

# UNOFFICIAL COPY

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2002-05-16 15:06:48

Cook County Recorder 41.00



209990

THIS INSTRUMENT PREPARED  
BY AND WHEN RECORDED  
RETURN TO:

Miluska Novota  
Assistant Corporation Counsel  
City of Chicago, Department of Law  
121 North LaSalle Street, Room 600  
Chicago, Illinois 60602

S:\Finance\MNovota\Jackson Subordination.2.wpd

## SUBORDINATION AGREEMENT

This Subordination Agreement (this "**Subordination Agreement**") is made in Chicago, Illinois, as of May 16, 2002 (the "**Closing Date**"), by and among the City of Chicago, an Illinois municipal corporation (the "**City**"), by and through its Department of Housing ("**DOH**") with a mailing address of 318 South Michigan Avenue, Chicago, Illinois 60604; Jackson Terrace Limited Partnership, an Illinois limited partnership ("**Borrower**") with a mailing address of 1 East Superior Street, Chicago, Illinois 60611; and the Illinois Housing Development Authority ("**IHDA**"), a body politic and corporate of the State of Illinois with a mailing address of 401 North Michigan Avenue, Suite 900, Chicago, Illinois 60611. The City, the Borrower and IHDA are sometimes referred to herein as the "**Parties**."

## RECITALS

A. The City Council, pursuant to an ordinance enacted on June 28, 1991, and published at pages 2618 to 2622 of the Journal of the Proceedings of the City Council (the "**Journal of Proceedings**") of that date, authorized the City's Department of Housing ("**DOH**") to make a loan of MULTI-Program funds in the amount of \$407,877 with an interest rate of one percent per annum and with a term of approximately 15 years (the "**City Loan**") to the Borrower for the rehabilitation of a building located at 4900-4910 West Jackson Boulevard, in Chicago, Illinois (the "**Property**").

Box 430

B. LaSalle Bank National Association, a national banking association (the "**Trustee**"), as successor trustee to American National Bank and Trust Company of Chicago, a national banking association, not personally but solely as trustee under that certain Trust Agreement dated March 13, 1989 and known as Trust Number 107852-02 (the "**Trust**") owned title to the Property between March 13, 1989 and May 14, 2002, during which time the Borrower was the sole beneficiary of the Trust. Title to the Building was conveyed by the Trustee to the Borrower on May 14, 2002.

C. The City made the City Loan to the Borrower on November 1, 1991. The City Loan is evidenced by that certain Housing Loan Agreement (the "**City Loan Agreement**"), dated as of November 1, 1991, secured by, among other things, that certain Junior Mortgage and Security Agreement, dated as of November 1, 1991, executed by the Trustee and the Borrower in favor of the City (the "**City Mortgage**"), and recorded in the Office of the Cook County Recorder of Deeds on November 26, 1991 as Document No. 91622519, and further evidenced by: (i) that certain Note dated November 1, 1991, made by the Trustee and the Borrower in favor of the City in the original principal amount of the City Loan (the "**City Note**"); (ii) that certain Assignment of Rents and Leases dated November 1, 1991, executed by the Borrower in favor of the City (the "**City Assignment**"), and recorded in the Office of the Cook County Recorder of Deeds on November 26, 1991 as Document No. 91622520; and (iii) that certain Declaration of Restrictive Covenants and Regulatory Agreement, dated as of November 1, 1991, executed by the Borrower in favor of the City (the "**City Regulatory Agreement**"), and recorded in the Office of the Cook County Recorder of Deeds on November 26, 1991 as Document No. 91622517. The City Loan Agreement, the City Mortgage, the City Note, the City Assignment, the City Regulatory Agreement and any other documents executed in connection with the City Loan are collectively referred to herein as the "**City Loan Documents**". The City and the Borrower have executed or will execute as of the Closing Date an amendment to the City Loan Documents (the "**City Amendment**").

D. The City Mortgage is (i) subordinate to that certain Construction Loan Mortgage, and Security Agreement with Collateral Assignment of Leases and Rents (the "**CIC Mortgage**"), dated as of November 1, 1991, securing a loan in the amount of \$442,500 (the "**CIC Loan**"), made by the Trustee in favor of Community Investment Corporation, an Illinois not for profit corporation ("**CIC**"); and (ii) senior to that certain Junior Mortgage dated as of November 1, 1991, securing a loan in the amount of \$457,771 (the "**IHDA Third Loan**"), made by the Trustee in favor of the Illinois Housing Development Authority ("**IHDA**"), as modified by that certain Modification Agreement dated January 25, 1996 (the "**IHDA Third Mortgage**"). The IHDA Third Mortgagee, and any other documents evidencing or securing the IHDA Third

Loan are collectively referred to herein as the "IHDA Third Loan Documents."

E. CIC has agreed to release the CIC Mortgage upon payment to CIC of \$354,198.72 by the Borrower on the Closing Date stipulated by CIC and the Borrower to be in full satisfaction of the CIC Loan pursuant to that certain Payoff Statement issued by CIC on May 8, 2002.

F. The City and the Borrower desire that IHDA make a mortgage loan to the Borrower in the amount of \$336,457 (the "IHDA Senior Loan") which, with the addition of up to \$17,741.72 in funds from the Borrower, shall be used to pay off the CIC Loan and secure the release of the CIC Mortgage. On May 16, 2002, the Borrower executed a Mortgage, Security Agreement and Assignment of Rents and Leases (the "IHDA Senior Mortgage") a Mortgage Note (the "IHDA Senior Note") in the amount of \$336,457, in favor of IHDA, and a Regulatory and Land Use Restriction Agreement (the "Senior Regulatory Agreement"). The IHDA Senior Mortgage secures the IHDA Senior Note and is being recorded concurrently herewith. The IHDA Senior Note, IHDA Senior Mortgage, Senior Regulatory Agreement and any other documents evidencing and securing the IHDA Senior Loan are hereinafter collectively referred to as the "IHDA Senior Loan Documents." Once the CIC Loan is paid off, the Borrower and IHDA agree to promptly ensure that the CIC Mortgage is released.

G. It is a condition to IHDA making the IHDA Senior Loan to Borrower that the IHDA Senior Mortgage unconditionally be and remain at all times a lien, claim and charge upon the Property prior and superior to the liens, claims and charges of the City Loan Documents.

H. IHDA would not make the IHDA Senior Loan without this Subordination Agreement.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements hereinafter contained, the Recitals which are made a contractual part of this Subordination Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## AGREEMENTS

1. The City agrees that the IHDA Senior Mortgage and the Senior Regulatory Agreement, and any and all renewals, modifications, extensions or advances thereunder or

secured thereby (including interest thereon), unconditionally do and will remain at all times a lien, claim or charge on the Property prior and superior to the City Mortgage and the City Loan Documents, as amended by the City Amendment. The maximum amount of indebtedness secured by the IHDA Senior Mortgage is \$420,571.25 plus any disbursements for the payment of taxes and insurance on the Property, plus interest thereon, plus any other sums advanced in accordance with the terms thereof or any of the other IHDA Senior Loan Documents to protect the security of the IHDA Senior Mortgage or any of the other IHDA Senior Loan Documents, including, without limitation any Protective Advances (as defined in the IHDA Senior Mortgage), plus interest thereon.

2. The City agrees that:
  - 2.1. The City intentionally and unconditionally: (i) consents to the liens, claims and charges upon the Property of the IHDA Senior Loan Documents, and (ii) subjects and subordinates the liens, claims and charges of the City Loan Documents, as amended by the City Amendment, in favor of the liens, claims and charges upon the Property of the IHDA Senior Loan Documents and understands that in reliance upon, and in consideration of, this subjection and subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into that would not be made or entered into but for IHDA's reliance upon this subjection and subordination.
  - 2.2. Any waiver or forbearance by IHDA in the exercise of its rights and remedies under the IHDA Senior Mortgage shall not impair the priority of the lien of the IHDA Senior Mortgage.
3. IHDA agrees that the City Mortgage, the City Loan Documents and any and all renewals, modifications, extensions or advances thereunder or secured thereby (including interest thereon), unconditionally do and will remain at all times a lien, claim or charge on the Property prior and superior to the IHDA Third Mortgage and the IHDA Third Loan Documents. IHDA acknowledges that the City Amendment or this Subordination Agreement do not constitute a novation of the existing indebtedness under the City Loan, but are intended to be an amendment and modification of the City Loan Documents. IHDA agrees that except as noted in the City Amendment and this Subordination Agreement, the provisions of the City Loan Documents remain in full force and effect and are hereby ratified and confirmed. The City Mortgage shall continue to secure repayment of all amounts due under the City Note without loss of priority.

4. This Subordination Agreement is the whole and only agreement with regard to the subordination of the liens, claims and charges of the City Loan Documents, as amended by the City Amendment, to the IHDA Senior Loan Documents. This Subordination Agreement is binding on and inures to the benefit of the legal representatives, heirs, successors and assigns of the Parties.

5. If any Party to this Subordination Agreement brings an action to interpret or enforce its rights under this Subordination Agreement, the prevailing Party will be entitled to recover its costs and attorneys' fees as awarded in the action.

6. All notices given under this Subordination Agreement must be in writing and will be served effectively upon delivery, or if mailed, upon the first to occur of receipt or the expiration of forty-eight (48) hours after deposit in certified United States mail, postage prepaid, sent to the Party at its address appearing in the preamble. Those addresses may be changed by any Party by notice to all other Parties.

7. This Subordination Agreement is governed by the laws of the State of Illinois, without regard to the choice of law rules of that State.

8. This Subordination Agreement may be executed in counterparts, and all counterparts constitute but one and the same document.

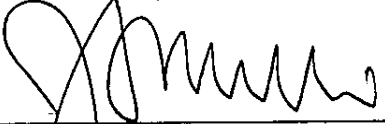
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IN WITNESS WHEREOF, this Subordination Agreement is executed as of the day and year above written.

**CITY OF CHICAGO**, acting by and through its  
Department of Housing

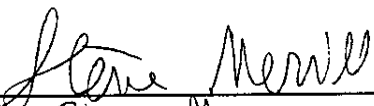
By:   
\_\_\_\_\_  
John G. Markowski  
Commissioner

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY**,  
a body politic and corporate of the State of Illinois

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

**JACKSON TERRACE LIMITED PARTNERSHIP**,  
an Illinois limited partnership

By: **INVESTMENT MANAGEMENT CORPORATION**,  
an Illinois not for profit corporation and  
its sole general partner

By:   
Name: Steve Merrill  
Its: Treasurer

Property of Cook County Clerk's Office


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IN WITNESS WHEREOF, this Subordination Agreement is executed as of the day and year above written.

**CITY OF CHICAGO**, acting by and through its  
Department of Housing

By: \_\_\_\_\_  
John G. Markowski  
Commissioner

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY**,  
a body politic and corporate of the State of Illinois

By:   
Name: Peter K. Lennon  
Its: Assistant Executive Director

**JACKSON TERRACE LIMITED PARTNERSHIP**,  
an Illinois limited partnership

By: **INVESTMENT MANAGEMENT CORPORATION**,  
an Illinois not for profit corporation and  
its sole general partner

By:  
Name:  
Its:

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STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

I, the undersigned, a notary public in and for the County and State aforesaid, do hereby certify that <sup>John G.</sup> ~~Markowski~~ personally known to me to be the \_\_\_\_\_ Commissioner of the Department of Housing of the City of Chicago, Illinois (the "City") and 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 as such \_\_\_\_\_ Commissioner, he signed and delivered the said instrument pursuant to authority, as his/her free and voluntary act, and as the free and voluntary act and deed of said City, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 14th day of May, 2002.

(SEAL)

Tondeleyo Woods  
Notary Public

OFFICIAL SEAL  
TONDELEYO WOODS  
NOTARY PUBLIC STATE OF ILLINOIS  
MY COMMISSION EXP. NOV. 16, 2003

Property of Cook County Clerk's Office



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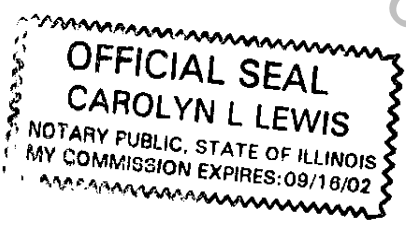
STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

I, the undersigned, a notary public in and for the County and State aforesaid, DO  
HEREBY CERTIFY THAT Peter K. Lennon, personally known to me to be the Assistant Executive Director of  
the Illinois Housing Development Authority ("IHDA") and 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 as such Director (s)he signed and delivered the said  
instrument pursuant to authority, as his/her free and voluntary act, and as the free and voluntary  
act and deed of IHDA, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of May, 2002.

Carolyn L. Lewis  
Notary Public

(SEAL)



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20563694

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Steve Merrill, personally known to me to be the Treasurer of Investment Management Corporation (the "General Partner"), an Illinois corporation and sole general partner of Jackson Terrace Limited Partnership (the "Borrower"), an Illinois limited partnership, and 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 as such Treasurer, he/she signed and delivered the said instrument pursuant to authority given by the Board of Directors of the General Partner, and as his/her free and voluntary act and deed and as the free and voluntary act and deed of the General Partner and the Borrower for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of May, 2002.



*[Handwritten Signature]*

Notary Public

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Steve Merrill, personally known to me to be the Treasurer of Investment Management Corporation (the "Corporation"), and 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 as such Treasurer, he/she signed and delivered the said instrument pursuant to authority given by the Board of Directors of the Corporation, and as his/her free and voluntary act and deed and as the free and voluntary act and deed of the Corporation and the Borrower for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of May, 2002.



*[Handwritten Signature]*

Notary Public

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## EXHIBIT A

### Legal Description

THE WEST 20 FEET OF LOT 23, ALL OF LOTS 24, 25, 26 AND 27 (EXCEPT THE WEST 10 FEET THEREOF) IN S.E. GROSS' SUBDIVISION OF LOTS 8, 9, 24 AND 25 IN SCHOOL TRUSTEES' SUBDIVISION OF THE NORTH PART OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS. ✓

### Addresses Commonly Known as:

4900-4910 West Jackson Boulevard, Chicago, Illinois. ✓

### PIN:

16-16-211-031

Vol. 565 ✓

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