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Doc#: 0706126165 Fee: \$42.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 03/02/2007 02:25 PM Pg: 1 of 10

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Property of Cook County Clerk's Office

**THIS INSTRUMENT PREPARED BY
AND WHEN RECORDED MAIL TO:**

Adam R. Walker
Assistant Corporation Counsel
City of Chicago Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT ("Subordination Agreement") is made as of February 27, 2007 by TWG Kedzie LLC, an Illinois limited liability company ("Borrower"), the owner of fee simple title to the real property hereinafter described, with a mailing address of c/o The Wolcott Group, Inc., 1144 West Fulton Street - Suite 210, Chicago, Illinois 60607, ShoreBank ("Senior Lender"), an Illinois banking corporation, with a mailing address of 7054 S. Jeffery Boulevard, Chicago, Illinois 60649, and the CITY OF CHICAGO, an Illinois municipal corporation, through its Department of Housing, with a mailing address of 33 North LaSalle Street - 2d Floor, Chicago, Illinois 60602 ("Junior Lender").

RECITALS

- A. The City made a loan ("Loan") to the Borrower on September 20, 1991, which was evidenced by, among other things, that certain Housing Loan Agreement dated September 20, 1991, made by and among the Borrower and the City, and that certain Note dated September 20, 1991, made by the Borrower in favor of the City in the original principal amount of the Loan; and secured by that certain

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Box 400-CTCC

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Junior Mortgage and Security Agreement dated September 20, 1991, made by the Borrower in favor of the City (the "Junior Mortgage") and recorded in the office of the Cook County Recorder of Deeds on September 20, 1991 as Document No. 91490716, and modified by that certain First Modification Agreement and recorded on May 21, 2003 as Document No. 0314134141; and further secured by that certain Assignment of Rents and Leases dated September 20, 1991, made by the Borrower in favor of the City (the "Junior Assignment of Rents and Leases") and recorded in the office of the Cook County Recorder of Deeds on September 20, 1991 as Document No. 91490717, and modified by that certain First Modification Agreement and recorded on May 21, 2003 as Document No. 0314134141; and further secured by that certain Declaration of Restrictive Covenants and Regulatory Agreement dated September 20, 1991, made by and among the Borrower and the City (the "Regulatory Agreement") and recorded in the office of the Cook County Recorder of Deeds on September 20, 1991 as Document No. 91490713, and modified by that certain First Modification Agreement and recorded on May 21, 2003 as Document No. 0314134141. The Junior Mortgage, Junior Assignment of Rents and Leases, Regulatory Agreement, and all other documents entered into in connection with the Loan are collectively referred to herein as the "Junior Loan Documents." The Junior Loan Documents encumber certain real property located at 4631-4637 South Lake Park Avenue, in the City of Chicago, County of Cook, State of Illinois, more particularly described in Exhibit A attached hereto and made a part hereof ("Property").

- B. The Junior Mortgage and Junior Assignment of Rents and Leases are subordinate and subject to the rights created under that certain Mortgage, Security Agreement and Assignment of Rents and Leases executed by the Borrower in favor of the Illinois Housing Development Authority, dated as of May 20, 2003 and recorded in the Cook County Recorder of Deeds on May 20, 2003 as Document No. 0314134139, as further modified on August 22, 2003, then assigned on June 7, 2006 to TWG Funding XXIV LLC, and then collaterally assigned on June 14, 2006 to Heritage Community Bank ("Original Senior Mortgage"), securing a loan in the amount of \$1,083,000 from the Illinois Housing Development Authority to the Borrower ("Original Senior Loan").
- C. The Junior Lender and the Borrower have executed or will execute as of the date hereof a second amendment to the Junior Loan Documents ("Second Amendment").
- D. Junior Lender and Borrower desire that Senior Lender make a mortgage loan to Borrower in the amount of \$2,000,000 ("Senior Loan") which shall be used to pay off the Original Senior Loan and secure the release of the Original Senior Mortgage. Dated as of the date hereof, Borrower has executed a Mortgage ("Senior Mortgage"), a Promissory Note ("Senior Note") in the amount of

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\$2,000,000, and an Assignment of Rents ("Senior Assignment") in favor of Senior Lender. The Senior Mortgage secures the Senior Note and is being recorded concurrently herewith. The Senior Note, Senior Mortgage, Senior Assignment and any other documents evidencing and securing the Senior Loan are hereinafter collectively referred to as the "Senior Loan Documents." Once the Original Senior Loan is paid off, the Borrower agrees to promptly ensure that the Original Senior Mortgage is released.

- E. It is a condition to the Senior Lender making the Senior Loan to 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.
- F. Senior Lender would not make the Senior Loan without this Subordination Agreement.

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

AGREEMENTS

1. The above Recitals are incorporated herein and made a part hereof by reference.
2. The Senior Mortgage and other Senior Loan Documents, and any and all renewals, modifications, extensions or advances thereunder or secured thereby (including interest thereon), unconditionally and will remain at all times a lien, claim or charge on the Property prior and superior to the Junior Mortgage and the Junior Loan Documents, as amended by the Second Amendment, except for the covenants and restrictions contained in Sections 2.7, 2.8, 2.19, 2.21 and 2.23 of the Regulatory Agreement. The maximum amount of indebtedness secured by the Senior Mortgage is \$2,000,000, plus interest, plus any disbursements for the payment of taxes and insurance on the Property, plus interest thereon, plus any other sums advanced in accordance with the terms thereof or any of the other Senior Loan Documents to protect the security of the Senior Mortgage or any of the other Senior Loan Documents, including, without limitation any Protective Advances (as defined in the Senior Mortgage), plus interest thereon.
3. The Junior Lender agrees that:
 - A. Junior Lender intentionally and unconditionally: (i) consents to the liens, claims and charges upon the Property arising from the Senior Loan Documents, and (ii) subjects and subordinates the liens, claims and charges of the Junior Loan Documents, as amended by the Second Amendment, except for the covenants and restrictions contained in

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Sections 2.7, 2.8, 2.19, 2.21 and 2.23 of the Regulatory Agreement, in favor of the liens, claims and charges upon the Property arising from the Senior Loan Documents and understands that in reliance upon, and in consideration of, this subjection 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 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.

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, as amended by the Second Amendment, to the Senior 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 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 forty-eight (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.

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

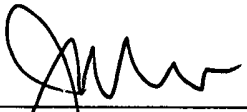
8. This Subordination Agreement may be executed in counterparts, and all counterparts constitute but one and the same document.

[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: 

John G. Markowski, Commissioner

ShoreBank, an Illinois banking corporation

By: _____
Name: _____
Its: _____

TWG Kedzie LLC, an Illinois limited liability company

By: The Wolcott Group, Inc., an Illinois corporation and one of its managers

By: _____
Name: _____
Its: _____

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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: _____
John G. Markowski, Commissioner

ShoreBank, an Illinois banking corporation

By: _____
Name: Kevin Meloy
Its: Vice President

TWG Kedzie LLC, an Illinois limited liability company

By: The Wolcott Group, Inc., an Illinois corporation and one of its managers

By: _____
Name: VICTOR MICHEL
Its: MEMBER / MANAGER

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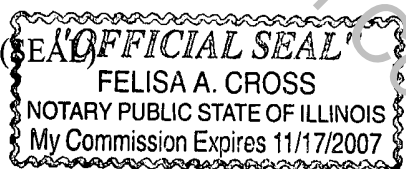
STATE OF ILLINOIS)
) SS
 COUNTY OF COOK)

I, the undersigned, a notary public in and for the County and State aforesaid, do hereby certify that **John G. Markowski**, personally known to me to be the Commissioner of the Department of Housing of the City of Chicago (the "City") 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 Commissioner, he/she 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 City, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 24th day of February, 2007.

Felisa A. Cross

 Notary Public



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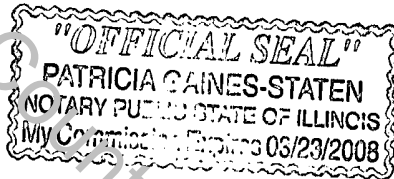
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the County and State aforesaid, DO HEREBY CERTIFY THAT KEVIN McVEY, personally known to me to be the Vice Pres of ShoreBank (the "new 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 _____, (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 new Senior Lender, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 26th day of Feb, 2007.

Patricia Gaines Staten
Notary Public

(SEAL)



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EXHIBIT A

Legal Description

LOTS 1 AND 2 IN SHERMAN'S RESUBDIVISION OF LOTS 5 AND 6 IN LYMAN'S SUBDIVISION OF THAT PART LYING WEST OF THE ILLINOIS CENTRAL RAILROAD OF THE SOUTHEAST FRACTIONAL QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Address Commonly Known as:

4631-4637 South Lake Park Avenue, Chicago, Illinois

PIN:

20-02-405-049

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