



Doc#: 0326642113
Eugene "Gene" Moore Fee: \$42.00
Cook County Recorder of Deeds
Date: 09/23/2003 08:55 AM Pg: 1 of 10

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

Elvin Charity, Esq.
Charity & Associates, P.C.
20 N. Clark, Suite 700
Chicago, Illinois 60602

SPACE ABOVE FOR RECORDER'S USE

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE LIEN OF A MORTGAGE ON THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("**Subordination Agreement**") is made as of September 1, 2003, by and among LAWDALE EDUCATIONAL AND REGIONAL NETWORK CHARTER SCHOOL, an Illinois not-for-profit corporation ("**Company**"), having a mailing address at 3400 W. Grenshaw, 2nd Floor, Chicago, Illinois 60624, the owner of the interest in real property hereinafter described, and ILLINOIS FACILITIES FUND, an Illinois not-for-profit corporation ("**Junior Lienholder**"), with a mailing address of 300 W. Adams Street, Suite 431, Chicago, Illinois 60606, Attention: Trinita Logue, owner of that certain mortgagee's interest in the mortgage and holder of the note described below, and HARRIS TRUST AND SAVINGS BANK, an Illinois corporation ("**Bank**"), with a mailing address of Harris Trust and Savings Bank, 111 West Monroe Street, 2nd Floor - East, Chicago, Illinois 60603.

Factual Background

A. Junior Lienholder has made a loan to Company in the principal amount of Two Hundred Forty-Two Thousand Seventy Six and No/100 Dollars (\$242,076) (the "**Subordinated Loan**") The Subordinated Loan is evidenced by a certain promissory note (the "**Subordinated Note**") executed by Company to the order of Junior Lienholder. The Subordinated Loan is secured by a certain mortgage dated May 15, 1997 and recorded May 19, 1997 in the Office of the Cook County Recorder of Deeds as Document Number 97350425, and amended by First Amendment dated August 20, 1999 and recorded September 28, 1999 in the Office of the Cook County Recorder of Deeds as Document Number 99915326, and Assignment and Assumption of Promissory Note and Mortgage dated May 27, 2003 and recorded in the Office of the Cook County Recorder of Deeds as Document Number 0319001090 (collectively, (the "**Subordinated Mortgage**") encumbering certain real property located in the City of Chicago, County of Cook, State of Illinois, more particularly described in **Exhibit A** attached hereto and made a part hereof (the "**Property**").

B. The Subordinated Note and the Subordinated Mortgage, together with all of their exhibits, and all other documents which evidence, guaranty or secure the Subordinated Loan, collectively constitute the "**Subordinated Loan Documents**."

C. The Illinois Development Finance Authority, a political subdivision and a body politic and corporate duly organized and validly existing under the laws of the State of Illinois (the "**Issuer**") has issued \$5,000,000 of its Variable Rate Demand Revenue Bonds (LEARN Charter School Project), Series 2003 (the "**Bonds**") pursuant to that certain Trust Indenture, of even date herewith (the "**Indenture**"), between the Issuer and U.S. Bank National Association, a national banking corporation (the "**Trustee**"), as trustee.

BOX 335-07

7906835-02-TMS (2 of 2)

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D. The Company and Bank have entered into that certain Letter of Credit and Reimbursement Agreement, of even date herewith (the "**Reimbursement Agreement**"), wherein Bank agrees to issue its irrevocable, transferable direct pay letter of credit (the "**Letter of Credit**") in the original stated amount of \$5,047,946 to the benefit of Trustee, which Letter of Credit provides security and liquidity for the Bonds and authorizes the Trustee to make draws in accordance with the terms thereof for the payment of principal of and interest on the Bonds.

E. Pursuant to that certain Revolving Credit Promissory Note (the "Senior Note") executed by the Company to the order of Bank, Bank has made a revolving credit loan to the Company in the amount not to exceed One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00).

F. The obligations of the Issuer and the Company, respectively, under the Letter of Credit and Reimbursement Agreement and the obligations of the Company under the Senior Note will be secured by a Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement (the "**Senior Mortgage**") executed by Company in favor of Bank. The Senior Mortgage is being recorded concurrently herewith. The Letter of Credit, Reimbursement Agreement, the Senior Mortgage, Senior Note, together with all of their exhibits, and all other documents which evidence, guaranty, secure, or otherwise pertain to the Letter of Credit, collectively constitute the "**Senior Loan Documents**."

G. The parties hereto desire and intend that (i) the Senior Mortgage unconditionally be and remain at all times a lien, claim, and charge upon the Property unconditionally prior and superior to the liens, claims, and charges of the Subordinated Mortgage, and (ii) the Subordinated Loan and Subordinated Loan Documents shall, at all times and in all respects, be wholly subordinate and inferior in claim and right to the Senior Loan Documents.

AGREEMENT

1. **Subordination.** The Senior Mortgage, and any and all renewals, modifications, extensions, advances up to the Senior Mortgage amount and any protective advances thereunder or secured thereby (including interest thereon), are unconditionally and will remain at all times, a lien, claim, or charge on the Property prior and superior to the Subordinated Mortgage. The Subordinated Loan and Subordinated Loan Documents shall, at all times and in all respects, be wholly subordinate and inferior in claim and right to the Senior Loan Documents, and all claims, rights and remedies therefor are hereby subordinated and made subsequent and inferior to the Senior Loan Documents and any claims, rights, and remedies arising out of, or in connection therewith. So long as the Senior Loan Documents are in full force and effect, in the event of any conflict between the provisions of the Subordinated Loan Documents and those of the Senior Loan Documents, the provisions of the Senior Loan Documents shall control. Any waiver or forbearance by the Bank of any right or remedy under the Senior Loan Documents shall not impair the priority of its respective lien under the Senior Loan Documents.

2. **Acknowledgements and Agreements of Junior Lienholder.** Junior Lienholder declares, acknowledges, and agrees that:

2.1 Junior Lienholder acknowledges that it has been provided with copies of, and has reviewed, the Senior Loan Documents.

2.2 In making disbursements, Bank is under no obligation or duty to, nor has Bank represented that it will, see to the application of the Senior Loan Document's proceeds; and

2.3 Junior Lienholder intentionally and unconditionally waives, relinquishes, subjects, and subordinates the liens, claims, and charges of the Subordinated Loan Documents, and all present and future indebtedness and obligations secured thereby, in favor of the Senior Loan Documents and the lien, claim, and

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charge upon the Property of the Senior Mortgage, and understands that in reliance upon, and in consideration of, this waiver, relinquishment, 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 Bank's reliance upon this waiver, relinquishment, subjection, and subordination.

3. Notice and Right to Cure.

3.1 Bank agrees to provide written notice to Junior Lienholder of any modifications, amendments or extensions of the Senior Loan Documents made to increase the principal amount or interest rate or accelerate the maturity date of any of the Senior Loan Documents, provided that failure to delay in providing such notice shall not affect the priority of the Senior Loan Documents, as so amended. Junior Lienholder also agrees to provide written notice to Bank of any modifications, amendments or extensions of the Subordinate Loan Documents made to increase the principal amount or interest rate or accelerate the maturity date of any of the Subordinate Loan Documents.

3.2 Bank and Junior Lienholder agree to give to each other copies of all notices of Events of Default under (and as defined in) their respective loan documents.

3.3 Junior Lienholder shall have ninety (90) days after receipt of the notice of Company's default under the Senior Loan Documents to cure such default on behalf of Company provided that if such default cannot reasonably be cured within such ninety (90) day period and Junior Lienholder shall have commenced to remedy such default and is diligently pursuing the cure of such default, then such ninety (90) day period shall be extended to such time as Junior Lienholder shall reasonably require to cure such default, including such time as is necessary to gain possession of the Property (the "Cure Period"). Bank agrees not to exercise any of its remedies under the Senior Loan Documents until expiration of the Cure Period. Bank shall accept cure by Junior Lienholder of such default as if such cure was made by Company, provided such cure is effected within the Cure Period.

3.4 Bank shall have ninety (90) days after receipt of the notice of Company's default under the Subordinated Loan Documents to cure such default on behalf of Company provided that if such default cannot reasonably be cured within such ninety (90) day period and Bank shall have commenced to remedy such default and is diligently pursuing the cure of such default, then such ninety (90) day period shall be extended to such time as Bank shall reasonably require to cure such default, including such time as is necessary to gain possession of the Property (the "Senior Cure Period"). Junior Lienholder agrees not to exercise any of its remedies under the Subordinated Loan Documents until expiration of the Senior Cure Period. Junior Lienholder shall accept cure by Bank of such default as if such cure was made by Company, provided such cure is effected within the Senior Cure Period.

3.5 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 below. Any party may change those addresses by notice to all other parties.

4. **Integration; No Waiver.** This Subordination Agreement is the whole and only agreement with regard to the subordination of the liens, claims, and charges of the Subordinated Loan Documents to the Senior Loan Documents. This Subordination Agreement may not be modified or amended except by a written agreement signed by the parties. No waiver shall be deemed to be made by Bank of any of its rights hereunder unless the same shall be in writing signed on behalf of the Bank, and each such waiver, if any, shall be a waiver only with

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respect to the specific matter or matters to which the waiver relates and shall in no way impair the rights of the Bank or the obligations of Company to Bank in any other respect at any other time.

5. **Successors and Assigns.** This Subordination Agreement is binding on and inures to the benefit of the legal representatives, successors, and assigns of the parties. Bank's successors and assigns include any financial institution which may now, or hereafter, participate in the Letter of Credit or purchase of the Bonds. Notice of acceptance of this Subordination Agreement is hereby waived and this Subordination Agreement shall be binding upon the Junior Lienholder, its legal representatives, successors, and assigns, as the case may be, it being understood and agreed, however, that, unless otherwise agreed in writing by Bank, no assignment of the Subordinated Loan Documents, or any part thereof, shall be made without the prior written consent of the Bank.

6. **Creditor's Rights.** Junior Lienholder agrees not to commence or join with any other creditor of Company in commencing any bankruptcy, reorganization, or insolvency proceedings against the Company without the prior written consent of Bank.

7. **Attorneys' Fees and Costs.** 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 reasonable attorneys' fees as awarded in the action.

8. **Governing Law.** This Subordination Agreement is governed by the laws of the State of Illinois, without regard to the choice of law rules of that state.

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

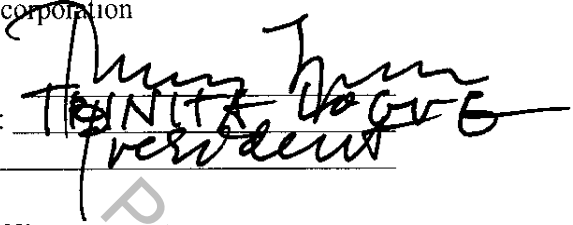
NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR PURPOSES OTHER THAN IMPROVEMENT OF THE PROPERTY.

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"Junior Lienholder"

ILLINOIS FACILITIES FUND, an Illinois not-for-profit corporation

By: 
Name: TRINITA LOGUE
Title: President

Address:

Illinois Facilities Fund
300 W. Adams Street; Suite 431
Chicago, Illinois 60606
Attention: Trinita Logue

"Company"

LAWNDALE EDUCATIONAL AND REGIONAL NETWORK CHARTER SCHOOL, an Illinois not-for-profit corporation

By: _____
Name: Gregory White
Title: President, Board of Director

By: _____
Name: Janice Lucchesi
Title: Treasurer, Board of Director

Address:

3400 W. Grenshaw, 2nd Floor
Chicago, Illinois 60624
Attention: Greg White

"Bank"

HARRIS TRUST AND SAVINGS BANK, AN ILLINOIS CORPORATION

By: _____
Name: Carl A. Jenkins
Title: Vice President

Address:

Harris Trust and Savings Bank
111 West Monroe Street
2nd Floor - East
Chicago, Illinois 60603
Attention: Carl A. Jenkins

Property of Cook County Clerk's Office

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"Junior Lienholder"

ILLINOIS FACILITIES FUND, an Illinois not-for-profit corporation

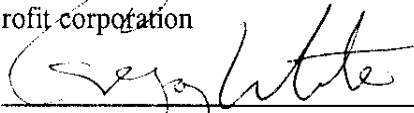
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Name: _____
Title: _____

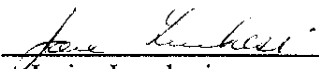
Address:

Illinois Facilities Fund
300 W. Adams Street, Suite 431
Chicago, Illinois 60606
Attention: Trinita Logue

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LAWNDALE EDUCATIONAL AND REGIONAL NETWORK CHARTER SCHOOL, an Illinois not-for-profit corporation

By: 
Name: Gregory White
Title: President, Board of Director

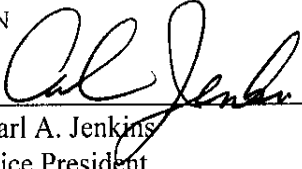
By: 
Name: Janice Lucchesi
Title: Treasurer, Board of Director

Address:

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Attention: Greg White

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By: 
Name: Carl A. Jenkins
Title: Vice President

Address:

Harris Trust and Savings Bank
111 West Monroe Street
2nd Floor - East
Chicago, Illinois 60603
Attention: Carl A. Jenkins

Property of Cook County Clerk's Office

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EXHIBIT "A"

Legal Property Description

Lots 37 and 38 in Block 8 in 12th Street Addition to Chicago, being a subdivision of that part of the South East $\frac{1}{4}$ of Section 14, Township 39 North, Range 13 East of the Third Principal Meridian, lying south of the right of way of the Chicago Great Western Railroad Company, in Cook County, Illinois

PIN: 16-14-423-028

Property of Cook County Clerk's Office

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All-Purpose Acknowledgement

State of Illinois)
County of Cook)

On 9-15-03 before me, Gregory White and Janice Lucchesi, personally appeared,

personally known to me -OR-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her their signature(s) on the instrument the person(s), or the entity upon behalf of which the persons acted, executed the instrument.

Witness my hand and official seal.



Marianne Raimondi

SIGNATURE OF NOTARY

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE _____
OFFICER(S) _____
TITLES(S) _____
- PARTNER(S)
- LIMITED
 - GENERAL

- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/
CONSERVATOR
- OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR
ENTITY(IES)

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to an unauthorized document.

THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED AT RIGHT:

Title or Type of Document _____

Number of Pages _____ Date of Document _____

Signer(s) Other than Named Above _____

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All-Purpose Acknowledgement

State of Illinois)

County of Cook)

On 9-15-03 before me, Carl Jenkins, personally appeared before me

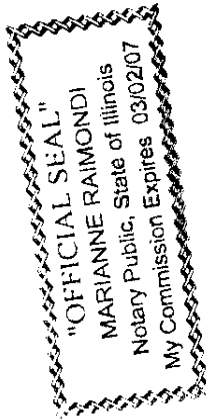
CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE VP
OFFICER(S) _____
TITLES(S) _____
- PARTNER(S)
- LIMITED
- GENERAL

personally known to me -OR-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her their signature(s) on the instrument the person(s), or the entity upon behalf of which the persons acted, executed the instrument.

- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/
CONSERVATOR
- OTHER: _____



Witness my hand and official seal.

Marianne Raimondi

SIGNATURE OF NOTARY

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR
ENTITY(IES)

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to an unauthorized document.

THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED AT RIGHT:

Title or Type of Document _____

Number of Pages _____ Date of Document _____

Signer(s) Other than Named Above _____

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All-Purpose Acknowledgement

State of Illinois)

County of Cook)

On September 15, 2005 before me, Jennifer A. Williams, personally appeared Trinita Lopez

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER(S) President
- TITLES(S)
- PARTNER(S)
- LIMITED
 - GENERAL

personally known to me OR-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her their signature(s) on the instrument the person(s), or the entity upon behalf of which the persons acted, executed the instrument.

- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/ CONSERVATOR
- OTHER: _____

SIGNER IS REPRESENTING: NAME OF PERSON(S) OR ENTITY(IES)

Illinois Facilities Fund

Witness my hand and official seal.



Jennifer A. Williams
SIGNATURE OF NOTARY

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to an unauthorized document.

THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED AT RIGHT:

Title or Type of Document _____

Number of Pages _____ Date of Document _____

Signer(s) Other than Named Above _____