



Doc#: 0627742162 Fee: \$46.00
Eugene "Gene" Moore RHSP Fee:\$10.00
Cook County Recorder of Deeds
Date: 10/04/2006 01:46 PM Pg: 1 of 12

THIS INSTRUMENT PREPARED BY
AND WHEN RECORDED MAIL TO:

Juan Carlos Linares
Assistant Corporation Counsel
City of Chicago Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is made as of September 29, 2006, by and between Lazarus Limited Partnership, an Illinois limited partnership (the "Borrower"), with a mailing address of 3843 West Ogden Avenue, Chicago, Illinois 60623; LaSalle Bank National Association, a national banking association (the "Senior Lender"), with a mailing address of 135 South LaSalle, Chicago, Illinois 60603; and the City of Chicago, an Illinois municipal corporation, through its Department of Housing ("DOH"), with a mailing address of 33 North LaSalle Street, Chicago, Illinois 60602 (the "City").

RECITALS

- A. The City Council, pursuant to an ordinance enacted on May 4, 1994, and published at pages 49305 through 49310 of the Journal of the Proceedings of the City Council (the "Journal of Proceedings") of that date, authorized DOH to make a loan to the Borrower, in an amount not to exceed \$1,430,500 from HOME Program Funds, with a term not to exceed 32 years (the "City Loan") for the rehabilitation of two buildings located at 1900-1902 South Harding Avenue and 1857-1867 South Pulaski Road, Chicago, Illinois 60623 (the "Property" as legally described in Exhibit A, which is incorporated herein).
- B. The City made the City Loan to the Borrower on September 21, 1994. The City Loan is evidenced by that certain Housing Loan Agreement dated as of September 21, 1994 (the "Loan Agreement"), by and between the City and the Borrower; that certain Regulatory Agreement dated September 21, 1994 (the "Regulatory Agreement") by and between the Borrower and the City, and that certain Note dated September 21, 1994 (the "Note"), made by the Borrower in favor of the City in the original principal amount of \$1,430,500,

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and secured, among other things, by that certain Junior Mortgage, Security Agreement and Financing Statement dated September 21, 1994 (the "Junior Mortgage"), made by the Borrower in favor of the City; and that certain Assignment of Rents and Leases dated September 21, 1994 (the "Assignment of Rents"), made by the Borrower in favor of the City. The Junior Mortgage, the Assignment of Rents and the Regulatory Agreement encumber the Property and were recorded in the Office of the Cook County Recorder of Deeds (the "Recorder's Office") on September 22, 1994 as Document Nos. 94827950, 94827951 and 94827948, respectively. Collectively the Loan Agreement, the Note, the Junior Mortgage, the Assignment of Rents, the Regulatory Agreement and any other documents executed in connection with the City Loan shall be referred to herein as the "Junior Loan Documents."

- C. The Junior Mortgage is subordinate and subject to the rights created under a certain Construction Mortgage, Fixture Filing and Security Agreement with Assignment of Leases and Cash Collateral (the "Original Senior Mortgage"), and Loan Modification Agreement (hereinafter collectively referred to as the "Original Senior Loan Documents") in favor of Senior Lender on September 21, 1994, by and between Senior lender and Borrower, dated as of September 21, 1994 and recorded in the Recorder's Office on September 22, 1994 as Document No. 94827945, and on February 22, 1996 as Document No. 96136684, respectively, securing a loan in the amount of \$257,000 (the "Original Senior Loan").
- D. The Borrower has made timely payments on the City Loan and has requested that DOH approve a proposed restructuring in connection with the refinancing of the Senior Loan in a manner which (i) will not alter the principal amount, maturity or interest rate of the City Loan, (ii) will increase the principal amount of the Senior Loan to \$360,000, and (iii) will subordinate the Junior Mortgage to all liens securing the new senior financing (collectively, the "Subordination").
- E. The Senior Lender has agreed to release the Original Senior Loan Documents upon payment to Senior Lender by the Borrower on the Closing Date in full satisfaction of the Original Senior Loan Documents, under that certain payoff statement dated September 28, 2006.
- F. On the date hereof the Senior Lender shall make a loan to the Borrower in the amount of \$360,000 (the "Senior Loan") to, among other things, retire the Original Senior Loan and secure the release of the Original Senior Mortgage. On the date hereof the Borrower shall execute that certain Promissory Note in favor of the Senior Lender (the "Senior Note") evidencing the Senior Loan. The Senior Note shall be secured by that certain Mortgage, Security Agreement, Assignment of Rents and Leases and Fixture Filing and that certain Assignment of Rents and Leases (collectively, the "Senior Mortgage") executed by the Borrower on the date hereof and recorded concurrently herewith in the Recorder's Office. The Senior Note and the Senior Mortgage, and any other documents evidencing and

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securing the Senior Loan are hereinafter collectively referred to as the "Senior Loan Documents."

- G. It is a condition to the Senior Lender making the Senior Loan to the Borrower that the Senior Mortgage unconditionally be and remain at all times a lien, claim and charge upon the Property prior and superior to the liens, claims and charges of the Junior Loan Documents.
- H. The extension and/or continued extension of credit, as aforesaid, by Senior Lender is necessary or desirable to the conduct and operation of the business of the Borrower, and will inure to the benefit of City. The Senior Lender would not make the Senior Loan without this Subordination Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the above Recitals, which are hereby incorporated herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENTS

1. The City agrees that the Senior Mortgage and any and all renewals, modifications, extensions or advances thereunder or secured thereby (including interest thereon), unconditionally do and will remain at all times a lien, claim or charge on the Property prior and superior to the Junior Loan Documents. The maximum amount of indebtedness secured by the Senior Mortgage, shall be \$450,000, plus interest at the rate set forth in the Senior Note, not including protective advances.

2. The City agrees that:

- A. The City intentionally and unconditionally: (i) consents to the liens, claims and charges upon the Property of the Senior Loan Documents, and (ii) subjects and subordinates the liens, claims and charges of the Junior Loan Documents in favor of the liens, claims and charges upon the Property of the Senior Loan Documents and understands that in reliance upon, and in consideration of, this subjection and subordination, a specific loan is being made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into that would not be made or entered into but for Senior Lender's reliance upon this subjection and subordination.
- B. Any waiver or forbearance by the Senior Lender in the exercise of its rights and remedies under the Senior Mortgage shall not impair the priority of the lien of the Senior Mortgage.

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3. The Senior Lender and the Borrower agree and acknowledge that this Subordination Agreement does not constitute a novation of the existing indebtedness under the Junior Loan Documents, but is intended to be a modification of the Junior Loan Documents. The Senior Lender and the Borrower agree that except as set forth in this Subordination Agreement, the provisions of the Junior Loan Documents remain in full force and effect and are hereby ratified and confirmed. The Junior Mortgage shall continue to secure repayment of all amounts due under the Note without loss of priority.

4. This Subordination Agreement is the whole and only agreement with regard to the subordination of the liens, claims and charges of the Junior Loan Documents. This Subordination Agreement is binding on and inures to the benefit of the legal representatives, heirs, successors and assigns of the parties.

5. If any party to this Subordination Agreement brings an action, other than foreclosure, to interpret or enforce its rights under this Subordination Agreement, the prevailing party will be entitled to recover its costs and attorneys' fees as awarded in the action.

6. All notices given under this Subordination Agreement must be in writing and will be served effectively upon delivery, or if mailed, upon the first to occur of receipt or the expiration of 48 hours after deposit in certified United States mail, postage prepaid, sent to the party at its address appearing above. Those addresses may be changed by any party by notice to all other parties. Neither this Subordination Agreement nor any of the provisions hereof can be changed, waived, discharged or terminated, except by an instrument in writing signed by all parties to this Subordination Agreement.

7. This Subordination Agreement is governed by the internal laws of the State of Illinois, without regard to the choice of law rules of that State.

8. This Subordination Agreement may be executed in counterparts, and all counterparts constitute but one and the same document.

9. The Borrower and the Senior Lender expressly agree that no member, official, employee or agent of the City shall be individually or personally liable to the Borrower or to the Senior Lender, or any of their successors or assigns, in the event of any action, default or breach by the City under this Subordination Agreement.

10. Pursuant to Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person

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acting at the direction of such official, with respect to any of the Junior Loan Documents or this Subordination Agreement, or in connection with the transactions contemplated thereby, shall be grounds for termination of the Junior Loan Documents, this Subordination Agreement and the transactions contemplated thereby. The Borrower hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to any of the Junior Loan Documents, this Subordination Agreement or the transactions contemplated thereby.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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IN WITNESS WHEREOF, this Subordination Agreement is executed as of the day and year above written.

CITY OF CHICAGO, an Illinois municipal corporation,
acting by and through its Department of Housing

By: _____
Name: _____
Title: _____

LASALLE BANK NATIONAL ASSOCIATION,
a national banking association

By: _____
Name: _____
Title: _____

LAZARUS LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Lazarus Apartments Corporation,
an Illinois corporation and its sole
general partner

By: Richard E. Townsell
Name: Richard E. Townsell
Title: Secretary

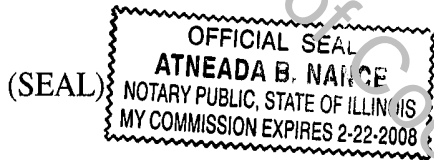
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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Richard E. Townsell, personally known to me to be the Secretary of Lazarus Apartments Corporation, an Illinois corporation, (the "General Partner") and the sole general partner of Lazarus Limited Partnership (the "Borrower"), an Illinois limited partnership, and known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such officer, he signed and delivered the said instrument pursuant to authority given by the Board of Directors of the General Partner, and as his free and voluntary act and deed and as the free and voluntary act and deed of the General Partner and of the Borrower for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 28th day of September, 2006.



Atneada B. Nance
Notary Public

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IN WITNESS WHEREOF, this Subordination Agreement is executed as of the day and year above written.

CITY OF CHICAGO, an Illinois municipal corporation,
acting by and through its Department of Housing

By: _____
Name: _____
Title: _____

LASALLE BANK NATIONAL ASSOCIATION,
a national banking association

By: Michael McGovern
Name: Michael McGovern
Title: Assistant Vice President

LAZARUS LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Lazarus Apartments Corporation,
an Illinois corporation and its sole
general partner

By: _____
Name: _____
Title: _____

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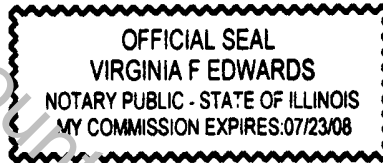
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the County and State aforesaid, DO
HEREBY CERTIFY THAT Michael McGovern, personally known to me to be the
Asst Vice President of LaSalle Bank National Association (the "Senior Lender"), 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 acknowledged that as such officer, (s)he
signed and delivered the said instrument pursuant to authority, as his/her free and voluntary act,
and as the free and voluntary act and deed of said Senior Lender, for the uses and purposes
therein set forth.

GIVEN under my hand and notarial seal this 28th day of September, 2006.

Virginia F. Edwards
Notary Public

(SEAL)

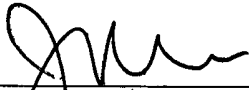


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IN WITNESS WHEREOF, this Subordination Agreement is executed as of the day and year above written.

CITY OF CHICAGO, an Illinois municipal corporation,
acting by and through its Department of Housing

By: 
 Name: John J. Markowski
 Title: Commissioner

LASALLE BANK NATIONAL ASSOCIATION,
a national banking association

By: _____
 Name: _____
 Title: _____

LAZARUS LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Lazarus Apartments Corporation,
an Illinois corporation and its sole
general partner

By: _____
 Name: _____
 Title: _____

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EXHIBIT A

Legal Description

PARCEL 1:

LOTS 98 AND 99 IN THE SUBDIVISION OF LOTS 2, 3 AND 5 IN THE PARTITION OF THE WEST 60 ACRES, NORTH OF THE SOUTHWESTERN PLANK ROAD, IN THE SOUTHWEST ¼ OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 1900-02 S. Harding, Chicago, Illinois
P.I.N.: 16-23-316-013-0000

PARCEL 2:

LOTS 28, 29, 30, 31 AND 32 IN BLOCK 4 OF MOORE'S SUBDIVISION OF LOT 1 IN THE SUPERIOR COURT PARTITION OF THE WEST 60 ACRES LYING NORTH OF THE SOUTH WESTERN PLANK ROAD OF THE SOUTHWEST ¼ OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 1857-67 S. Pulaski, Chicago, Illinois
P.I.N.: ~~16-23-308-013-0000~~
16-23-308-019-0000