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Eugene "Gene" Moore Fee: \$36.00
Cook County Recorder of Deeds
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This document was prepared by and after recording return to:
Jeffrey R. Liebman
Bank of Lincolnwood
4433 W. Touhy Ave.
Lincolnwood, IL 60712

8188767-Deeds (110411)

SUBORDINATION AGREEMENT

This Subordination Agreement (the "Agreement") is made as of this 17th day of March, 2004, between Bank of Lincolnwood (the "Senior Lender") and Builders Capital, LLC, an Illinois limited liability company (the "Junior Lender")

RECITALS:

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A. Senior Lender is the owner and holder of a certain Promissory Note dated March 17, 2004 in the original principal amount of Three Million Seven Hundred Thousand and 00/100 Dollars (\$3,700,000.00) made by 1647 Addison LLC, an Illinois limited liability company (the "Borrower"), payable to the order of Senior Lender (hereinafter referred to as the "Senior Note").

B. Senior Lender is also the owner and holder of the following documents, among others, securing or relating to the Senior Note:

(i) a certain Construction Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement (the "Senior Mortgage") made by Borrower dated March 17, 2004, in favor of the Senior Lender, and recorded with the Recorder of Deeds of Cook County, Illinois (the "Recorder") on March __, 2004, as Document No. _____ encumbering certain property (the "Property"), located in Cook County, Illinois and legally described on Exhibit A attached hereto.

(ii) a certain Construction Loan Agreement made between Borrower and Senior Lender dated March 17, 2004 (the "Loan Agreement").

The Loan Agreement, Senior Note, Senior Mortgage, all guaranties, assignments, collateral assignments, indemnities, certificates, security agreements, mortgages, together with any and all other documents and instruments evidencing and securing or relating to the Senior Note are hereinafter collectively referred to as the "Senior Loan Documents."

C. Junior Lender is the owner and holder of a certain Promissory Note dated March, 17, 2004 in the original principal amount of Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000.00) made by Borrower and Addison/Paulina Development, LLC, an Illinois limited liability company (the "Co-Borrower"), payable to the order of Junior Lender (the "Junior Note")

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D. Junior Lender is also the owner and holder of the following documents, among others, securing or relating to the Junior Note:

- (i) a certain Junior Mortgage (the "**Junior Mortgage**") made by Borrower, dated March 17, 2004, in favor of Junior Lender, and recorded with the Recorder on March __, 2004, as Document No. _____ encumbering, among other things, the Property.
- (ii) a certain Assignment of Rent, Leases and Profits (the "**Junior Assignment**") made by Borrower, dated March 17, 2004, in favor of Junior Lender, and recorded with the Recorder on March __, 2004, as Document No. _____, encumbering, among other things, the Property.
- (iii) a certain Loan Agreement made by and among Borrower, Co-Borrower and Junior Lender dated March 17, 2004 (the "**Junior Loan Agreement**").

The Junior Loan Agreement, Junior Note, Junior Mortgage, Junior Assignment, all guaranties, assignments, collateral assignments, indemnities, certificates, security agreements, mortgages, together with any and all documents and instruments evidencing, securing or relating to the Junior Note are hereinafter collectively referred to as the "**Junior Loan Documents**."

E. All obligations of either the Borrower or the Co-Borrower to the Senior Lender now existing, due or to become due, under the Senior Note and the Senior Loan Documents are herein called the "**Senior Liabilities**."

F. All obligations of either the Borrower, Co-Borrower or both to the Junior Lender now existing, due or to become due, under the Junior Note and the Junior Loan Documents are herein called the "**Junior Liabilities**."

G. In order to induce Senior Lender to enter into the Senior Loan Documents, Junior Lender has agreed to execute and deliver this Subordination Agreement in order to subordinate the Junior Loan Documents and the Junior Liabilities, and all other debt between Junior Lender and Borrower to the Senior Loan Documents, the Senior Liabilities and all debt between Senior Lender and Borrower existing now or hereafter.

NOW, THEREFORE, in consideration of the foregoing and as an inducement to Senior Lender to make the loan evidenced by the Senior Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto represent, warrant and agree as follows:

1. Recitals. The Recitals set forth above are incorporated herein as if fully set forth and are made a part of this Agreement.
2. Subordination of Liens. Junior Lender hereby agrees that the Junior Liabilities are and shall be subordinate to the Senior Liabilities and that the liens, security interests and rights of the

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Junior Lender created by the Junior Loan Documents are and shall be subordinate to the liens, security interests and rights of the Senior Lender created by the Senior Loan Documents and to any and all advances made under the Senior Loan Documents pursuant to the terms thereof, so that until the Senior Note and the Senior Liabilities are paid in full Senior Lender will have first claim, lien and priority over Junior Lender in all collateral (including the Property) held under the Senior Loan Documents.

Junior Lender agrees that so long as there are any Senior Liabilities outstanding, Junior Lender shall not ask, demand, take, sue for or receive from Borrower, Co-Borrower or any other person, including without limitation, any guarantor, member or manager of Borrower or Co-Borrower, or successor in interest of any one or more of them (including any receiver or trustee), any payment of interest, principal or any other item payable, in full or in part, under the Junior Note. Junior Lender further agrees not to take or receive payment with respect to all or any part of the Junior Liabilities at any time until Senior Lender shall have advised Junior Lender in writing that all of the Senior Liabilities have been paid in full. Any property received by Junior Lender in violation of the foregoing undertaking, whether by way of direct payment, as proceeds of collateral or otherwise, shall be held in trust by Junior Lender for the benefit of Senior Lender, and shall be payable immediately to Senior Lender.

3. Covenants of Junior Lender. Junior Lender represents, warrants, covenants and agrees that: (a) Junior Lender shall not under any circumstance or at any time challenge the Senior Loan Documents or the Senior Lender's priority with respect to any collateral (including the Property) held under the Senior Loan Documents and the proceeds thereof, (b) Junior Lender shall notify Senior Lender in writing of any default under the Junior Loan Documents within five (5) business days of the occurrence of any default thereunder; (c) Junior Lender will not take any action including, without limitation, any foreclosure, affecting any lease of the Property, the Property, the sale of all or any portion of the Property or any other collateral held under the Senior Loan Documents as long as any of the Senior Liabilities remain outstanding, (d) Junior Lender will not, without the prior written consent of the Senior Lender, commence, or join with any other creditor in commencing any bankruptcy or insolvency proceeding or seek to appoint a receiver for the Property or any other collateral held under the Senior Loan Documents; (e) Junior Lender will not, without the prior written consent of the Senior Lender, modify, amend or consent to any modification of any document evidencing or securing the Junior Liabilities and (f) Junior Lender has not previously assigned any interest in the Junior Note, and that no other party owns an interest in the Note other than the Junior Lender.

4. Extension of Senior Liabilities. It is further understood and agreed that Senior Lender may at any time, and from time to time, in its sole and absolute discretion, renew, modify or extend the time of payment of all or any portion of the Senior Liabilities without the consent of Junior Lender and without in any manner impairing or affecting this Agreement or any of Senior Lender's rights hereunder.

5. Sale of Units and Release Deeds. It is further understood and agreed that Junior Lender is not entitled to the proceeds of sale of any Units or parking spaces (as defined in the Senior Loan Agreement) or any other part or parcel of the Property until the Senior Liabilities have been paid in full. Junior Lender further agrees that, on the date hereof, it will execute and deliver a release deed, acceptable to the Senior Lender with respect to all of the Units, parking spaces and other portions of

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the Property subject to the Junior Mortgage and deposit the release deeds in escrow with Chicago Title Insurance Company to be delivered at the closing of any Unit or parking space made in Compliance with the Senior Loan Documents upon the written direction of the Senior Lender.

6. Assignment by Senior Lender. Senior Lender may, from time to time, assign or transfer any or all of the Senior Liabilities or any interest therein; and notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Senior Liabilities shall be and remain Senior Liabilities for the purpose of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were Senior Lender.

7. Assignment by Junior Lender. Junior Lender may, from time to time, upon written notice to Senior Lender, assign or transfer any or all of the Junior liabilities or any interest therein provided that such assignment is expressly subject to the terms of this Agreement in form and substance reasonably satisfactory to Senior Lender.

8. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Senior Lender, Junior Lender and their respective successors and assigns whether immediate or remote.

9. Notice. Any notice, demand or other communication which any party may desire or may be required to give to any other party shall be in writing, and shall be deemed given (i) if and when personally delivered, (ii) upon receipt if sent by a nationally recognized overnight courier addressed to a party at its address set forth below, or (iii) on the second (2d) business day after being deposited in the United States, registered or certified mail, postage prepaid, addressed to a party at its address set forth below:

If to Senior Lender:	Bank of Lincolnwood 4433 West Touhy Avenue Lincolnwood, IL 60712 Attn: Elizabeth A. Engle
With a copy to:	Jeffrey R. Liebman Bank of Lincolnwood 4433 West Touhy Avenue Lincolnwood, IL 60712
If to Junior Lender:	Builders Capital, LLC 210 Quail Ridge Drive Westmont, IL 60559 Attn: Denis Daley
With a copy to:	Dennis W. Winkler Dennis W. Winkler, LTD. 3051 Oak Grove Drive, Suite 220 Downers Grove, IL 60515

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Any party hereto may change the address at which notices hereunder are required to be given to such party by notice to the other parties in accordance herewith.

10. Construction and Interpretation of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. Wherever possible each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. Junior Lender consents to the exercise of jurisdiction over its person and property by any court of competent jurisdiction situated in the State of Illinois (whether it be a court of such State, or a court of the United States of America). Junior Lender hereby knowingly, voluntarily and intentionally waives the right to trial by jury in respect of any litigation based hereon, arising out of, or in connection with this Agreement.

11. Termination. This Agreement is a continuing agreement of subordination and shall continue effective until the payment in full of all Senior Liabilities under the Senior Loan Documents and all extensions, modifications and renewals thereof.

12. Buyout. Notwithstanding any of the foregoing, Junior Lender shall be promptly notified of any notice of default sent to Borrower pursuant to the Senior Loan Documents. In addition, Junior Lender shall be promptly notified in the event Borrower does not cure said default to the complete satisfaction of Senior Lender, after any applicable cure period, as set forth in the Senior Loan Documents. Thereafter, Junior Lender shall have a reasonable time, not to exceed thirty (30) days, to acquire the rights, title and interest in the Senior Loan Documents from the Senior Lender for the amount due and payable pursuant to same, including, without limitation, all interest, principal, late charges, attorneys' fees and costs.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the day and year first written above.

BANK OF LINCOLNWOOD

BY: Elizabeth A. Engle

Title: SVP

BUILDERS CAPITAL, LLC

BY: [Signature]

Title: MANAGING MEMBER

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STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

I, EULANA M. BEALOCK-JONES a notary public in and for said county in the state aforesaid, do hereby certify that ELIZABETH A. ENNS, (title) of Bank of Lincolnwood, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such SR. VICE PRESIDENT (title), appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 17TH day of MARCH, 2004

.....
"OFFICIAL SEAL"
EULANA M. BEALOCK-JONES
Notary Public, State of Illinois
My Commission Expires 5/19/04
My commission expires:

Eulana M. Bealock-Jones
NOTARY PUBLIC

5/19/04

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

I, Dennis Winkler a notary public in and for said county in the state aforesaid, do hereby certify that Dennis Daly, the Manager of Builders Capital, LLC, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Manager, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said limited liability company for the uses and purposes therein set forth.

Given under my hand and notarial seal this 17th day of March, 2004

OFFICIAL SEAL
DENNIS W. WINKLER
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 2-21-2006

Dennis Winkler
NOTARY PUBLIC

My commission expires:
2-21-06

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EXHIBIT "A"

Lots 6, 7 and 8 and East 3 feet of Lot 9 in Block 2 in L. Turner's Resubdivision of Blocks 1 to 6, inclusive, in L. Turner's Subdivision of the Northeast $\frac{1}{4}$ of the East $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of Section 19, Township 40 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 1647-53 W. Addison, Chicago, IL.

Tax I.D. #: 14-9-407-002-0000

Property of Cook County Clerk's Office