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RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Schain, Burney, Ross & Citron, Ltd.
222 North LaSalle Street
Suite 1910
Chicago, Illinois 60601

Doc#: 0508804248
Eugene "Gene" Moore Fee: \$40.00
Cook County Recorder of Deeds
Date: 03/29/2005 10:39 AM Pg: 1 of 9

Attention: Richard G. Golab

SUBORDINATION AGREEMENT

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

THIS SUBORDINATION AGREEMENT ("Agreement") is made and entered into as of March 21, 2005, by and among TIMM T MARTIN ("Owner"), JAXON INVESTMENTS, L.L.C., an Illinois limited liability company ("Junior Lender"), and NORTH SHORE COMMUNITY BANK ("NSCB"), with respect to the following Recitals:

RECITALS:

A. Owner is the owner of that certain real property located in Cook County, Illinois, more particularly described on Exhibit "A" attached hereto and by this reference incorporated herein (the "Property").

B. On or about August 18, 2004, Owner executed a mortgage on the Property (the "Junior Mortgage") previously recorded, which secures a promissory note dated August 18, 2004, payable by Owner to the order of Junior Lender in the original principal amount of One Hundred Twenty Thousand and no/100 Dollars (\$120,000.00) (the "Junior Note"), which Junior Mortgage was recorded in the Office of the Cook County Recorder of Deeds as Document No. 0425442261 on September 10, 2004, and an Assignment of Rents dated on or about August 18, 2004, recorded September 10, 2004, as Document No. 0425442262 ("Junior Assignment of Rents"). The Junior Note, Junior Mortgage, Junior Assignment of Rents and any and all instruments, documents and agreements that relate to the obligations secured by the Junior Mortgage are referred to collectively herein as the "Junior Loan Documents." Junior Lender is the present owner and holder of the Junior Mortgage, the Junior Note and the other Junior Loan Documents.

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C. Owner has obtained, or is about to obtain, a loan from NSCB (the "NSCB Loan"). Owner's obligation to repay the NSCB Loan is evidenced by a promissory note (the "NSCB Note") in the sum of Seven Hundred Forty Thousand and no/100 Dollars (\$740,000.00), dated _____, 2005, payable to the order of NSCB, payable with interest and upon the terms and conditions described therein. The obligations under the NSCB Note and the NSCB Loan will be secured by a mortgage on the Property (the "NSCB Mortgage") executed by Owner, naming NSCB as Mortgagee, which NSCB Mortgage is to be recorded concurrently herewith.

D. It is a condition precedent to Owner obtaining the NSCB Loan that the NSCB Mortgage shall unconditionally be and remain at all times a lien or charge upon the Property that is prior and superior to the lien or charge of the Junior Mortgage.

E. NSCB is willing to make the NSCB Loan to Owner, provided the NSCB Mortgage is a lien or charge upon the Property prior and superior to the lien or charge of the Junior Mortgage, and Junior Lender will specifically and unconditionally subordinate the lien or charge of the Junior Mortgage to the lien or charge of the NSCB Mortgage, provided the NSCB Loan pays off and releases the following liens:

- (i) Mortgage dated December 3, 2001, and recorded December 13, 2001, as Document No. 0011182979 made by Timm T. Martin to North Shore Community Bank and Trust to secure an indebtedness in the amount of Five Hundred Fifty Thousand and no/100 Dollars (\$550,000.00); Loan Modification Agreement recorded as Document 0020838860; and
- (ii) Mortgage dated March 8, 2004, and recorded March 11, 2004, as Document No. 0407149127 made by Timm Martin to American General Financial Services of Illinois, Inc. to secure an indebtedness in the amount of Seventy Nine Thousand and no/100 Dollars (\$79,000.00);

(the aforementioned mortgages and liens shall hereinafter be referred to as "Prior Liens");

F. It is to the mutual benefit of the parties hereto that NSCB make the NSCB Loan to Owner, and Junior Lender is willing that the NSCB Mortgage shall, when recorded, constitute a lien or charge upon the Property which is unconditionally prior and superior to the lien or charge of the Junior Mortgage, provided the NSCB Loan pays off the Prior Liens and same are fully paid and released of record.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto, and for other valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, and in order to induce NSCB to make the NSCB Loan to Owner, the parties hereby incorporate the foregoing Recitals by reference as part of this Agreement, and the parties hereby further declare, understand and agree as follows:

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1. The NSCB Mortgage securing the obligations under the NSCB Note and the other obligations stated in the NSCB Mortgage to be secured thereby, and any renewals, modifications or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Property that is prior and superior to the lien or charge of the Junior Mortgage.

2. NSCB would not make the NSCB Loan to Owner without this Agreement.

3. This Agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the lien and charge of the Junior Mortgage to the lien or charge of the NSCB Mortgage, and shall supersede and cancel, but only insofar as would affect the priority between the Junior Mortgage and the NSCB Mortgage specifically described herein, any prior agreement as to such subordination, including, but not limited to, those provisions, if any, contained in the Junior Mortgage, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

4. NSCB hereby consents to the subordinate encumbrance on the Property of the lien of the Junior Mortgage.

5. NSCB and Owner hereby acknowledge and agree the proceeds of the NSCB Loan shall pay off the Prior Liens and said Prior Liens shall be released of record, causing Junior Lender to be in a second lien position with respect to the Property.

6. If an event of default occurs under the NSCB Loan, and as a result thereof NSCB intends to accelerate the entire balance of the NSCB Loan and institute proceedings for judicial or non-judicial foreclosure of the NSCB Mortgage, then NSCB agrees to provide Junior Lender with written notice of the nature and occurrence of such event of default and an opportunity to cure such event of default within the later of (i) ten (10) days after receipt of said written notice from NSCB (which written notice from NSCB to Junior Lender may, at NSCB's option, be delivered prior to, concurrently with or subsequent to any written notice of such event of default that is given by NSCB to Owner); or (ii) within the applicable cure period, if any, that may be provided for such event of default under the NSCB Loan Documents (as hereinafter defined). The written notice referred to in this paragraph will be deemed received by Junior Lender three (3) days after such written notice is placed in the United States mail, postage prepaid, and properly addressed to Junior Lender as follows, or to such other address as Junior Lender may request in writing:

Jaxon Investments, LLC
540 Frontage Road
Suite 3245
Northfield, Illinois 60093
Attention: Mr. Jack Nortman

Junior Lender shall have the right (but not the obligation) to cure any default by Owner under the NSCB Mortgage, and NSCB shall accept performance by Junior Lender as if such performance were tendered by Owner.

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7. Junior Lender declares, agrees and acknowledges that:

(a) Junior Lender consents to (i) all provisions of the NSCB Note and the NSCB Mortgage, and (ii) all agreements, including, but not limited to, any loan or escrow agreements (collectively, the "NSCB Loan Documents") between Owner and NSCB for the disbursement of the proceeds of the NSCB Loan.

(b) NSCB, in making disbursements pursuant to the NSCB Loan Documents, is under no obligation or duty to, nor has NSCB represented that it will, see to the application of such NSCB Loan proceeds by the person or persons to whom NSCB disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in the NSCB Loan Documents shall not defeat the subordination herein made in whole or part.

(c) Subject to the terms and conditions of Paragraph 5, hereinabove, Junior Lender intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Junior Mortgage in favor of the lien or charge upon the Property of the NSCB Mortgage, and all extensions, modifications and renewals thereof, and Junior Lender understands that in reliance upon, and in consideration of, this waiver, relinquishment 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, which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

8. Without in any way limiting the generality of the foregoing and notwithstanding anything to the contrary contained in the Junior Mortgage, Junior Lender covenants and agrees that until such time as the Property is fully reconveyed from the lien of the NSCB Mortgage, the NSCB Note is paid in full and NSCB has no further right, title or interest in the Property:

(a) In the event of a condemnation or other taking by eminent domain of all or any portion of the Property or in the event of any loss of or damage to all or any portion of the Property:

(i) NSCB's right to any condemnation award or other payment in lieu of condemnation and to any insurance proceeds shall be, and at all times remain, unconditionally prior and superior to any right of Junior Lender in any such award, payment or proceeds; and

(ii) In the event NSCB elects to disburse or otherwise release all or any portion of such award, payment or proceeds to Owner for the purpose of reconstruction or replacement of the Property (including any improvements now or hereafter located on the Property), Junior Lender shall in no event declare a default under the Junior Mortgage by reason of the condemnation of or damage to or destruction of the Property or by reason of such application by Owner of such

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award, payment or proceeds to the costs of reconstruction or replacement of the Property.

(b) Junior Lender shall promptly deliver to NSCB a copy of any notice of default delivered to Owner pursuant to the Junior Mortgage or the Junior Loan Documents, and no such notice shall be effective until a copy thereof is received by NSCB. (Such notice shall be given in writing to NSCB at the following address: North Shore Community Bank, 720 Twelfth Street, Wilmette, Illinois 60091, Attention: Mr. Mark Stec, and shall be delivered by hand or sent by registered or certified mail through the United States postal service to the address set forth herein, or to such other address as NSCB may request in writing. Such notices, if sent by mail, shall be deemed given three (3) days after deposit in the United States mail and, if delivered by hand, shall be deemed given when delivered). NSCB shall have the right (but not the obligation) to cure any default by Owner under the Junior Loan Documents, and Junior Lender shall accept performance by NSCB as if such performance were tendered by Owner.

9. Junior Lender and Owner each represent and warrant that as of the date this Agreement is recorded, the outstanding principal balance of the Junior Note plus the amount of accrued interest, if any, does not exceed One Hundred Seventy Five Thousand and no/100 Dollars (\$175,000.00).

10. Junior Lender and Owner each represent and warrant that as of the date hereof, to the knowledge of each, respectively, Owner is not in default under the Junior Loan Documents, nor has any event occurred, which with the giving of notice or the passage of time, or both, would constitute a default by Owner thereunder.

11. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.


12. This Agreement may be executed in any number of counterparts, all of which executed and acknowledged counterparts shall together constitute a single document. Signature and acknowledgement pages may be detached from the counterparts and attached to a single copy of this document to form physically one document which may be recorded.

13. Each of the individuals executing this Agreement on behalf of Owner, Junior Lender and NSCB has the authority to bind Owner, Junior Lender and NSCB, respectively, to the terms and conditions hereof, and each of the other parties may rely on such representation.

(SIGNATURES APPEAR ON THE FOLLOWING PAGE)

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



TIMM T. MARTIN

"Owner"

JAXON INVESTMENTS, L.L.C., an Illinois limited liability company

By: 

Name: Jack Nortman

Its: Manager

"Junior Lender"

NORTH SHORE COMMUNITY BANK

By: 

Name: Mark A Stov

Its: SR V.P.

"NSCB"

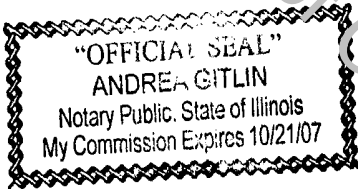
RGG/AGREEMENTS/JAXON/SUBORDINATION-AGR-MARTIN
03/21/2005 RGG

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STATE OF ILLINOIS)
) ss.
COUNTY OF Cook)

On March 22, 2005, before me,
ANDREA GITLIN, personally appeared
Timm T. Martin, 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 person(s) acted, executed the instrument.

WITNESS my hand and official seal.

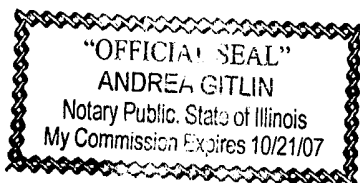


Andrea Gitlin
Notary Public

STATE OF ILLINOIS)
) ss.
COUNTY OF Cook)

On March 22, 2005, before me,
ANDREA GITLIN, personally appeared
Jack Nortman, 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 person(s) acted, executed the instrument.

WITNESS my hand and official seal.



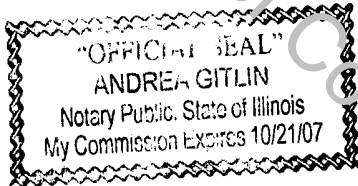
Andrea Gitlin
Notary Public

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STATE OF ILLINOIS)
) ss.
COUNTY OF Cook)

On March 22, 2005, before me,
Andrea Gitlin, personally appeared
Mark A. Stec, 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 person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Andrea Gitlin
Notary Public

Property of Cook County Clerk's Office

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

THE NORTH 120 FEET OF THE SOUTH 170 FEET OF THE EAST 75 FEET OF THE WEST 1131 FEET OF THE WEST 30 ACRES OF THE SOUTH ½ OF THE NORTH ½ OF THE SOUTHWEST ¼ OF SECTION 9, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.: 04-09-200-012-0000

PA: 2570 Walters Ave.
Northbrook, IL 60062

Property of Cook County Clerk's Office