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This document prepared by
and after recording return to:

Randall L. Johnson, Esq.
Assistant Corporation Counsel
Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602



Eugene "Gene" Moore Fee: \$44.00
Cook County Recorder of Deeds
Date: 08/21/2003 08:36 AM Pg: 1 of 11

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is made and entered into as of the 16th day of July, 2003, between THE CITY OF CHICAGO, by and through its Department of Planning and Development (the "City"), and NEW CENTURY BANK, an Illinois banking corporation (the "Lender").

WITNESSETH:

WHEREAS, Lakeshore 87th Street Homes Limited Partnership, an Illinois limited partnership (the "Developer"), has purchased certain property located within the Chatham Ridge Development Project Area, said property being a parcel of land bounded by the Chicago and Western Railroad ("CWRR") on the east, South Parnell Avenue on the west, West 87th Street on the south, and West 83rd Street on the north, in Chicago, Illinois, and legally described on Exhibit A hereto (the "Property") in order to redevelop the Property by constructing up to 99 single-family dwelling units including related site preparation and infrastructure improvement (the "Facility") along with the reconstruction of Parnell Avenue from 83rd Street to 87th Street (the "Parnell Improvements"). The Facility and related improvements and the Parnell Improvements are collectively referred to herein as the "Project"; and

WHEREAS, as part of obtaining financing for the Project, the Developer (the Developer shall also be referred to herein from time to time as the "Borrower"), has entered into that certain Construction Loan Agreement dated as of May 26, 2003 with Lender pursuant to which Lender has agreed to make a loan to the Borrower in an amount not to exceed Four Million Six Hundred Thousand and no/100 Dollars (\$4,600,000) (the "Loan"), and to issue an irrevocably letter of credit in favor of the City in the amount of One Million Five Hundred Thousand (\$1,500,000) (the "Letter of Credit");

WHEREAS, the Loan is evidenced by a Revolving Mortgage Note in the original principal amount of Two Million Eight Hundred Thousand (\$2,800,000) and a Term Note in the original principal amount of One Million, Eight Hundred Thousand Dollars (\$1,800,000) executed by the Borrower in favor of the Lender (collectively, the "Note"), and the repayment of the Loan and the Letter of Credit are secured by, among other things, certain liens and encumbrances on the Property pursuant to (i) that certain Construction Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Financing Statement dated June 26, 2003 and recorded Aug 21, 2003 as document number 0323333144; (ii) that certain Assignment of Rents and Leases dated June 26, 2003 and recorded Aug 21, 2003 as document number 0323333147; (iii) that certain Security Agreement and Contractual Agreements Affecting Real Estate dated June 26, 2003 and recorded Aug 21, 2003 as document number 0323333148 and

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other documents executed in conjunction therewith by the Borrower in favor of the Lender (all such documents referred to above and otherwise relating to the Loan referred to herein collectively as “**the Loan Documents**”);

WHEREAS, the Developer desires to enter into a certain Redevelopment Agreement dated the date herewith with the City in order to obtain additional financing for the Project (the “**Redevelopment Agreement**,” referred to herein along with various other agreements and documents related thereto as the “**City Agreements**”);

WHEREAS, pursuant to the Redevelopment Agreement, the Developer will agree to be bound by certain covenants expressly running with the Property, as set forth in Sections 8.02, 8.19 and 8.20 of the Redevelopment Agreement (the “**City Encumbrances**”); and

WHEREAS, the City has agreed to enter into the Redevelopment Agreement with the Developer subject, among other things, to (a) the execution by the Developer of the Redevelopment Agreement and the recording thereof as an encumbrance against the Property; and (b) the agreement by Lender to subordinate its lien under the Loan Documents to the City Encumbrances;

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lender and the City agree as hereinafter set forth:

1. **Subordination.** All rights, interests and claims of the Lender in the Property pursuant to the Loan Documents are and shall be subject and subordinate to the City Encumbrances as specifically set forth in Sections 8.02 and 8.20 of the Reimbursement Agreement. In all other respects, the Redevelopment Agreement shall be subject and subordinate to the Loan Documents. Nothing herein, however, shall be deemed to limit the Lender’s right to receive, and the Developer’s ability to make, payments and prepayments of principal and interest on the Note, or the Lender’s rights to exercise its remedies pursuant to the Loan Documents except as provided herein.
2. **Notice of Default.** The Lender shall use reasonable efforts to give to the City, and the City shall use reasonable efforts to give to the Lender, (a) copies of any notices of default which it may give to the Developer with respect to the Project pursuant to the Loan Documents or the City Agreements, respectively, and (b) copies of waivers, if any, of the Developer’s default in connection therewith. Under no circumstances shall the Developer or any third party be entitled to rely upon the agreements provided for herein.
3. **Waivers.** No waiver shall be deemed to be made by the City or the Lender of any of their respective rights hereunder, unless the same shall be in writing, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the City or the Lender in any other respect at any other time.
4. **Governing Law; Binding Effect.** This Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws and decisions of the State of Illinois, without regard to its conflict of laws principles, and shall be

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binding upon and inure to the benefit of the respective successors and assigns of the City and the Lender.

5. Section Titles; Plurals. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. The singular form of any word used in this Agreement shall include the plural form.

6. Notices. Any notice required hereunder shall be in writing and addressed to the party to be notified as follows:

If to the City:

City of Chicago
Department of Planning and Development
121 North LaSalle Street
Room 1000
Chicago, Illinois 60602
Attention: Commissioner

With a copy to:

City of Chicago
Department of Law
121 North LaSalle Street
Room 600
Chicago, Illinois 60602
Attention: Finance and Economic
Development Division

If to the Lender:

New Century Bank
353 West Ontario Street
Chicago, Illinois 60610
Attention: Lisa Calahan

With a copy to:

Kenneth A. Latmer
Duane Morris
227 West Monroe Street, Suite 3400
Chicago, IL 60606

or to such other address as either party may designate for itself by notice. Notice shall be deemed to have been duly given (i) if delivered personally or otherwise actually received, (ii) if sent by overnight delivery service, (iii) if mailed by first class United States mail, postage prepaid, registered or certified, with return receipt requested, or (iv) if sent by facsimile with facsimile confirmation of receipt (with duplicate notice sent by United States mail as provided above). Notice mailed as provided in clause (iii) above shall be effective upon the expiration of three (3) business days after its deposit in the United States mail. Notice given in any other manner described in this paragraph shall be effective upon receipt by the addressee thereof; provided, however, that if any notice is tendered to an addressee and delivery thereof is refused by such addressee, such notice shall be effective upon such tender.

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7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first written above.

LENDER:

**NEW CENTURY BANK
an Illinois banking corporation**

By: _____
Its: _____

CITY OF CHICAGO

By: *Miciana Berg* **BM**

Its: _____

ACKNOWLEDGED AND AGREED TO
THIS 18th DAY OF July, 2007

LAKE SHORE 87TH STREET HOMES, LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Lake Shore 87th Street Homes, LLC., an Illinois limited liability company, its General Partner

By: CIG 87th Street, LLC, an Illinois limited liability company, its sole member and manager

By: *[Signature]*
Jay Johnson, its sole member and manager

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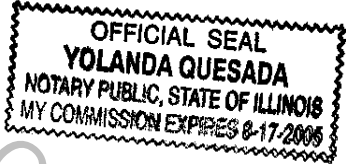
STATE OF ILLINOIS)

SS

COUNTY OF COOK)

I, Yolanda Quesada, a notary public in and for the County and State aforesaid, DO HEREBY CERTIFY THAT Alicia H. Song personally known to me to be the _____ Commissioner of the Department of Planning and Development 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, (s)he signed, sealed and delivered said instrument, pursuant to the authority, as his/her free and voluntary act and as the free and voluntary act of said City, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 1st day of July, 2003.



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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first written above.

LENDER:

**NEW CENTURY BANK
an Illinois banking corporation**

By: Sara V. Callahan
Its: Vice President

CITY OF CHICAGO

By: _____

Its: _____

ACKNOWLEDGED AND AGREED TO
THIS ____ DAY OF _____, 2003

LAKE SHORE 87TH STREET HOMES, LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Lake Shore 87th Street Homes, LLC., an Illinois limited liability company, its General Partner

By: CIG 87th Street, LLC, an Illinois limited liability company, its sole member and manager

By: _____
Jay Johnson, its sole member and manager

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STATE OF ILLINOIS)

) SS

COUNTY OF COOK)

I, _____, a notary public in and for the County and State aforesaid, DO
HEREBY CERTIFY THAT _____, personally known to me to be the _____
Commissioner of the Department of Planning and Development 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, (s)he signed, sealed and delivered said instrument, pursuant to the authority, as
his/her free and voluntary act and as the free and voluntary act of said City, for the uses and
purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of _____, 2003.

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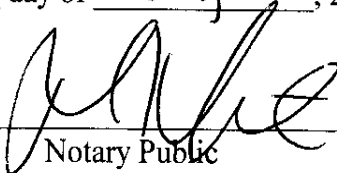
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STATE OF ILLINOIS)

COUNTY OF COOK) SS
)

I, Richard Klawiter, a notary public in and for the said county, in the State aforesaid, DO HEREBY CERTIFY THAT Lisa Callahan, personally known to me to be the VP of New Century Bank, an Illinois banking corporation, 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 he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by New Century Bank, as his/her free and voluntary act and as the free and voluntary act of the New Century Bank, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 18th day of July, 2003.



Notary Public



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EXHIBIT A – LEGAL DESCRIPTION

PART OF LOT 'A', AS SHOWN ON THE PLAT BY CHICAGO AND WESTERN INDIANA RAILROAD, AND FURTHER DESCRIBED BY DEED RECORDED IN VOLUME 5900, PAGE 397 OF THE DEED RECORDS OF COOK COUNTY, A SUBDIVISION OF A PART OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 29, 1900 AS DOCUMENT 2941409, VOLUME 79, PAGES 2 AND 3, PLAT RECORDS OF COOK COUNTY, ILLINOIS;

TOGETHER WITH THE NORTH 1/2 OF THE 14-FOOT WIDE ALLEY NORTH OF AND ADJACENT TO LOT 5 AND THE EASTERN 32 FEET OF LOT 6 IN BLOCK 18 IN SOUTH ENGLEWOOD, A SUBDIVISION IN THE SOUTHWEST 1/4 OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 16, 1873 AS DOCUMENT 78778, COOK COUNTY, ILLINOIS, DESCRIBED AS:

COMMENCING AT THE POINT OF INTERSECTION OF THE EAST LINE OF PARNELL AVENUE, 66 FEET WIDE, WITH THE NORTH LINE OF 87TH STREET, 200 FEET WIDE; THENCE DUE NORTH ALONG THE EAST LINE OF PARNELL AVENUE, A DISTANCE OF 158.00 FEET TO THE NORTH LINE OF THE ALLEY IN BLOCK 18 IN SOUTH ENGLEWOOD, A SUBDIVISION, THE POINT OF BEGINNING; THENCE CONTINUING DUE NORTH, ALONG THE EAST LINE OF SAID PARNELL AVENUE, A DISTANCE OF 1697.90 FEET TO A POINT; THENCE SOUTH 89 DEGREES, 20 MINUTES, 00 SECOND EAST, A DISTANCE OF 2.55 FEET TO A POINT; THENCE SOUTH 12 DEGREES, 27 MINUTES, 39 SECONDS EAST, A DISTANCE OF 250.78 FEET TO THE POINT OF CURVATURE OF A 1407.70 FOOT RADIUS CURVE TO THE LEFT; THENCE SOUTHEASTERLY ALONG SAID 1407.70 FEET RADIUS CURVE AN ARC DISTANCE OF 494.83 FEET TO THE POINT OF TANGENCY; THENCE SOUTH 32 DEGREES, 36 MINUTES, 06 SECONDS EAST, A DISTANCE OF 534.26 FEET TO THE POINT OF CURVATURE OF A 2158.69 FOOT RADIUS CURVE TO THE RIGHT; THENCE SOUTHEASTERLY ALONG SAID 2158.69 FOOT RADIUS CURVE AN ARC DISTANCE OF 496.26 FEET TO A POINT; THENCE NORTH 89 DEGREES, 15 MINUTES, 25 SECONDS WEST ALONG A LINE NOT TANGENT TO THE AFORESAID 2158.69 FOOT RADIUS CURVE AND ALONG THE NORTH LINE OF THE CONCORD OIL COMPANY TRACT AND THE EASTWARD PROJECTION THEREOF, A DISTANCE OF 312.86 FEET TO AN IRON PIPE; THENCE SOUTH 00 DEGREE, 44 MINUTES, 35 SECONDS WEST ALONG THE WEST LINE OF SAID CONCORD TRACT, A DISTANCE OF 269.82 FEET TO AN IRON PIPE; THENCE NORTH 89 DEGREES, 23 MINUTES, 47 SECONDS WEST ALONG THE NORTH LINE OF SAID 87TH STREET, A DISTANCE OF 235.45 FEET TO A POINT IN THE EAST LINE OF LOT 5 IN BLOCK 18 IN SOUTH ENGLEWOOD, A SUBDIVISION, IN THE SOUTHWEST 1/4 OF SAID SECTION 33; THENCE DUE NORTH ALONG THE EAST LINE OF SAID LOT 5, A DISTANCE OF 151.00 FEET TO A POINT IN THE CENTERLINE OF THE ALLEY IN SAID BLOCK 18; THENCE NORTH 89 DEGREES, 23 MINUTES, 47 SECONDS WEST ALONG THE CENTERLINE OF SAID ALLEY, A DISTANCE OF 98.00 FEET TO A POINT ON THE NORTHWARD PROJECTION OF A LINE 32 FEET

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WEST OF AND PARALLEL TO THE EAST LINE OF LOT 6 IN SAID BLOCK 18; THENCE DUE NORTH ALONG THE NORTHWARD PROJECTION OF SAID LINE 32 FEET WEST OF AND PARALLEL TO THE EAST LINE OF LOT 6, A DISTANCE OF 7.00 FEET TO A POINT IN THE NORTHEAST CORNER OF THE REMAINING PORTION OF THE 14-FOOT WIDE ALLEY IN SAID BLOCK 18; THENCE NORTH 89 DEGREES, 23 MINUTES, 47 SECONDS WEST ALONG THE NORTH LINE OF SAID ALLEY, A DISTANCE OF 100.60 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Tax Index Number: 20-33-305-028

Common Address: A parcel of land bounded by the Chicago and Western Railroad on the east, S. Parnell Avenue on the west, W. 87th Street on the south and W. 83rd Street on the north in Chicago, Illinois.

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