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This Instrument prepared by,
and after Recording Return to:

Robert J. Katz, PC
1990 M Street NW, Suite 410
Washington, DC 20046

210648



Doc#: 0416845039
Eugene "Gene" Moore Fee: \$30.00
Cook County Recorder of Deeds
Date: 06/16/2004 09:09 AM Pg: 1 of 4

#8

DECLARATION OF SUBORDINATION

This Declaration of Subordination made as of June 1, 2004, by CLARIDGE IMPERIAL, LTD., an Illinois corporation, whose address is 5633 North Lincoln Avenue, Lincolnwood, Illinois 60712 (hereinafter referred to as the "Lessee").

RECITALS

WHEREAS, THE CLARIDGE, L.L.C., an Illinois limited liability company, (hereinafter referred to as the "Mortgagor" or "Lessor"), has entered into with CAMBRIDGE REALTY CAPITAL LTD. OF ILLINOIS, an Illinois Corporation (hereinafter referred to as the "Mortgagee"), a Mortgage Note (hereinafter referred to as the "Note") dated as of June 1, 2004, in the principal amount of NINETEEN MILLION ONE HUNDRED FIFTY THREE THOUSAND NINE HUNDRED AND NO/100 DOLLARS (\$19,153,900.00 and hereinafter referred to as the "Mortgage Loan") secured by a Mortgage of even date therewith (hereinafter referred to as the "Mortgage") by and between Mortgagor and Mortgagee, which is to be filed for record simultaneously with the recording of this Declaration of Subordination in the Office of the Recorder of Deeds of Cook County, Illinois;

WHEREAS, the Mortgagor and the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner (hereinafter referred to as the "Secretary" or the "Commissioner") have entered into a Regulatory Agreement for Multifamily Housing Projects (hereinafter referred to as the "Regulatory Agreement"), dated as of June 1, 2004, which is to be filed for record simultaneously with this Declaration of Subordination in the Office of the Recorder of Deeds of Cook County, Illinois;

WHEREAS, in order for the Mortgagee to make the Mortgage Loan, it is a condition that the Mortgage Loan be insured by the Commissioner.

WHEREAS the Mortgage Loan is to be insured by the Commissioner in accordance with the terms and conditions of a certain U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FEDERAL HOUSING ADMINISTRATION COMMITMENT TO INSURE UPON COMPLETION Section 232 [Pursuant to Section 223(f)] dated November 20, 2003, as amended March 31, 2004, for THE IMPERIAL & THE IVY APARTMENTS (hereinafter referred to as the "Health Care Facility"), and which is identified among the records of the Federal Housing Administration (hereinafter referred to as the "FHA") as FHA Project No. 071-22065.

WHEREAS, it is a condition precedent to obtaining the insurance of the Mortgage Loan by the Commissioner that the: (a) Regulatory Agreement Nursing Homes dated as of June 1, 2004, by and between the Lessee and the Commissioner, with respect to the Skilled Nursing Facility component of Federal Housing Administration Project No. 071-22065, which is to be filed for record simultaneously with this Declaration of Subordination in

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the Office of the Recorder of Deeds of Cook County, Illinois, (hereinafter referred to as the "Regulatory Agreement Nursing Homes"); and (b) INDENTURE OF LEASE THE IMPERIAL, dated October 1, 1998, with respect to the Skilled Nursing Facility component of Federal Housing Administration Project No. 071-22065, by and between THE CLARIDGE, L.L.C., an Illinois limited liability company (hereinafter referred to as the "Lessor"), and the Lessee (hereinafter referred to as the "Lease"), which Lease was amended in accordance with the terms and conditions of a certain AMENDMENT TO INDENTURE OF LEASE THE IMPERIAL dated as of June 1, 2004, by and between the Lessor and the Lessee (hereinafter referred to as the "Amendment to Lease", with the Lease and the Amendment to Lease being hereinafter, collectively, referred to as the "Lease Agreement"), be subordinate to the Mortgage and Regulatory Agreement.

NOW, THEREFORE, in consideration of the premises and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce the Mortgagee to make the Mortgage Loan, and the Commissioner to insure said Mortgage Loan, it is hereby declared, understood and agreed as follows:

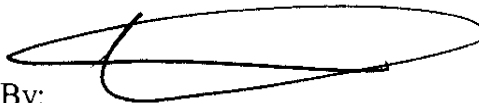
1. The Lease Agreement (including all of the terms, covenants and provisions thereof) is and shall be subject and subordinate in all respects to the Mortgage securing the Note, to the full extent of any and all amounts from time to time secured thereby and interest thereon, all with the same force and effect as if the Mortgage had been executed, delivered and recorded prior to the execution and delivery of the Lease Agreement.
2. Nothing in the Lease Agreement is intended to alter or conflict with the terms, conditions, and provisions of Department of Housing and Urban Development (hereinafter referred to as "HUD") regulations, handbooks, administrative requirements, lender notices or the documents executed by the Mortgagor in connection with the endorsement by the Commissioner of the Note, and to the extent that it does so, in the sole opinion of the Secretary, or his successors, the HUD regulations, administrative requirements, handbooks, lender notices and documents shall control and the Lease Agreement shall be amended or deemed amended so as not to alter or conflict with the aforesaid regulations, documents, administrative requirements, handbooks or notices of the Secretary or his successors, and
3. Lessee hereby agrees and acknowledges that the Regulatory Agreement Nursing Homes and Lease Agreement are in all respects subject to and subordinate to the Note, Mortgage, and Regulatory Agreement, and that, so long as the HUD Mortgage Insurance Contract is in force between HUD and the holder of the Mortgage, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the Mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property, the provisions of such documents and of applicable HUD regulations shall take precedence in the event of any conflict with the provisions of the Lease Agreement.

NO FURTHER TEXT ON THIS PAGE

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

**CLARIDGE IMPERIAL, LTD., an
Illinois corporation**



By: _____
Robert Hartman, President

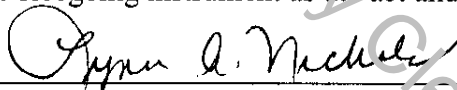
Property of Cook County Clerk's Office

STATE OF ILLINOIS)

) SS:

COUNTY OF COOK)

On this 1st day of June 2004, before me personally came Robert Hartman, to me known, who being by me duly sworn, did depose and state that he is the President of CLARIDGE IMPERIAL, LTD., an Illinois corporation, and did acknowledge that he executed the foregoing instrument as the act and deed of said corporation.



Notary Public

"OFFICIAL SEAL"
LYNNA NICHOLS
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 7/12/2005

UNOFFICIAL COPY**EXHIBIT A****LEGAL DESCRIPTION****THE IMPERIAL & THE IVY APARTMENTS****FEDERAL HOUSING ADMINISTRATION****PROJECT NO. 071-22065**

THAT PORTION OF LOT 9, OF THE COUNTY CLERK'S DIVISION OF BLOCK 43 OF SHEFFIELD'S ADDITION TO CHICAGO IN THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF THE EAST 132.10 FEET OF SAID LOT;

ALSO

ALL THAT PART OF THE EAST 132.10 FEET OF SAID LOT 9 OF COUNTY CLERK'S DIVISION OF BLOCK 43 OF SHEFFIELD'S ADDITION TO CHICAGO, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID EAST 132.10 FEET OF SAID LOT 9, WHICH POINT IS 99.64 FEET EAST FROM THE EAST LINE OF SOUTHPORT AVENUE; THENCE NORTH ALONG THE WEST LINE OF SAID EAST 132.10 FEET OF SAID LOT 9, A DISTANCE OF 595.80 FEET TO THE SOUTH LINE OF WEST ALTGELD STREET; THENCE EAST ALONG THE SOUTH LINE OF WEST ALTGELD STREET 9.60 FEET TO A POINT; THENCE SOUTH ON A STRAIGHT LINE 9.60 FEET EAST OF AND PARALLEL TO THE WEST LINE OF THE SAID EAST 132.10 FEET OF SAID LOT 9, A DISTANCE OF 123.00 FEET TO A POINT; THENCE WEST PARALLEL TO AND 123.00 FEET FROM THE SOUTH LINE OF WEST ALTGELD STREET, A DISTANCE OF 6.90 FEET TO A POINT; THENCE SOUTH PARALLEL TO AND 2.70 FEET FROM THE WEST LINE OF SAID EAST 132.10 FEET OF SAID LOT 9, A DISTANCE OF 472.80 FEET TO THE NORTH LINE OF FULLERTON AVENUE; THENCE WEST ALONG THE NORTH LINE OF FULLERTON AVENUE, 2.70 FEET TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

PERMANENT REAL ESTATE INDEX NO. 14-29-321-040, vol. 489

COMMON ADDRESS: 2437 N. SOUTHPORT AVE. AND 1366 W. FULLERTON AVE.
CHICAGO, ILLINOIS 60614