



0513118035

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Eugene "Gene" Moore Fee: \$42.00
Cook County Recorder of Deeds
Date: 05/11/2005 12:55 PM Pg: 1 of 10

THIS INSTRUMENT PREPARED BY
AND AFTER RECORDING
RETURN TO:

Jeffrey N. Owen, Esq.
DLA Piper Rudnick Gray Cary US LLP
203 North LaSalle Street
Suite 1900
Chicago, Illinois 60601

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SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (the "Agreement") is made as of this 10th day of May, 2005, between LOCKWOOD NEVADA CORP. (the "Senior Lender") and BOTTLEWERKS MOLDING, INC. (the "Subordinated Lender").

RECITALS:

A. Senior Lender intends to become the lender of a mortgage loan (the "Senior Loan") in the amount of approximately \$18 Million to 1000 South Michigan Avenue, L.L.C. and Chicago Title Land Trust Company, not personally, but as Trustee under trust agreement dated September 9, 1998, and known as Trust No. 1106328 (collectively, the "Borrower"), secured by, among other things, the property at 1000 South Michigan, Chicago, Illinois, as legally described on Exhibit A attached hereto (the "Property").

B. The Senior Loan is evidenced by that certain Existing Obligations Promissory Note I, that certain Existing Obligations Promissory Note II and that certain New Advance Promissory Note, each of even date herewith, in the collective amount of approximately \$18 Million (the "Senior Notes").

C. The Senior Notes are secured by, among related documents, that certain Amended and Restated Mortgage and Security Agreement (the "Senior Mortgage"), that certain Assignment of Rents and Leases, that certain Assignment of Judgment and those other documents required by Senior Lender to secure the Senior Loan, all of even date herewith (collectively, the "Senior Loan Documents").

D. All obligations of Borrower to Senior Lender now existing or hereafter arising, due or to become due, under the Senior Loan Documents are herein called the "Senior Liabilities".

Box 400-CTCC

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E. Subordinated Lender is the lender of a mortgage loan (the “**Subordinated Loan**”) in the original amount of Five Million Five Hundred Thousand Dollars (\$5,500,000.00) to Borrower.

F. In order to secure the Subordinated Loan, Borrower executed and delivered that certain Mortgage dated September 9, 1998 and recorded September 19, 1998 as Document No. 98818357 (the “**Subordinated Mortgage**”), together with other related loan documents securing the Subordinated Loan (collectively, the “**Subordinated Loan Documents**”).

G. All obligations of the borrower(s) and pledgors of collateral (collectively, the “**Subordinated Loan Obligors**”) under the Subordinated Loan Documents to Subordinated Lender now existing or hereafter arising, due or to become due, under the Subordinated Loan Documents are herein called the “**Subordinated Liabilities**”.

H. In order to induce Senior Lender to extend the Senior Loan, Subordinated Lender has agreed to subordinate the Subordinated Loan to the Senior Loan.

NOW, THEREFORE, in consideration of the foregoing and as an inducement to Senior Lender to extend the Senior Loan, 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. **Subordination of Liens.** Subordinated Lender hereby agrees that the Subordinated Liabilities are and shall be subject and subordinate to the Senior Liabilities and that the liens and security interests created by the Subordinated Loan Documents are and shall be subject and subordinate to the liens and security interests created by the Senior Loan Documents and to any and all amendments, modifications, extensions, replacements or renewals of the Senior Loan Documents, and to any and all advances heretofore made or hereafter to be made under the Senior Loan Documents pursuant to the terms thereof.

2. **Waiver by Subordinated Lender.** Subordinated Lender hereby waives (a) notice of the existence, creation or nonpayment of all or any of the Senior Liabilities; and (b) all diligence in collection of, protection of or realization upon the Senior Liabilities or any security therefor.

3. **Default under Subordinated Loan.** Subordinated Lender shall not declare a default under the Subordinated Loan until the Senior Liabilities have been discharged.

4. **Acquisition of Fee Title by Senior Lender.** Subordinated Lender hereby agrees that an acquisition of fee title to the Property by Senior Lender, its nominee, or any other person or entity through a foreclosure of the Senior Mortgage (where such foreclosure does not extinguish the security interests created by the Subordinated Loan Documents) or through a deed in lieu of foreclosure is not a “sale or disposition” and will not constitute an event of default under the Subordinated Loan Documents.

5. **Subrogation.** Until such time as the Senior Liabilities have been paid in full, Subordinated Lender waives and releases any and all rights of subrogation which it has against the Property and which subrogation would result in Subordinated Lender obtaining a priority

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equal or superior to the priority of the Senior Loan Documents for any funds which Subordinated Lender may advance either to cure defaults under security instruments or pay liens encumbering the Property or otherwise protect the lien of the Subordinated Loan Documents or any of them.

6. **Permitted Actions by Senior Lender.** Senior Lender, from time to time, in its sole discretion and without notice to Subordinated Lender, may retain or obtain a security interest in any property to secure any of the Senior Liabilities.

7. **Assignment.** Senior Lender, from time to time, without notice to Subordinated Lender, may assign or transfer any or all of the Senior Liabilities or any interest therein.

8. **Successors and Assigns.** This Agreement shall be binding upon Subordinated Lender and its successors and assigns.

9. **No Waiver by Senior Lender.** Senior Lender shall not be prejudiced in its rights under this Agreement by any act or failure to act by Borrower or Subordinated Lender, or any non-compliance of Borrower or Subordinated Lender with any agreement or obligation, regardless of any knowledge thereof which Senior Lender may have or with which Senior Lender may be charged.

10. **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 business day after being deposited in United States registered or certified mail, postage prepaid, addressed to a party at its address set forth below:

If to Senior Lender:

Lockwood Nevada Corp.
600 Central Avenue, Suite 365
Highland Park, Illinois 60035
Attn: Robert Goldman

with a copy to:

Much Shelist
191 N. Wacker Drive, Suite 1800
Chicago, Illinois 60606
Attention: Steve Schwartz, Esq.

If to Subordinated Lender:

Bottlewerks Molding Inc.
c/o Guy Gardner
1006 South Michigan Avenue, Suite 200
Chicago, Illinois 60605

with a copy to:

DLA Piper Rudnick Gray Cary LLP
203 N. LaSalle, Suite 1900
Chicago, IL 60601
Attention: Jeffrey N. Owen, Esq.

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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.

11. **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 be 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.

12. **Termination.** This Agreement shall terminate upon full and final payment of any and all amounts due under the Senior Liabilities, provided that all rights of Subordinated Lender hereunder shall automatically terminate at such time as the Subordinated Liabilities have been paid in full.

13. **Counterparts.** This Agreement may be executed in multiple counterparts which, when assembled, shall be deemed one in the same instrument for all purposes.

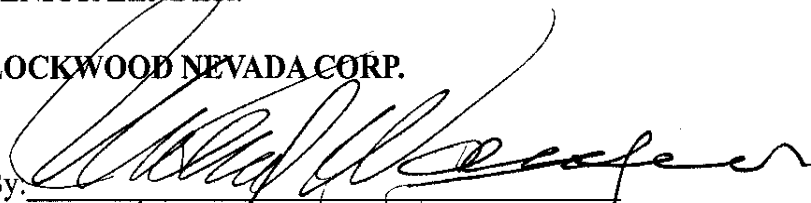
[REMAINDER OF PAGE INTENTIONALLY BLANK-SIGNATURE PAGE FOLLOWS]

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

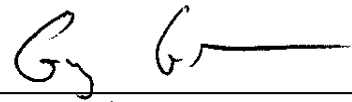
SENIOR LENDER:

LOCKWOOD NEVADA CORP.

By: 
Name: NATHAN WAGNER
Its: PRESIDENT

SUBORDINATED LENDER:

BOTTLEWERKS MOLDING, INC.

By: 
Name: Guy Gardner
Its: Officer

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STATE OF ILLINOIS)
)
COUNTY OF COOK) SS.

I, ~~the undersigned~~ a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that NATHAN WAGNER, personally known to me to be PRESIDENT of LOCKWOOD NEVADA CORP., and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they signed and delivered said instrument as PRESIDENT of said organization, as its free and voluntary act and as the free and voluntary act and deed of said organization, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 10 day of MAY, 2005.

Janet Johnson West
Notary Public

My Commission expires:



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STATE OF ILLINOIS)
)
 COUNTY OF COOK)

ss.

I, PATRICIA A. DILLMAN, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Guy Gardner, personally known to me to be an Officer of BOTTLEWERKS MOLDING, INC., and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they signed and delivered said instrument as Officer of said company, as its free and voluntary act and as the free and voluntary act and deed of said company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 9th day of May, 2005.

Patricia A. Dillman
 Notary Public

My Commission expires:

April 15, 2006



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CONSENT AND AGREEMENT OF BORROWER

Borrower hereby acknowledges the terms of and consents to the foregoing Agreement and agrees for itself and its respective successors and assigns, for the benefit of Senior Lender, its successors and assigns, that (i) said Agreement does not constitute a waiver or partial waiver by Senior Lender of any of its rights under the Senior Loan Documents, or in any way release Borrower from its obligations to comply with the terms and conditions contained in the Senior Loan Documents (including, without limitation, the obligation to refrain from any further encumbrancing of the Property without the prior written consent of Senior Lender); and (ii) Borrower will not take any action contrary to or inconsistent with said Agreement.

1000 South Michigan Avenue, L.L.C.,
an Illinois limited liability company

By: 

Name: Guy Gardner

Its: Manager

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STATE OF ILLINOIS)
)
) SS.
COUNTY OF COOK)

I, PATRICIA A. DILLMAN, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Guy Gardner, personally known to me to be the sole member and manager of 1000 South Michigan Avenue, L.L.C., and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they signed and delivered said instrument as their free and voluntary act and as general partners as aforesaid, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 9th day of May, 2005.

Patricia A. Dillman
Notary Public

My Commission expires:

April 15, 2006



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EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THE NORTH 2/3 OF BLOCK 20 IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO,
(EXCEPTING THEREFROM:

LOT 1; LOT 4 EXCEPT THE SOUTH 1/3 THEREOF, THE EAST 60.00 FEET OF LOT 2;
THE EAST 60.00 FEET OF LOT 3 EXCEPT THE SOUTH 1/3 THEREOF, AND EXCEPTION
THEREFROM A STRIP OF LAND, 1.33 FEET WIDE NORTH OF AND ADJOINING LOT
10 IN C. L. HARMON'S SUBDIVISION OF THE SOUTH 1/3 OF SAID BLOCK 20) IN
FRACTIONAL SECTION 15, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD
PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESS OF REAL ESTATE:

1000 South Michigan Avenue
Chicago, Illinois

PERMANENT TAX IDENTIFICATION NUMBER:

17-15-307-001, 17-15-307-002, 17-15-307-005, 17-15-307-011, 17-15-307-017, 17-15-307-018,
17-15-307-023, 17-15-307-024, and 17-15-307-025