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NOW, THEREFORE, in consideration of the extension and/or continued extension of credit by the Senior Lender to the Borrower, as the Senior Lender may, in its sole discretion, determine, and for other good and valuable consideration to the Junior Lender, the receipt and sufficiency of which are hereby acknowledged, the Junior Lender and the Borrower hereby agree with the Senior Lender as follows:

## AGREEMENTS:

### 1. Subordination.

1.1 The Junior Lender hereby subordinates the indebtedness evidenced by the Junior Note and Junior Debt Instruments, and any and all other indebtedness now or at any time or times hereafter owing by the Borrower, or any successor or assign of the Borrower, including without limitation, a receiver, trustee or debtor-in-possession (the term "Borrower" as used hereinafter shall include any such successor or assign) to the Junior Lender, whether such indebtedness is absolute or contingent, direct or indirect and howsoever evidenced, including without limitation, all interest thereon, including pre-petition and post-petition interest, fees and expenses and any other charges, and any refinancings thereof (collectively, the "Junior Debt") to any and all indebtedness now or at any time hereafter owing by the Borrower to the Senior Lender, whether absolute or contingent, direct or indirect and howsoever evidenced, including, but not limited to, all pre-petition and post-petition interest thereon, fees, expenses and all other demands, claims, liabilities or causes of action for which the Borrower may now or at any time or times hereafter in any way be liable to the Senior Lender, whether under any agreement, instrument or document executed and delivered or made by the Borrower to the Senior Lender or otherwise, including any refinancings thereof (collectively, the "Senior Debt").

1.2 The Junior Lender hereby subordinates all security interests, liens, encumbrances and claims, whether now existing or hereafter arising, in that certain property known as 3434 51<sup>st</sup> Street, Chicago, Illinois (the "Junior Lender's Collateral") to all security interests, liens, encumbrances and claims, whether now existing or hereafter arising, which in any way secure the payment of the Senior Debt (the "Senior Lender's Collateral").

1.3 The Junior Lender shall not take any action to enforce any of its liens on the Junior Lender's Collateral.

1.4 The Junior Lender agrees that it shall have no right to possession of any assets included in the Junior Lender's Collateral or in the Senior Lender's Collateral, whether by judicial action or otherwise.

1.5 The Junior Lender agrees to instruct the Borrower not to pay, and agrees not to accept payment of, or assert, demand, sue for or seek to enforce against the Borrower or any other person or entity, by setoff or otherwise, all or any portion of the Junior Debt. With the exception that the Borrower may pay accrued interest on the Junior Note or Junior Debt Instruments at a per annum rate of interest not in excess of the rate in effect from time to time under the Junior Note or Junior Debt Instruments together with principal payments at the times and in the amounts as currently required under the Junior Note and Junior Debt Instruments. Unless the Senior Debt is in default in accordance with any and all terms and conditions to the Senior Debt as defined within the loan document evidencing the debt by the borrower to the Senior Lender. In that event any and all service to the Junior Debt shall

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immediately cease and all funds paid to the Junior Debt subsequent to any default to the Senior Debt shall be remitted to the Senior Lender by the Junior Lender forthwith.

1.6 The Junior Lender hereby subrogates to the Senior Lender all of the Junior Lender's right, title and interest in and to the Junior Debt and the Junior Lender's Collateral, and hereby irrevocably authorizes the Senior Lender (i) to collect, receive, enforce and accept any and all sums or distributions of any kind, whether cash, securities or other property, that may become due, payable or distributable on or in respect of the Junior Debt or the Junior Lender's Collateral, whether paid directly by the Borrower or paid or distributed in any liquidation, bankruptcy, arrangement, receivership, assignment, reorganization or dissolution proceedings or otherwise, and (ii) in the Senior Lender's sole discretion, to make, present and vote claims therefor in, and take such other actions as the Senior Lender deems necessary or advisable in connection with any such proceedings, either in the Senior Lender's name or in the name of the Junior Lender, including, but not limited to, any election in any proceeding instituted under Chapter 11 of Title 11 of United States Code (11 U.S.C. § 101 et. seq.) (the "Bankruptcy Code"); and agrees that upon the written request of the Senior Lender it will promptly assign, endorse and deliver to and deposit with the Senior Lender all agreements, instruments and documents evidencing the Junior Debt, including without limitation the Junior Note and Junior Debt Instruments.

1.7 The Junior Lender hereby irrevocably makes, constitutes and appoints the Senior Lender (and any officer of the Senior Lender or any person designated by the Senior Lender for that purpose) as the Junior Lender's true and lawful proxy and attorney-in-fact (and agent-in-fact) in the Junior Lender's name, place and stead, with full power of substitution, to (i) take any and all actions as are permitted in this Subordination Agreement, (ii) execute such financing statements and other documents and to do such other acts as the Senior Lender may require to perfect and preserve the Junior Debt and the Junior Lender's Collateral, and (iii) carry out any remedy provided for in this Subordination Agreement. The Junior Lender hereby acknowledges that the constitution and appointment of such proxy and attorney-in-fact are coupled with an interest and are irrevocable. The Junior Lender hereby ratifies and confirms all that said attorney-in-fact may do or cause to be done by virtue of any provision of this Subordination Agreement. Junior Lender agrees to indemnify and hold Senior Lender harmless in the event Senior Lender is required to enforce the provisions of this paragraph 1.7 after fourteen (14) days written notice to Junior Lender.

## 2. Representations.

2.1 The Junior Lender represents and warrants to the Senior Lender that the Junior Lender has not assigned or otherwise transferred the Junior Debt or the Junior Lender's Collateral, or any interest therein to any person or entity, that the Junior Lender will make no such assignment or other transfer thereof.

2.2 The Junior Lender represents and warrants to the Senior Lender that no default or of any event which, with the lapse of time, the giving of notice or both, would constitute a default under the Junior Debt or any instrument evidencing or securing the Junior Debt, has occurred and is continuing (a "Junior Debt Default"), and the Junior Lender further agrees to promptly provide the Senior Lender with written notice of any Junior Debt Default.

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2.3 The Junior Lender represents and warrants to the Senior Lender that the outstanding amount of Junior Debt evidenced by the Junior Note as of the date of this Subordination Agreement is 8-9-07 and 00/100 Dollars (\$/ 580,000 .00).  
*NOT TO EXCEED*

### 3. Further Agreements.

3.1 The Junior Lender expressly waives all notice of the acceptance by the Senior Lender of the subordination and other provisions of this Subordination Agreement and all notices not specifically required pursuant to the terms of this Subordination Agreement, and the Junior Lender expressly waives reliance by the Senior Lender upon the subordination and other provisions of this Subordination Agreement as herein provided.

3.2 The Junior Lender consents and agrees that all Senior Debt shall be deemed to have been made, incurred and/or continued at the request of the Junior Lender and in reliance upon this Subordination Agreement.

3.3 The Junior Lender agrees that the Senior Lender has made no warranties or representations with respect to the due execution, legality, validity, completeness or enforceability of the documents, instruments and agreements evidencing the Senior Debt, that the Senior Lender shall be entitled to manage and supervise its financial arrangements with the Junior Lender in accordance with its usual practices, without impairing or affecting this Subordination Agreement.

3.4 The Junior Lender agrees that the Senior Lender shall have no liability to the Junior Lender, and in particular, the Junior Lender hereby waives any claim which it may now or hereafter have against the Senior Lender arising out of (i) any and all actions which the Senior Lender takes or omits to take (including without limitation actions with respect to the creation, perfection or continuation of liens or security interests in any existing or future the Senior Lender's Collateral, actions with respect to the occurrence of an event of default under any documents, instruments or agreements evidencing the Senior Debt, actions with respect to the foreclosure upon, sale, release, or depreciation of, or failure to realize upon, any of the Senior Lender's Collateral and actions with respect to the collection of any claim for all or any part of the Senior Debt from any account debtor, guarantor or other person or entity) with respect to the documents, instruments and agreements evidencing the Senior Debt or to the collection of the Senior Debt or the valuation, use, protection or release of the Senior Lender's Collateral, (ii) the Senior Lender's election (whether on behalf of the Senior Lender or the Junior Lender) in any proceeding instituted under the Bankruptcy Code, and/or (iii) any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code by the Borrower, as debtor-in-possession.

4. Further Assurances. The Junior Lender agrees that the Senior Lender, at any time and from time to time hereafter, may enter into such agreements with the Borrower as the Senior Lender may deem proper extending the time of payment of or renewing or otherwise altering the terms of all or any of the Senior Debt or affecting any of the Senior Lender's Collateral, and may sell or surrender or otherwise deal with any of the Senior Lender's Collateral, and may release any balance of funds of the Borrower with the Senior Lender, without notice to the Junior Lender and without in any way impairing or affecting this Subordination Agreement.

5. Continuing Agreement. This Subordination Agreement shall be irrevocable and shall constitute a continuing agreement of subordination and shall be binding on the Junior



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Lender and its heirs, personal representatives, successors and assigns, and shall inure to the benefit of the Senior Lender, its successors and assigns until the Senior Lender has, in writing, notified the Junior Lender that all of the Senior Debt has been paid in full and all obligations arising in connection therewith have been discharged. The Senior Lender may continue, without notice to the Junior Lender, to lend monies, extend credit and make other accommodations to or for the account of the Borrower on the faith hereof. The Junior Lender hereby agrees that all payments received by the Senior Lender may be applied, reversed, and reapplied, in whole or in part, to any of the Senior Debt, without impairing or affecting this Subordination Agreement.

6. No Reliance. The Junior Lender hereby assumes responsibility for keeping itself informed of the financial condition of the Borrower, any and all endorsers and any and all guarantors of the Senior Debt and the Junior Debt, and of all other circumstances bearing upon the risk of nonpayment of the Senior Debt and the Junior Debt that diligent inquiry would reveal, and the Junior Lender hereby agrees that the Senior Lender shall have no duty to advise the Junior Lender of information known to the Senior Lender regarding such condition or any such circumstances or to undertake any investigation. If the Senior Lender, in its sole discretion, undertakes, at any time or from time to time, to provide any information of the type described herein to the Junior Lender, the Senior Lender shall be under no obligation to subsequently update any such information or to provide any such information to the Junior Lender on any subsequent occasion.

7. Senior Lender's Duty Limited. The rights granted to the Senior Lender in this Subordination Agreement are solely for its protection and nothing herein contained imposes on the Senior Lender any duties with respect to any property of either the Borrower or of the Junior Lender received by the Senior Lender beyond the duty to exercise reasonable care in the custody and preservation of such property while in the Senior Lender's possession. The Senior Lender shall have no duty to preserve rights against prior parties on any instrument or chattel paper received from the Borrower or the Junior Lender as collateral security for the Senior Debt or any portion thereof.

8. No Marshalling. The Junior Lender, on its own behalf and on behalf of its successors and assigns hereby expressly waives all rights, if any, to require a marshalling of the Borrower's assets by the Senior Lender or to require that the Senior Lender first resort to some or any portion of any collateral for the Senior Debt before foreclosing upon, selling or otherwise realizing on any other portion thereof.

9. Reinstatement. To the extent that the Borrower makes a payment to the Senior Lender or the Senior Lender receives any payment or proceeds of the collateral securing the Senior Debt for the Borrower's benefit, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable doctrine, then, to the extent of such payment or proceeds received and not retained by the Senior Lender, the Junior Lender's obligations intended to be satisfied thereby and this Subordination Agreement shall be reinstated and continue in full force and effect until full and final payment shall have been made to the Senior Lender.

10. Waiver In Writing. No waiver shall be deemed to be made by the Senior Lender of any of its rights hereunder unless the same shall be in writing signed on behalf of the Senior Lender and each such waiver, if any, shall be a waiver only with respect to the specific matter or

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matters to which the waiver relates and shall in no way impair the rights of the Senior Lender or the obligations of the Junior Lender to the Senior Lender in any other respect at any other time.

11. Choice Of Law. This Subordination Agreement shall be governed and controlled by the internal laws of the State of Illinois.

12. FORUM. TO INDUCE THE SENIOR LENDER TO ACCEPT THIS SUBORDINATION AGREEMENT, THE JUNIOR LENDER IRREVOCABLY AGREES THAT, SUBJECT TO THE SENIOR LENDER'S SOLE AND ABSOLUTE ELECTION, ALL ACTIONS OR PROCEEDINGS IN ANY WAY, MANNER OR RESPECT, ARISING OUT OF OR FROM OR RELATED TO THIS SUBORDINATION AGREEMENT SHALL BE LITIGATED IN COURTS HAVING SITUS WITHIN THE CITY OF CHICAGO, STATE OF ILLINOIS. THE JUNIOR LENDER HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURTS LOCATED WITHIN SAID CITY AND STATE. THE JUNIOR LENDER HEREBY IRREVOCABLY APPOINTS AND DESIGNATES THE SECRETARY OF STATE OF ILLINOIS, WHOSE ADDRESS IS SPRINGFIELD, ILLINOIS (OR ANY OTHER PERSON HAVING AND MAINTAINING A PLACE OF BUSINESS IN SUCH STATE WHOM THE JUNIOR LENDER MAY FROM TIME TO TIME HEREAFTER DESIGNATE UPON TEN (10) DAYS WRITTEN NOTICE TO THE SENIOR LENDER AND WHO THE SENIOR LENDER HAS AGREED IN ITS SOLE DISCRETION IN WRITING IS SATISFACTORY AND WHO HAS EXECUTED AN AGREEMENT IN FORM AND SUBSTANCE SATISFACTORY TO THE SENIOR LENDER AGREEING TO ACT AS SUCH ATTORNEY AND AGENT), AS THE JUNIOR LENDER'S TRUE AND LAWFUL ATTORNEY AND DULY AUTHORIZED AGENT FOR ACCEPTANCE OF SERVICE OF LEGAL PROCESS. THE JUNIOR LENDER AGREES THAT SERVICE OF SUCH PROCESS UPON SUCH PERSON SHALL CONSTITUTE PERSONAL SERVICE OF SUCH PROCESS UPON THE JUNIOR LENDER. THE JUNIOR LENDER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST THE JUNIOR LENDER BY THE SENIOR LENDER IN ACCORDANCE WITH THIS PARAGRAPH.

13. WAIVER OF JURY TRIAL. THE JUNIOR LENDER AND THE SENIOR LENDER, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE IRREVOCABLY, THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR PROCEEDING WHICH PERTAINS DIRECTLY OR INDIRECTLY TO THIS SUBORDINATION AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK GRANTING ANY FINANCIAL ACCOMMODATION TO THE BORROWER AND ENTERING INTO THIS SUBORDINATION AGREEMENT.

14. Additional Borrower Agreements.

14.1 The Borrower hereby agrees that until all Senior Debt is paid in full and all obligations arising in connection therewith have been satisfied, the Borrower will make no payments or distributions contrary to the provisions hereof and will do every other thing necessary to carry out such provisions. The Borrower will give the Senior Lender notice of any suit or action brought in violation of said agreement.

14.2 In the event of any violation of any of the provisions of this Subordination Agreement, then, at the election of the Senior Lender, any and all obligations of the Borrower to

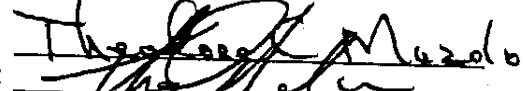
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the Senior Lender shall immediately become due and payable and any and all agreements of the Senior Lender to make loans, advances or other financial accommodations to the Borrower shall immediately terminate, notwithstanding any provision hereof to the contrary.

IN WITNESS WHEREOF, the Junior Lender, the Senior Lender and the Borrower have executed this Subordination Agreement as of the date set forth above.

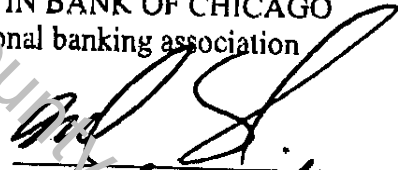
JUNIOR LENDER:

NEW WEST REALTY GROUP, LLC, an Illinois limited liability company

By:   
Name: THEODORE MAZOLO  
Title: MANAGER

SENIOR LENDER:

AUSTIN BANK OF CHICAGO  
a national banking association

By:   
Name: M. Campbell  
Title: SUP. Clerk's Office

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## BORROWER'S CONSENT

The Borrower hereby consents to the foregoing Subordination Agreement (and the terms thereof) and agrees to abide thereby and to keep, observe and perform the several matters and things therein intended to be kept, observed and performed by it, and specifically agrees not to make any payments contrary to the intention and terms of the Subordination Agreement.

A breach of any of the terms or conditions contained in the Subordination Agreement shall constitute a default in any and all of the Senior Debt.

Signed and delivered by the Borrower as of August 9, 2007.

BORROWER:

51<sup>ST</sup> STREET RESIDENTIAL LLC, an Illinois limited liability company

By: 

Name: 51st Street Investments LLC

Title: Manager



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## RESOLUTION

Pursuant to the authority contained in the Illinois Limited Liability Company Act and the Operating Agreement of NEW WEST REALTY GROUP, LLC, an Illinois limited liability company ("**Company**"), the undersigned, being the Manager of the Company, does hereby adopt the following resolutions:

WHEREAS, AUSTIN BANK OF CHICAGO, a state banking association ("Senior Lender") proposes to make a loan (the "Loan") to 51<sup>ST</sup> STREET RESIDENTIAL LLC, an Illinois limited liability company, (the "Borrower") which shall be secured by a first mortgage on the property commonly known as 3434 51<sup>st</sup> Street, Chicago, Illinois ("Property");

WHEREAS, The Borrower is indebted to the Company in the principal amount of One Million Two Hundred Thousand and 00/100 Dollars (\$1,200,000.00), as evidenced by that certain Mortgage Note dated December 29, 2005, as amended from time to time, in the original principal amount of One Million Two Hundred Thousand and 00/100 Dollars (\$1,200,000.00) (the "Junior Debt"). The Junior Debt is secured by that certain Mortgage, Security Agreement and Assignment of Rents and Leases dated December 22, 2006 and recorded on December 27, 2006 as Document No. 0636118091 with the Cook County Recorder of Deeds;

WHEREAS, The Company desires that the Senior Lender make the Loan and extend credit to the Borrower from time to time and the Senior Lender has refused to consider the extension of such credit until the Junior Debt is subordinated to the Loan as evidenced by that certain Subordination Agreement ("Subordination") of even date herewith;

NOW, THEREFORE, it is resolved that the manager of the Company, is authorized, directed and empowered to take such action and execute such documents as may be required from time to time in connection with the Loan, including, but not limited to the execution of the Subordination; and

FURTHER RESOLVED, that the Manager of the Company, is authorized, directed and empowered to execute and deliver any and all other agreements, certificates and documents which the Manager shall deem necessary or appropriate to effect the purpose and intent of the foregoing resolutions; and

FURTHER RESOLVED, that the and Managers hereby approve and consent to said Loan; and

**RESOLVED**, that the authority conferred upon the Manager by the above resolutions shall remain in full force and effect until revocation by further resolution of the Manager; and further

**RESOLVED**, that the Manager be and he hereby is authorized, empowered and directed for and on behalf of and in the name of the Company, to do and perform such acts and deeds and to execute and deliver such instruments and documents as may be necessary to carry out and comply with the terms and provisions of these resolutions.

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IN WITNESS WHEREOF, the undersigned have executed this consent as of this 9<sup>th</sup> day of August, 2007.

**NEW WEST REALTY GROUP, LLC,**  
an Illinois limited liability company

By: *Theresa Magdol*  
Name: *Theresa Magdol*  
Title: *Manager*

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