or any other jurisdiction, or of any entity exercising executive, legislative, judicial, regulatory or administrative functions of government: (i) for the purpose of commencing or sustaining a case against Borrower, under a Federal or state bankruptcy, insolvency or similar law, (ii) for the purpose of appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official with respect to Borrower or with respect to all or any part of Borrower's property or assets, or (iii) for the purpose of ordering the winding-up or liquidation of the affairs of Borrower. In the event of any proceeding with respect to Borrower or any significant part of Borrower's properties or assets, involving insolvency or bankruptcy, including without limitation any insolvency, bankruptcy, receivership, liquidation, reorganization, readjustment, composition, arrangement or other similar proceeding, or any such proceeding by, among or on behalf of any of Borrower's creditors, as such, or any proceeding for the voluntary liquidation, dissolution or other winding up of Borrower (whether or not involving insolvency or bankruptcy proceedings) or any assignment for the benefit of Borrower's creditors, or any other marshalling of its assets, then and in any such event: (x) the Senior Loan shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made on account of the Mezzanine Loan or Bridge Loan, and (y) in any insolvency, bankruptcy or similar proceeding, each of Mezzanine Lender and Bridge Lender hereby agrees that Mezzanine Lender and Bridge Lender shall not, and shall not have the right to, vote affirmatively in favor of any plan of reorganization unless Senior Lender votes in favor of such plan. Each of Mezzanine Lender and Bridge Lender further agrees that it shall not object to any request or motion by Senior Lender for an order establishing that proceeds, product, rents and profits of the Property constitute cash collateral under §363 of the Bankruptcy Code ("Cash Collateral") and each of Mezzanine Lender and Bridge Lender hereby consents to any application by Senior Lender to have such Cash Collateral applied to the payment of the Senior Loan prior to the application of any such sums to the Mezzanine Loan or Bridge Loan until the Senior Loan is paid in full so long as any such application provides first for the payment of real estate taxes and other costs and expenses reasonably necessary to preserve the value of the Property. If Senior Lender objects to the use of any so-called "cash collateral," both of Mezzanine Lender and Bridge Lender shall also object.

(c) Each of Mezzanine Lender and Bridge Lender hereby waives any requirement for marshaling of assets by Senior Lender in connection with any foreclosure of any security interest or any other realization upon collateral in respect of the Senior Loan Documents or any exercise of any rights of set-off or otherwise. Mezzanine Lender and Bridge Lender each assumes all responsibility for keeping itself informed as to the condition (financial or otherwise) of Borrower, the condition of the Property and all other collateral and other circumstances, and Senior Lender shall have no duty whatsoever to obtain, advise or deliver information or documents to Mezzanine Lender or Bridge Lender relative to such condition, business, assets or operations.

(d) Senior Lender shall copy Mezzanine Lender on all written notices sent to Borrower with respect to any Default or Event of Default under any of the Senior Loan Documents and shall send such notices at the same time and in the same manner delivered to Borrower. Mezzanine Lender shall have the right (but not the obligation) to cure any Default under Section 11.1(a) under the Senior Loan Agreement for a period of ten (10) days after notice thereof from Senior Lender. Mezzanine Lender shall also have the right (but not the obligation) to cure any Default under Sections 11.1(b),(c),(d),(e),(f),(m),(n),(o),(p),(q),(r),(s),(t) or (u) of the Senior Loan Agreement for a period of thirty (30) additional days after receipt of notice from Senior Lender, so long as during such cure period, Mezzanine Lender is timely satisfying (or causing to be timely satisfied) all monetary obligations under the Senior Loan Documents. The foregoing cure periods shall be in addition to any cure periods provided to Borrower under the Senior Loan Documents and shall commence to occur on the first to occur of (a) the termination of the cure period afforded Borrower with respect to such Default or (b) 30 days after the date of such Default. However, Senior Lender may commence enforcement actions under the Senior Loan Documents during the cure periods afforded to Mezzanine Lender and agrees that it will terminate such actions in the event Mezzanine Lender effectuates a cure during such period.

(e) Notwithstanding anything to the contrary contained herein, Mezzanine Lender shall have the right after the occurrence and during the continuance of an Event of Default under the Mezzanine Loan Documents (1) to exercise rights and remedies to foreclose the security interest granted to it by Borrower in the Mezzanine Pledge Agreement and (2) to exercise rights and remedies to foreclose its security interest under the Mezzanine Security Agreement upon satisfaction of all of the following conditions: (i) all Events of Default and Defaults under the Senior Loan Documents have been cured, (ii) all of the Improvements (other than Tenant Improvement Work for tenants other than Roosevelt University) have been completed as evidenced by a certificate of substantial completion delivered by project architect, and (iii) Roosevelt University has accepted possession of its leased premises in the Property (or, in the event the conditions set forth in clauses (ii) and (iii) above have not been satisfied, Borrower has taken such actions or made such omissions that Mezzanine Lender reasonably believes Borrower will be unable timely to perform its tenant improvement and other obligations under the Roosevelt University lease without incurring a material setoff or termination of the lease by Roosevelt University); provided, however, in the event Mezzanine Lender exercises its rights and remedies to foreclose its security interest under the Mezzanine Security Interest prior to the completion of the Tenant Improvement work for Roosevelt University and the Improvements (other than Tenant Improvement work for Tenants other than Roosevelt University), as aforesaid, Mezzanine Lender must demonstrate to Senior Lender's reasonable satisfaction that it has obtained a developer or contractor, or both, with expertise, reputation and financial condition acceptable to Senior Lender given the leasing status and construction status of the project.

(f) Notwithstanding anything to the contrary contained herein, Bridge Lender shall have the right after the occurrence and during the continuance of an Event of Default under the Bridge Loan Documents, to take the following actions, but no other actions:

- (1) Bridge Lender may convert the Bridge Loan into an equity interest in Borrower on terms and conditions satisfactory to Senior Lender;

- (2) continue to accrue interest on the Bridge Loan and, if the Property has achieved a Debt Service Coverage Ratio (as defined in the Senior Loan Agreement) of 1.30 or higher for any Quarter (as defined in the Senior Loan Agreement) and no Event of Default or Default has occurred and is continuing under the Senior Loan Documents, receive payments of such interest; or
- (3) extend the maturity date of the Bridge Loan.

(g) Mezzanine Lender shall have the rights to cure any default by Borrower under the Bridge Loan Documents which cure period shall run concurrently with the cure periods afforded Borrower.

3. Payment Subordination. (a) All of Mezzanine Lender's rights to payment of the obligations evidenced by the Mezzanine Loan Documents are hereby subordinated to all of Senior Lender's rights to payment by Borrower of the obligations secured by the Senior Loan Documents, other than payments of loan fees and loan expenses made at loan closing. Mezzanine Lender shall not accept or receive payments (including, without limitation, whether in cash or other property and whether received directly, indirectly or by set-off, counterclaim or otherwise) from Borrower, the partners of Borrower, any guarantor, or from the Property, or the Rents thereof prior to the date that all obligations of Borrower to Senior Lender under the Senior Loan Documents are paid in full, in cash. If any payments are so received by Mezzanine Lender prior to the date that all obligations of Borrower to Senior Lender are paid in full, or if any payments are so received by Mezzanine Lender at any time that there exists a Default or Event of Default under the Senior Loan Documents, such payments shall be kept separate from other funds, shall be held in trust for the benefit of Senior Lender and shall be paid to Senior Lender immediately upon demand by Senior Lender.

(b) All of Bridge Lender's rights to payment of the obligations evidenced by the Bridge Loan Documents are hereby subordinated to all of Senior Lender's rights to payment by Borrower of the obligations secured by the Senior Loan Documents and all of Mezzanine Lender's rights to payment by Borrower of the obligations secured by the Mezzanine Loan Documents. Bridge Lender shall not accept or receive payments (including, without limitation, whether in cash or other property and whether received directly, indirectly or by set-off, counterclaim or otherwise) from Borrower, the partners of Borrower, any guarantor, or from the Property, or the Rents thereof prior to the date that all obligations of Borrower to Senior Lender under the Senior Loan Documents are paid in full and all obligations of Borrower to Mezzanine Lender under the Mezzanine Loan Documents are paid in full. If any payments are so received by Bridge Lender prior to the date that all obligations of Borrower to Senior Lender and Mezzanine Lender are paid in full, or if any payments are so received by Bridge Lender at any time that there exists a default or event of default under the Senior Loan Documents or Mezzanine Loan Documents, such payments shall be kept separate from other funds, shall be held in trust for the benefit of Senior Lender and shall be paid to Senior Lender immediately upon demand by Senior Lender, and if Senior Lender has been paid in full, shall be paid to Mezzanine Lender immediately upon demand by Mezzanine Lender.



(c) Notwithstanding the provisions of Sections 8(a), so long as (1) no Default or Event of Default exists under the Loan Documents, and (2) all Equity has been funded, then:

- (1) at all times, payments of regularly scheduled installments of interest on the Mezzanine Loan may be made from the interest reserve established under the Mezzanine Loan Documents; and
- (2) after (i) completion of all Improvements (excluding Tenant Improvements for tenants other than Roosevelt University) and Roosevelt University has taken possession of its leased premises pursuant to the Roosevelt Lease and is obligated (immediately or after the expiration of rent deferral periods provided for in the Roosevelt University Lease) to pay rent under the Roosevelt Lease, (ii) payment of all costs and expenses of owning and operating the Property then due (excluding interests or debt service on any loan), payment of all regularly scheduled payments of interest on the Senior Note, and payment of all tax escrows required under the Senior Loan Documents, then Mezzanine Lender may accept regularly scheduled current payments of interest on the Mezzanine Note in accordance with the terms and conditions of the Mezzanine Note.

(d) Notwithstanding the provisions of Sections 8(b), so long as (1) no Default or Event of Default exists under the Loan Documents, and (2) all Equity has been funded, then (i) Bridge Lender may receive payment of the Bridge Loan from proceeds payable under the TIF Agreement (and Senior Lender agrees to release its security interest therein at such time), (ii) Bridge Lender may receive regularly scheduled payments of interest on the Bridge Note in accordance with the terms and conditions of the Bridge Note using funds in the account established with LaSalle Bank National Association for such purpose and (iii) after payment of all items described in clause (ii) of paragraph (c)(2) above and regularly scheduled payments of interest under the Mezzanine Note, Bridge Lender may accept regularly scheduled payments of interest on the Bridge Note in accordance with the terms and conditions of the Bridge Note.

9. Bankruptcy Proceedings. Each of Mezzanine Lender and Bridge Lender hereby irrevocably assigns and transfers to Senior Lender the right to file one or more proofs of claim; the right to vote all claims of Mezzanine Lender and Bridge Lender and the right to make any election in any insolvency, bankruptcy or similar proceedings of any of Borrower (collectively, a "Proceeding"). Upon request by Senior Lender, Mezzanine Lender and Bridge Lender shall join with Senior Lender and execute and file such documents and instruments as shall be necessary, in the opinion of counsel to Senior Lender, to give effect to the foregoing assignments and transfers but will not otherwise act in any Proceeding without first obtaining the written consent of Senior Lender to such action. Mezzanine Lender and Bridge Lender each acknowledges that Senior Lender shall have the sole discretion to exercise or not exercise such assignments and transfers from time to time and that such rights may be exercised solely in the interest of Senior Lender and without regard to the interest of Mezzanine Lender or Bridge Lender in any Proceeding. In addition, in any Proceeding, Mezzanine Lender and Bridge Lender agree that they will not attach any payments made to Senior Lender on account of such payment being a preference or fraudulent conveyance.

10. Purchase of Senior Loan. Following the occurrence of an Event of Default under the Senior Loan Agreement, Mezzanine Lender shall have the right to purchase the Senior Loan for a purchase price equal to the outstanding principal balance of the Senior Note, all accrued and unpaid interest on the Senior Note, and all other amounts due and payable under the Senior Loan Documents as of the date of the purchase and sale, including, without limitation, Late Charges and Funding Costs under the Senior Note (collectively, the "Purchase Price"). Such purchase and sale shall be without representation or warranty. Mezzanine Lender must exercise its right to purchase the Senior Loan by written notice to Senior Lender given within fifteen (15) business days after Mezzanine Lender receives a notice from Senior Lender that an Event of Default has occurred under the Senior Loan Agreement. The closing of the purchase and sale will occur on the date specified in the notice of purchase from Mezzanine Lender, which date must be no later than ten (10) business days after receipt of the notice from Senior Lender. If Mezzanine Lender either does not give a notice of purchase within the time period specified above or does not consummate the purchase and pay the Purchase Price to Senior Lender within the time period specified in its notice, then Mezzanine Lender shall have no further right to purchase the Senior Loan, whether or not a subsequent Event of Default occurs under the Senior Loan Agreement. Upon payment of the Purchase Price to Senior Lender, Senior Lender will endorse the Senior Note and assign the Senior Loan Documents to Mezzanine Lender, including any title policy, without recourse or warranty. Mezzanine Lender shall have the right to direct the transferring of the Senior Loan be made to a designee.

11. Notices. All notices, demands and requests required or desired to be given hereunder shall be in writing and shall be delivered in person, by United States registered or certified mail, return receipt requested, postage prepaid, or by overnight courier addressed as follows:

To Mezzanine Lender:

NASI X, LLC,  
c/o The Tuckerman Group  
311 South Wacker Drive, Suite 5525  
Chicago, IL 60606  
Attn: Mr. Glen S. Weisberg

with a copy to:

Salvo, Russell and Fichter  
1767 Sentry Parkway West, Suite 210  
Blue Bell, PA 19422  
Attn: Mitchell E. Russell

To Senior Lender:

LaSalle Bank National Association  
135 S. LaSalle Street  
Commercial Real Estate Department  
Suite 1225  
Chicago, Illinois 60603-3400  
Attn: Joanne Comeau Klonoski, First Vice President

with a copy to:

Marcia W. Sullivan  
Katten Muchin Zavis  
525 West Monroe Street  
Chicago, IL 60661

to Bridge Lender:

Banque Worms Capital Corporation  
450 Park Avenue  
New York, NY 10022  
Attn: Michele Fleming

with a copy in all cases to:

Michigan Avenue Associates Limited  
Partnership  
c/o European American Realty, Ltd.  
737 North Michigan Avenue  
Suite 900  
Chicago, Illinois 60611  
Attn: Scott Toberman

with a copy to:

Gerald B. Lurie  
Piper Marbury Rudnick & Wolfe  
203 North LaSalle Street, Suite 1800  
Chicago, Illinois 60601

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

12. Approvals. Notwithstanding any provision in the Mezzanine Loan Documents or Bridge Loan Documents which requires Mezzanine Lender's or Bridge Lender's approval of any lease, management agreement, budget, disbursement or other agreement relating to the construction, leasing, operation and management of the Property, use of insurance proceeds or use of condemnation proceeds, neither Mezzanine Lender nor Bridge Lender shall disapprove or withhold its consent to any such agreement which Senior Lender has in good faith approved. In addition, notwithstanding any provisions to the contrary in the Mezzanine Loan Documents, the Mezzanine Lender's right to insurance and condemnation proceeds and all decisions with respect thereto are subject and subordinate to the rights of Senior Lender.

13. Estoppel. Senior Lender, Mezzanine Lender and Bridge Lender shall, within 10 days following a request from Senior Lender or Mezzanine Lender, provide Senior Lender or Mezzanine Lender with a written statement setting forth the then current outstanding principal balance of the Senior Loan, Mezzanine Loan or Bridge Loan, the aggregate accrued and unpaid interest under the Senior Loan, Mezzanine Loan or Bridge Loan, and stating whether any default or event of default exists under the Senior Loan, Mezzanine Loan or Bridge Loan.

14. Further Assurances. So long as the Senior Loan Documents encumber any of the Property, each of Mezzanine Lender and Bridge Lender will execute, acknowledge and deliver in recordable form and upon demand, any subordinations or other instruments that Senior Lender reasonably requires in order to carry out the provisions of this Agreement.

15. Prohibition of Subsequent Acquisition of Rights. Neither Mezzanine Lender nor Bridge Lender shall acquire by subrogation, contract or otherwise any lien upon or other estate, right or interest in the Property (including, without limitation, any such lien, estate, right or interest that may arise with respect to real estate taxes, assessments or other governmental charges) or any rents or revenues therefrom that is or may be prior in right to or on parity with the Senior Loan Documents.

16. Successors and Assigns. Without the prior written consent of Senior Lender, Mezzanine Lender will not assign, transfer or pledge any or all of the Mezzanine Loan or any portion thereof or interest therein or any of the Mezzanine Loan Documents so long as the Senior Loan Documents remain outstanding. Any attempted assignment in contravention of this restriction shall be void and Mezzanine Lender shall defend, indemnify and hold harmless Senior Lender from and against all losses, claims, costs and damages incurred by Senior Lender by reason of any assignment made or attempted in contravention of this Agreement. Without the prior written consent of Senior Lender and Mezzanine Lender, Bridge Lender will not assign, transfer or pledge any or all of the Bridge Loan or any portion thereof or interest therein or any of the Bridge Loan Documents so long as the Senior Loan Documents remain outstanding. Any attempted assignment in contravention of this restriction shall be void and Bridge Lender shall defend, indemnify and hold harmless Senior Lender from and against all losses, claims, costs and damages incurred by Senior Lender by reason of any assignment made or attempted in contravention of this Agreement. Subject to the foregoing, this Agreement shall bind all successors and assigns of Mezzanine Lender, Bridge Lender and Senior Lender and shall inure to the benefit of all successors and assigns of Senior Lender, Mezzanine Lender and Bridge Lender.



17. Counterpart Originals. This Agreement may be executed in counterpart originals, each of which shall constitute the same agreement.

18. Legal Construction. In all respects, including, without limitation, matters of construction and performance of this Agreement and the obligations arising hereunder, this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Illinois.

19. Authority. Mezzanine Lender, Bridge Lender and Senior Lender hereby each represent and warrant that as to such entity this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

IN WITNESS WHEREOF, Senior Lender, Mezzanine Lender and Bridge Lender have executed this Subordination Agreement as of the date and year first set forth above.

Mezzanine Lender:

NASI X, LLC, a Delaware limited liability company

By: State Street Bank and Trust Company, through its division State Street Global Advisors, its manager

By:

Glen S. Weisberg  
Its Principal

Senior Lender:

LASALLE BANK NATIONAL ASSOCIATION, a national banking association

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

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

Bridge Lender:

BANQUE WORMS CAPITAL CORPORATION, a Delaware corporation

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

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

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00142429

17. Counterpart Originals. This Agreement may be executed in counterpart originals, each of which shall constitute the same agreement.

18. Legal Construction. In all respects, including, without limitation, matters of construction and performance of this Agreement and the obligations arising hereunder, this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Illinois.

19. Authority. Mezzanine Lender, Bridge Lender and Senior Lender hereby each represent and warrant that as to such entity this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

IN WITNESS WHEREOF, Senior Lender, Mezzanine Lender and Bridge Lender have executed this Subordination Agreement as of the date and year first set forth above.

Mezzanine  
Lender:

NASI X, LLC, a Delaware limited liability company

By: State Street Bank and Trust Company,  
through its division State Street Global  
Advisors, its manager

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

Glen S. Weisberg  
Its Principal

Senior  
Lender:

LASALLE BANK NATIONAL ASSOCIATION, a  
national banking association

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

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

Joanne Klousin  
FIRST V.P.

Bridge  
Lender:

BANQUE WORMS CAPITAL CORPORATION, a  
Delaware corporation

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

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

Mike Kim  
CEO

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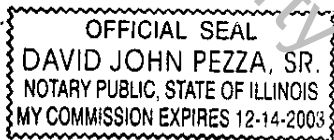
STATE OF Illinois )  
 ) SS.  
COUNTY OF Wash )

00142429

I HEREBY CERTIFY that on this 22nd day of February, 2000, before me personally appeared Glen S. Weisberg, Principal, State Street Bank and Trust Company, manager (through its division State Street Global Advisors) of NASIX, LLC, a Delaware limited liability company, to me known to be the same person who signed the foregoing instrument as his/her free act and deed as such officer for the use and purpose therein mentioned, and that the said instrument is the act and deed of said limited liability company

WITNESS my signature and official seal the day and year last aforesaid.

(NOTARY SEAL)



[Signature]  
Notary Public

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

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

I HEREBY CERTIFY that on this 24th day of February, 2000, before me personally appeared Jeanne Kloski, the First V.P. of LaSalle Bank National Association, a national banking association, to me known to be the same person who signed the foregoing instrument as his/her free act and deed as such officer for the use and purpose therein mentioned, and that the said instrument is the act and deed of said national banking association.

WITNESS my signature and official the day and year last aforesaid.

(NOTARY SEAL)

[Signature]  
Notary Public

My Commission Expires: 2-9-02







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EXHIBIT "A"

00142429

[Legal Description of the Property]

Sub Lots 1 and 2 of Lot 5, also the North 1/2 of Lot 8 and the North 4 feet of the South 1/2 of Lot 8 all in Block 1 in Fractional Section 15 Addition to Chicago, in Section 15, Township 39 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Permanent Tax Index Number 17-15-101-011, Volume 510.

Permanent Tax Index Number 17-15-101-012, Volume 510.

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## Exhibit B

### Mezzanine Lender Loan Documents<sup>1</sup>

**00142429**

1. Loan Agreement between Borrower and Lender.
2. Borrower's Note to Lender in the principal amount of \$5,714,829.
3. Pledge and Security Agreement by all Borrower's partners, as Pledgors, to Lender.
4. Cost and Completion Guaranty by European American Realty, Ltd., an Illinois corporation ("EAR") and Scott K. Toberman for the benefit of Lender.
5. Hazardous Materials Certificate and Indemnity Agreement by Borrower and EAR for the benefit of Lender.
6. Supplemental Equity Reserve and Security Agreement between Borrower and Lender.
7. Partnership Liability Indemnity Agreement by Borrower's partners for the benefit of Lender.
8. Guaranty of Payment of Recourse Obligations by EAR for the benefit of Lender.
9. QPAM Certificate by Borrower Banque Worms Capital Corporation and Scott K. Toberman.
10. Consent and Subordination of Leasing Agent by Lafayette Real Estate Services, Inc. for the benefit of Lender.
11. Consent and subordination of Management Agent and Construction Management Agent by EAR and Gloucester Construction Management Company, Inc. for the benefit of Lender.
12. Architect's Initial Certification, Consent and Agreement to be executed by [\_\_\_\_\_].
13. Engineer's Initial Certification, Consent and Agreement to be executed by [\_\_\_\_\_].
14. Major Trade Contractor Consent and Agreement to be executed by [\_\_\_\_\_].
15. General Contractor Consent and Agreement to be executed by [\_\_\_\_\_].
16. Demolition Contractor's Consent executed on [\_\_\_\_\_] by Ryan Construction and Development Company, Inc.
17. UCC-1 Financing Statements executed by Borrower and Borrower's partners.

<sup>1</sup> All documents dated as of February 17, 2000, unless otherwise indicated. "Borrower" is Michigan Avenue Associates Limited Partnership, an Illinois limited partnership; "Lender" is NASI X, LLC, a Delaware limited liability company.