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**Recording requested by and
after recordation return to:**
U.S. Department of Housing
and Urban Development
77 West Jackson Boulevard
26th Floor
Chicago, Illinois 60605
Attention: Joseph Strobel

Doc#: 0508218112
Eugene "Gene" Moore Fee: \$40.00
Cook County Recorder of Deeds
Date: 03/23/2005 03:09 PM Pg: 1 of 9

HUD Project No. 071-EE149/IL06-S991-008
Beth-Anne Extended Living
Chicago, Illinois

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is made, as of March 1, 2005, by and between the LaSalle Bank National Association (the "Bank"), Beth-Anne Extended Living, an Illinois not-for-profit corporation ("Owner"), and the Secretary of Housing and Urban Development, Washington, D.C. (the "Secretary" or "HUD").

RECITALS:

A. Owner is the owner of that certain development known as Beth-Anne Extended Living identified as HUD Project No. 071-EE149/IL06-S991-008 (the "Project") located in the City of Chicago, in the County of Cook, in the State of Illinois, on the real estate as more particularly described in **Exhibit A** attached hereto and made a part hereof (the "Real Property") funded in part by the Affordable Housing Program of the Federal Home Loan Bank of Chicago in the amount of \$500,000.00 (the "AHP Grant"). In connection with the Owner's receipt of the AHP Grant, Bethel New Life, Inc., an Illinois not-for-profit (the "Sponsor"), the Owner, and the Bank entered into a certain Retention/Recapture Agreement dated November 28, 2001, recorded November 30, 2001, in the Recorder's Office of Cook County, Illinois, as Document No. 001127436 (the "AHP Retention Agreement") encumbering the Real Estate. Further to secure the obligations of the Retention Agreement, the Owner granted a mortgage to the Bank dated March 1, 2002, recorded April 12, 2002 in the Recorder's Office of Cook County, Illinois, as Document No. 0020424251 (the "AHP Mortgage") encumbering the Real Estate.

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B. The Owner also obtained a capital advance ("Capital Advance") in the amount of Nine Million Five Hundred Forty One Thousand Two Hundred Dollars (\$9,541,200) from the U.S. Department of Housing and Urban Development ("HUD") to the Owner, and increased by Four Hundred Forty Seven Thousand Five Hundred Dollars (\$447,500) (the "Increased Capital Advance"). Such Capital Advance was made, and the Increased Capital Advance will be made, pursuant to a Capital Advance Agreement dated as of November 1, 2001, by and between HUD and the Owner, as amended by an instrument entitled "Mortgage, Regulatory Agreement and other Capital Advance Documents Modification Agreement" dated March 1, 2005, (the "Modification Agreement") to be recorded in the Recorder's Office of Cook County, Illinois, immediately prior to the recording of this instrument. The proceeds of the Capital Advance and Increased Capital Advance are used to acquire, construct, and maintain the captioned Project. The Capital Advance is secured by a certain Mortgage from the Owner to HUD dated November 1, 2001, recorded November 20, 2001, in the Recorder's Office of Cook County, Illinois, as Document No. 0011094485 (the "HUD Mortgage") encumbering the Real Estate, which incorporated by reference that certain Regulatory Agreement by and between the Owner and HUD dated November 1, 2001, recorded November 20, 2001 in the Recorder's Office of Cook County, Illinois, as Document No. 0011094486, and amended by document dated March 1, 2002 and recorded April 12, 2002, as Document No. 0020424250 (the "HUD Regulatory Agreement"). The said HUD Mortgage, HUD Regulatory Agreement, Modification Agreement and all other documents executed by the Owner in connection therewith are herein cumulatively referred to as the "HUD C.A. Documents"

NOW, THEREFORE, in consideration of the foregoing premises, the sum of Ten Dollars (\$10.00) in hand paid, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, for themselves and for their respective successors and assigns, hereby agree as follows:

1. **Incorporation of Recitals.** The foregoing recitals are hereby incorporated by reference as if fully set forth herein.

2. **Subordination.** The lien, encumbrance, charge, operation and effect of the AHP Retention Agreement and the AHP Mortgage, including, without limitation, all rights and remedies under the AHP Retention Agreement, and the AHP Mortgage, are hereby fully subordinated to the lien, encumbrance, charge, operation and effect of the HUD Mortgage, the HUD Regulatory Agreement, the Modification Agreement, and all of the other HUD C.A. Documents, and shall at all times hereafter be and remain inferior to the HUD Mortgage and the HUD Regulatory Agreement, the Modification Agreement, and all of the other HUD C.A. Documents, and any further modifications, amendments, or restatements thereof. The parties hereto agree to enter into such further subordination instruments as may be mutually acceptable to them upon the request of a title insurance company in the event of such a modification, amendment, or restatement of the HUD Mortgage and/or the HUD Regulatory Agreement.

3. **Reliance on Subordination.** The Bank intentionally and unconditionally relinquishes and subordinates the lien of the AHP Retention Agreement and the AHP Mortgage,

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as described herein, in favor of HUD with the acknowledgment and understanding that in reliance upon and in consideration of this agreement, the Increased Capital Advance is being made by HUD to Owner.

4. **Notices.** Except where otherwise expressly provided herein, all notices and other communications hereunder shall be made in writing and shall be addressed as follows:

If to Owner:
Beth-Anne Extended Living
4952 West Thomas
Chicago, IL 60651
Attention: Rick Borenstein

If to HUD:
U.S. Department of Housing and
Urban Development
Chicago State Office
77 West Dearborn Street
26th Floor
Chicago, IL
Attention: Regional Counsel

If to LaSalle Bank
LaSalle Bank National Association
135 South LaSalle Street
Chicago, IL 60674-9135
Attention: Community Development

Each party may change its notice address for purposes of this Agreement by giving notice to all other parties as provided for herein.

5. **Other Agreements.** The Bank represents and warrants that it has not and will not execute any other agreements with provisions contradictory or in opposition to the provisions of this Agreement and that, in any event, the provisions of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other conflicting requirements.

6. **Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and/or assigns.

7. **Amendment.** This Agreement may not be modified except by an instrument in writing executed by each of the parties hereto.

8. **Severability.** Notwithstanding anything herein contained, if any one or more of the provisions of this Agreement shall for any reason whatsoever be held to be illegal,

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invalid or unenforceable in any respect, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such illegal, invalid or unenforceable provision had never been contained herein.

9. **Headings.** The headings and titles to the sections of this Agreement are inserted for convenience only and shall not be deemed a part hereof nor affect the construction or interpretation of any provisions hereof.

10. **Governing Law.** This Agreement shall be governed by all applicable federal laws and the laws of the state of Illinois.

11. **Counterparts.** This Agreement may be executed in any number of counterparts, all of which counterparts shall be construed together and shall constitute but one agreement.

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Property of Cook County Clerk's Office

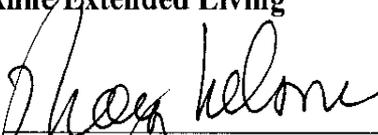
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IN WITNESS WHEREOF, the parties hereto have caused this Subordination Agreement to be executed and made effective as of the date first above written.

La Salle Bank National Association

By: 
Name: Pamela Daniels
Title: SVP

Beth-Anne Extended Living

By: 
Name: Mary Nelson
Title: President

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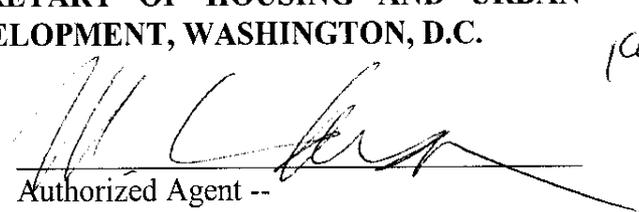
SIGNATURE PAGE TO SUBORDINATION AGREEMENT CONTINUED

HUD:

SECRETARY OF HOUSING AND URBAN DEVELOPMENT, WASHINGTON, D.C.

By:

Authorized Agent --



STATE OF ILLINOIS)
) ss:
CITY/COUNTY OF COOK)

On March 23, 2005, before me, a Notary Public in and for the aforesaid jurisdiction, personally appeared Nancy Anderson, personally known (or satisfactorily proven) to me to be the DIR. OPEX. of the Chicago State Office, and acknowledged to me that s/he executed the within instrument as Authorized Agent, by virtue of the authority vested in her/him by Section 204(g) of the National Housing Act, as amended, as her/his free and deed, and that by her/his signature on the instrument, the Secretary of Housing and Urban Development, Washington, D.C. executed the instrument as its free act and deed.

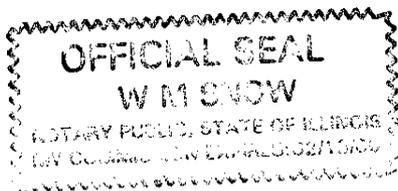
WITNESS my hand and official seal.

My Commission Expires:



[SEAL]

Notary Public



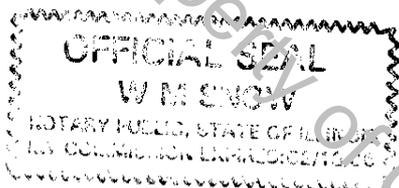
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STATE OF ILLINOIS)
)
COUNTY OF COOK) ss

I W M SNOW, a Notary in and for said County, in the State aforesaid, do hereby certify that Mary Nelson, personally known to me to be the President of Beth-Anne Extended Living, an Illinois not-for-profit corporation, appeared before me in person and acknowledged that he, being thereunto duly authorized, signed, sealed with corporate seal, and delivered the said instrument as the free and voluntary act of said corporation and as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal, this 23RD day of March, 2005.



[Handwritten Signature]

Notary Public

My Commission Expires: _____

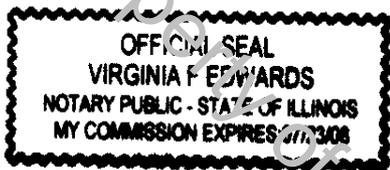
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STATE OF ILLINOIS)
)
COUNTY OF COOK) ss

I Virginia F. Edwards, a Notary in and for said County, in the State aforesaid, do hereby certify that Pamela Daniels, personally known to me to be the SVP of LaSalle Bank National Association, appeared before me in person and acknowledged that he/she, being thereunto duly authorized, signed, sealed with corporate seal, and delivered the said instrument as the free and voluntary act of said corporation and as his/her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal, this 23 day of March, 2005.



Virginia F. Edwards
Notary Public

My Commission Expires: _____

Proprietor of Cook County Clerk's Office

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EXHIBIT A

LEGAL DESCRIPTION

***PARCEL 1:

LOT 5 IN BETH-ANNE SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO PARCEL 1 FOR PARKING AREA, PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS, AND MAINTENANCE OF FACILITIES FOR UTILITY PURPOSES, AS CREATED BY JOINT USE AND EASEMENT DECLARATION DATED MARCH 1, 2005 AND RECORDED MARCH 23, 2005 AS DOCUMENT NUMBER OVER LOT 4 IN BETH-ANNE SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.***

COMMONLY KNOWN AS 1143 LAVERGNE AVENUE, CHICAGO, ILLINOIS

PIN # 16-04-404-008