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Doc#: 1223018049 Fee: \$72.00  
Eugene "Gene" Moore RHSP Fee:\$10.00  
Cook County Recorder of Deeds  
Date: 08/17/2012 10:20 AM Pg: 1 of 18

Prepared by, and after recording  
return to:

David J. McPherson, Esquire  
Troutman Sanders LLP  
P.O. Box 1122  
Richmond, Virginia 23218-1122

Freddie Mac Loan No. 708166261 (IRP Loan)  
Freddie Mac Loan No. 708166245 (Real Estate Loan)  
Woodlawn Six Apartments

211908

**SUBORDINATION AGREEMENT  
(Tax-Exempt Bonds)  
(Series C Bond Loan)**

A. THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into as of the 1st day of August, 2012, by and between **FEDERAL HOME LOAN MORTGAGE CORPORATION**, a shareholder-owned, government-sponsored enterprise organized and existing under the laws of the United States (the "Senior Mortgagee") and **AFFORDABLE HOUSING CONTINUUM**, an Illinois not-for-profit corporation ("Subordinate Bondholder").

**RECITALS**

B. Woodlawn Six, LP, a limited partnership organized under the laws of the State of Illinois (the "Borrower") is the owner of certain land located in Cook County, Illinois, described in Exhibit A hereto (the "Land"). The Land is or will be improved with a multifamily rental housing project (the "Improvements"). The Land, the Improvements and related personal and other property described in the Senior Mortgage (defined herein) and defined therein constitute the "Mortgaged Property."

C. Illinois Housing Development Authority (the "Issuer"), a body politic and corporate under the laws of the State of Illinois ("State"), has issued and sold its \$8,500,000 Illinois Housing Development Authority Variable Rate Demand Multi-Family Housing Revenue Bonds (Woodlawn Six Apartments) Series 2012A in the original aggregate principal amount of \$8,500,000.00 (the "Bonds") pursuant to a Trust Indenture dated as of the date hereof (the "Indenture") between the Issuer and Bond Trustee. Proceeds of the Bonds (the "Loan") are being loaned by the Issuer to the Borrower upon the terms and conditions of a certain Financing Agreement dated as of the date hereof among the Issuer, Bond Trustee and Borrower (the "Financing Agreement") for the purpose of financing the acquisition and rehabilitation of the Mortgaged Property.

D. Freddie Mac has entered into a Credit Enhancement Agreement dated as of the date hereof with the Bond Trustee (the "Credit Enhancement Agreement") pursuant to which Freddie Mac has agreed to make certain advances to the Bond Trustee (a) with respect to amounts due under the Loan for the Project and (b) to provide funds to purchase the Bonds tendered under certain circumstances in accordance with the Indenture

E. The Borrower has entered into a Reimbursement and Security Agreement dated as of the date hereof with Freddie Mac (the "Reimbursement Agreement") to evidence the

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Borrower's obligation to reimburse Freddie Mac for advances under the Credit Enhancement Agreement.

F. The Reimbursement Agreement will be secured by a Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of the date hereof (the "**Senior Mortgage**"), encumbering the Mortgaged Property.

G. The Issuer also has issued and sold its Illinois Housing Development Authority Subordinate Multi-Family Housing Revenue Bond (Woodlawn Six Apartments), Series 2012C in the principal amount of \$2,000,000.00 (the "**Subordinate Bonds**"), pursuant to a Bond and Loan Agreement dated as of the date hereof (the "**Subordinate Indenture**") among the Issuer, Borrower, and Subordinate Bondholder. Proceeds of the Subordinate Bonds (the "**Subordinate Loan**") are being loaned by the Issuer to the Borrower upon the terms and conditions of the Subordinate Indenture for the purpose of providing additional financing for the rehabilitation of the Mortgaged Property. The Subordinate Loan will be evidenced by a Promissory Note (the "**Subordinate Note**"), payable to the Subordinate Bondholder and secured by a Junior Mortgage, dated as of the date hereof (the "**Subordinate Bond Mortgage**") encumbering Borrower's fee simple interest in the Land, along with the Improvements and other mortgaged property as described therein and made by Borrower for the benefit of the Subordinate Bondholder. Subordinate Bondholder has or is purchasing the Subordinate Bonds and shall have the benefit of the Subordinate Loan Documents.

H. The Senior Mortgage is recorded concurrently herewith with the Office of the Recorder of Deeds of Cook County, Illinois (the "**Recording Offices**"). The Subordinate Mortgage is recorded concurrently herewith in the Recording Offices following the recording of the Senior Mortgage.

I. The execution and delivery of this Agreement is a condition of Senior Mortgage's entering into the Credit Enhancement Agreement.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **DEFINITIONS.** The following terms, when used in this Agreement (including, as appropriate, when used in the above recitals), shall have the following meanings.

(a) The terms "**Condemnation**", "**Impositions**", "**Unposition Deposits**", "**Leases**", "**Rents**", "**Restoration**" and "**Transfer**", as well as any term used in this Agreement and not otherwise defined in this Agreement, shall have the meanings given to those terms in the Senior Mortgage.

(b) "**Bankruptcy Proceeding**" means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to the Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

(c) "**Borrower**" means all persons or entities identified as "Borrower" in the first Recital of this Agreement, together with their successors and assigns, and any other person or entity who acquires title to the Mortgaged Property after the date of this

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Agreement; provided that the term "Borrower" shall not include the Senior Mortgagee in the event that the Senior Mortgagee may acquire title to the Mortgaged Property.

(d) **"Casualty"** means the occurrence of damage to or loss of all or any portion of the Mortgaged Property by fire or other casualty.

(e) **"Enforcement Action"** means any of the following actions taken by or at the direction of the Subordinate Bondholder: the acceleration of all or any part of the Subordinate Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Mortgaged Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Subordinate Note or any other of the Subordinate Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the exercise of any other remedial action against the Borrower, any other party liable for any of the Subordinate Indebtedness or obligated under any of the Subordinate Loan Documents, or the Mortgaged Property.

(f) **"Enforcement Action Notice"** means a written notice from the Subordinate Bondholder to the Senior Mortgagee, given following one or more Subordinate Mortgage Default(s) and the expiration of any notice or cure periods provided for such Subordinate Mortgage Default(s) in the Subordinate Loan Documents, setting forth in reasonable detail the Subordinate Mortgage Default(s) and the Enforcement Actions proposed to be taken by the Subordinate Bondholder.

(g) **"Loss Proceeds"** means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result or any Condemnation or Casualty.

(h) **Intentionally Omitted.**

(i) **"Senior Indebtedness"** means the "Indebtedness" as defined in the Senior Mortgage.

(j) **"Senior Loan Documents"** means the "Loan Documents" as defined in the Senior Mortgage.

(k) **"Senior Mortgage Default"** means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Senior Mortgage.

(l) **"Senior Mortgagee"** means the entity named as such in the first paragraph of this Agreement and any other person or entity who subsequently becomes the obligor under the Credit Enhancement Agreement.

(m) **"Subordinate Indebtedness"** means all sums evidenced or secured or guaranteed by, or otherwise due and payable to the Subordinate Bondholder pursuant to, the Subordinate Loan Documents.

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(n) **“Subordinate Loan Documents”** means the Subordinate Mortgage, the Subordinate Note, the Subordinate Indenture and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Subordinate Indebtedness, as the same may be amended from time to time.

(o) **“Subordinate Mortgage Default”** means any act, failure to act, event, condition, or occurrence which allows (but for any contrary provision of this Agreement), or which with the giving of notice or the passage of time, or both, would allow (but for any contrary provision of this Agreement), the Subordinate Bondholder to take an Enforcement Action.

(p) **“Subordinate Bondholder”** means the person or entity named as such in the first paragraph of this Agreement and any other person or entity who becomes the legal holder of the Subordinate Bonds and the beneficiary of the Subordinate Note and the other Subordinate Loan Documents after the date of this Agreement.

(q) **“Subordinate Note”** means the promissory note or other evidence of the Subordinate Loan referred to in the Subordinate Bond Mortgage and any replacement thereof.

## 2. SUBORDINATION OF SUBORDINATE INDEBTEDNESS.

(a) The Subordinate Indebtedness is and shall at all times continue to be subject and subordinate in right of payment to the prior payment in full of the Senior Indebtedness.

(b) Until the occurrence of a Senior Mortgage Default, the Subordinate Bondholder shall be entitled to retain for its own account all payments made on account of the principal of and interest on the Subordinate Indebtedness in accordance with the requirements of the Subordinate Loan Documents, provided no such payment is made more than ten (10) days in advance of the due date thereof. However, immediately upon the Subordinate Bondholder's receipt of notice or actual knowledge of a Senior Mortgage Default, the Subordinate Bondholder will not accept any payments on account of the Subordinate Indebtedness, and the provisions of Section 2(c) of this Agreement shall apply. The Subordinate Bondholder acknowledges that a Subordinate Mortgage Default constitutes a Senior Mortgage Default. Accordingly, upon the occurrence of a Subordinate Mortgage Default, the Subordinate Bondholder shall be deemed to have actual knowledge of a Senior Mortgage Default.

(c) If (i) the Subordinate Bondholder receives any payment, property, or asset of any kind or in any form on account of the Subordinate Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Mortgage Default of which the Subordinate Bondholder has actual knowledge (or is deemed to have actual knowledge as provided in 2(b) above) or has been given notice, or (ii) the Subordinate Bondholder receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for the Senior Mortgagee. The Subordinate Bondholder will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to the Senior Mortgagee. The Senior Mortgagee shall apply any payment, asset, or property so received from the Subordinate Bondholder to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as the Senior Mortgagee shall determine in its sole and absolute discretion.

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The Subordinate Bondholder hereby designates and appoints, irrevocably and coupled with an interest, the Senior Mortgagee (and all persons and entities designated by the Senior Mortgagee) as the Subordinate Bondholder's true and lawful attorney-in-fact with power to endorse the name of the Subordinate Bondholder upon any check or other instrument and to take any action necessary to collect any payment, property, or asset referred to in, or otherwise to effectuate the provisions of, this Section 2(c).

(d) Without limiting the complete subordination of the Subordinate Indebtedness to the payment in full of the Senior Indebtedness, in any Bankruptcy Proceeding, upon any payment or distribution (whether in cash, property, securities, or otherwise) to creditors (i) the Senior Indebtedness shall first be paid in full in cash before the Subordinate Bondholder shall be entitled to receive any payment or other distribution on account of or in respect of the Subordinate Indebtedness, and (ii) until all of the Senior Indebtedness is paid in full in cash, any payment or distribution to which the Subordinate Bondholder would be entitled but for this Agreement (whether in cash, property, or other assets) shall be made to the Senior Mortgagee.

(e) The subordination of the Subordinate Indebtedness shall continue in the event that any payment under the Senior Loan Documents (whether by or on behalf of the Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to the Borrower or its insolvent estate, or avoided, set aside or required to be paid to the Borrower, a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law. In such event, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

### 3. SUBORDINATION OF SUBORDINATE LOAN DOCUMENTS.

(a) Each of the Subordinate Loan Documents is, and shall at all times remain, subject and subordinate in all respects to the liens, terms, covenants, conditions, operations, and effects of each of the Senior Loan Documents.

(b) The subordination of the Subordinate Loan Documents and of the Subordinate Indebtedness shall apply and continue notwithstanding (i) the actual date and time of execution, delivery, recording, filing or perfection of each of the Senior Loan Documents and of each of the Subordinate Loan Documents, and (ii) the availability of any collateral to the Senior Mortgagee, including the availability of any collateral other than the Mortgaged Property.

(c) By reason of, and without in any way limiting, the full subordination of the Subordinate Indebtedness and the Subordinate Loan Documents provided for in this Agreement, all rights and claims of the Subordinate Bondholder under the Subordinate Loan Documents in or to the Mortgaged Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto, are expressly subject and subordinate in all respects to the rights and claims of the Senior Mortgagee under the Senior Loan Documents in and to the Mortgaged Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto.

(d) If the Subordinate Bondholder, by indemnification, subrogation or otherwise, shall acquire any lien, estate, right or other interest in any of the Mortgaged

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Property, that lien, estate, right or other interest shall be fully subject and subordinate to the receipt by the Senior Mortgagee of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Subordinate Indebtedness and the Subordinate Loan Documents are subordinate pursuant to this Agreement.

(e) In confirmation, and not as a condition, of the subordination of the Subordinate Indebtedness and the Subordinate Loan Documents provided for in this Agreement, the Subordinate Bondholder shall place on or attach to the Subordinate Note the following notice, and shall provide the Senior Mortgagee with a copy of the Subordinate Note showing such notice:

“The right of the holder of this promissory note to payment of any of the indebtedness evidenced by this promissory note is and shall at all times be subordinate to the right of the Federal Home Loan Mortgage Corporation under a certain Reimbursement and Security Agreement dated as of August 1, 2012 between the maker of this promissory note and the Federal Home Loan Mortgage Corporation (the “Reimbursement Agreement”), to payment in full of the obligation evidenced by the Reimbursement Agreement. The foregoing subordination is pursuant to a Subordination Agreement dated as of August 1, 2012 between the Federal Home Loan Mortgage Corporation and the holder on the date of the Subordination Agreement of this promissory note.”

#### 4. ADDITIONAL REPRESENTATIONS AND COVENANTS.

(a) The Subordinate Bondholder represents and warrants that (i) the Subordinate Bondholder is now the owner of the Subordinate Loan Documents; (ii) the Subordinate Loan Documents are now in full force and effect; (c) the Subordinate Loan Documents have not been modified or amended; (iv) no Subordinate Mortgage Default has occurred, (v) the current principal balance of the Subordinate Indebtedness is \$2,000,000.00; (vi) no scheduled monthly payments under the Subordinate Note have been or will be prepaid; and (vii) none of the rights of the Subordinate Bondholder under any of the Subordinate Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise.

(b) Without the prior written consent of the Senior Mortgagee in each instance, the Subordinate Bondholder shall not (i) amend, modify, waive, extend, renew or replace any provision of any of the Subordinate Loan Documents, or (ii) pledge, assign, transfer, convey, or sell any interest in the Subordinate Indebtedness or any of the Subordinate Loan Documents; or (iii) accept any payment on account of the Subordinate Indebtedness other than a regularly scheduled payment of interest or principal and interest made no earlier than ten (10) days prior to the due date thereof; or (iv) take any action which has the effect of increasing the Subordinate Indebtedness, or (v) appear in, defend or bring any action to protect the Subordinate Bondholder's interest in the Mortgaged Property, or (vi) take any action concerning environmental matters affecting the Mortgaged Property.

(c) The Subordinate Bondholder shall deliver to the Senior Mortgagee a copy of each notice received or delivered by the Subordinate Bondholder pursuant to the Subordinate Loan Documents or in connection with the Subordinate Indebtedness, simultaneously with the Subordinate Bondholder's delivery or receipt of such notice. The Senior Mortgagee shall deliver to the Subordinate Bondholder in the manner required in Section 5(b) a copy of each notice of a Senior Mortgage Default delivered to the Borrower by the Senior Mortgagee. Neither giving nor failing to give a notice to the

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Senior Mortgagee or Subordinate Bondholder pursuant to this Section 4(c) shall affect the validity of any notice given by the Senior Mortgagee or Subordinate Bondholder to the Borrower, as between the Borrower and such of the Senior Mortgagee or the Subordinate Bondholder as provided the notice to the Borrower.

(d) Without the prior written consent of the Senior Mortgagee in each instance, the Subordinate Bondholder will not commence, or join with any other creditor in commencing, any Bankruptcy Proceeding. In the event of a Bankruptcy Proceeding, the Subordinate Bondholder shall not vote affirmatively in favor of any plan of reorganization or liquidation unless the Senior Mortgagee has also voted affirmatively in favor of such plan. In the event of any Bankruptcy Proceeding, the Subordinate Bondholder shall not contest the continued accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings.

(e) Whenever the Subordinate Loan Documents give the Subordinate Bondholder approval or consent rights with respect to any matter, and a right of approval or consent with regard to the same or substantially the same matter is also granted to the Senior Mortgagee pursuant to the Senior Loan Documents or otherwise, the Senior Mortgagee's approval or consent or failure to approve or consent, as the case may be, shall be binding on the Subordinate Bondholder. None of the other provisions of this Section 4 are intended to be in any way in limitation of the provisions of this Section 4(e).

(f) All requirements pertaining to insurance under the Subordinate Loan Documents (including requirements relating to amounts and types of coverages, deductibles and special endorsements) shall be deemed satisfied if the Borrower complies with the insurance requirements under the Senior Loan Documents and of the Senior Mortgagee. All original policies of insurance required pursuant to the Senior Loan Documents shall be held by the Senior Mortgagee. Nothing in this Section 4(f) shall preclude the Subordinate Bondholder from requiring that it be named as a mortgagee and loss payee, as its interest may appear, under all policies of property damage insurance maintained by the Borrower with respect to the Mortgaged Property, provided such action does not affect the priority of payment of Loss Proceeds, or that the Subordinate Bondholder be named as an additional insured under all policies of liability insurance maintained by the Borrower with respect to the Mortgaged Property.

(g) In the event of a Condemnation or a Casualty, the following provisions shall apply:

(i) the rights of the Subordinate Bondholder (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Condemnation or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Condemnation or a Casualty, shall be and remain subordinate in all respects to the Senior Mortgagee's rights under the Senior Loan Documents with respect thereto, and the Subordinate Bondholder shall be bound by any settlement or adjustment of a claim resulting from a Condemnation or a Casualty made by the Senior Mortgagee;

(ii) all Loss Proceeds shall be applied either to payment of the costs and expenses of Restoration or to payment on account of the Senior Indebtedness, as and in the manner determined by the Senior Mortgagee in its sole discretion;

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(iii) in the event the Senior Mortgagee applies or releases Loss Proceeds for the purposes of Restoration of the Mortgaged Property, the Subordinate Bondholder shall release for such purpose all of its right, title and interest, if any, in and to such Loss Proceeds. If the Senior Mortgagee holds Loss Proceeds, or monitors the disbursement thereof, the Subordinate Bondholder shall not do so. Nothing contained in this Agreement shall be deemed to require the Senior Mortgagee to act for or on behalf of the Subordinate Bondholder in connection with any Restoration or to hold or monitor any Loss Proceeds in trust for or otherwise on behalf of the Subordinate Bondholder, and all or any Loss Proceeds may be commingled with any funds of the Senior Mortgagee; and

(iv) if the Senior Mortgagee elects to apply Loss Proceeds to payment on account of the Senior Indebtedness, and if the application of such Loss Proceeds results in the payment in full of the entire Senior Indebtedness, any remaining Loss Proceeds held by the Senior Mortgagee shall be paid to the Subordinate Bondholder unless another party has asserted a claim to the remaining Loss Proceeds.

(h) The Subordinate Bondholder shall enter into attornment and non-disturbance agreements with all tenants under commercial or retail Leases, if any, to whom the Senior Mortgagee has granted attornment and non-disturbance, on the same terms and conditions given by the Senior Mortgagee.

(i) Regardless of any contrary provision in the Subordinate Loan Documents, the Subordinate Bondholder shall not collect payments for the purpose of escrowing for any cost or expense related to the Mortgaged Property or for any portion of the Subordinate Indebtedness.

(j) Within ten (10) days after request by the Senior Mortgagee, the Subordinate Bondholder shall furnish the Senior Mortgagee with a statement, duly acknowledged and certified setting forth the then-current amount and terms of the Subordinate Indebtedness, confirming that there exists no default under the Subordinate Loan Documents (or describing any default that does exist), and certifying to such other information with respect to the Subordinate Indebtedness as the Senior Mortgagee may request.

(k) The Senior Mortgagee may amend, waive, postpone, extend, renew, replace, reduce or otherwise modify any provision of any of the Senior Loan Documents without the necessity of obtaining the consent of or providing notice to the Subordinate Bondholder, and without affecting any of the provisions of this Agreement.

## 5. DEFAULT UNDER LOAN DOCUMENTS.

(a) The Senior Mortgagee shall have the right to cure any Subordinate Mortgage Default until such time, if ever, as the Senior Mortgagee's delivery to the Subordinate Bondholder of written consent to an Enforcement Action described in an Enforcement Action Notice given by the Subordinate Bondholder as a consequence of the Subordinate Mortgage Default. The Senior Mortgagee shall not have any obligation whatsoever to cure any Subordinate Mortgage Default. The Subordinate Bondholder acknowledges that all amounts advanced or expended by the Senior Mortgagee to cure a Subordinate Mortgage Default shall be added to and become a part of the Senior Indebtedness under Section 12 of the Senior Mortgage.



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(b) The Senior Mortgagee shall deliver to the Subordinate Bondholder a copy of any notice sent by the Senior Mortgagee to the Borrower of a Senior Mortgage Default within five (5) business days of sending such notice to the Borrower. Failure of the Senior Mortgagee to send notice to the Subordinate Bondholder shall not prevent the exercise of the Senior Mortgagee's rights and remedies under the Senior Loan Documents. The Subordinate Bondholder shall have the right to cure any Senior Mortgage Default during such period of time, if any, as the Borrower is permitted by the terms of the Senior Loan Documents to cure such Senior Mortgage Default. The Subordinate Bondholder shall not be subrogated to the rights of the Senior Mortgagee under the Senior Loan Documents by reason of the Subordinate Bondholder having cured any Senior Mortgage Default.

(c) In the event of a Subordinate Mortgage Default, the Subordinate Bondholder will not commence any Enforcement Action until after (i) the Subordinate Bondholder has given the Senior Mortgagee an Enforcement Action Notice with respect to such Enforcement Action, and (ii) the Senior Mortgagee has delivered to the Subordinate Bondholder the Senior Mortgagee's written consent to such Enforcement Action by the Subordinate Bondholder. The Senior Mortgagee shall advise the Subordinate Bondholder whether the Senior Mortgagee consents to the Enforcement Action by the Subordinate Bondholder within ninety (90) days following the Senior Mortgagee's receipt of the Enforcement Action Notice (failure of the Senior Mortgagee to provide written consent to the Enforcement Action within such 90-day period constitutes the Senior Mortgagee's refusal of such consent). The Subordinate Bondholder acknowledges that the Senior Mortgagee may grant or refuse consent to the Subordinate Bondholder's Enforcement Action in the Senior Mortgagee's sole and absolute discretion. Any Enforcement Action on the part of the Subordinate Bondholder shall be subject to the provisions of this Agreement. The Subordinate Bondholder acknowledges that the provisions of this Section 5(c) are fair and reasonable under the circumstances, that the Subordinate Bondholder has received a substantial benefit from the Senior Mortgagee having granted its consent to the Subordinate Mortgage, and that the Senior Mortgagee would not have granted such consent without the inclusion of these provisions in this Agreement.

(d) The Senior Mortgagee may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action Notice or Enforcement Action by the Subordinate Bondholder. No action or failure to act on the part of the Senior Mortgagee in the event of a Subordinate Mortgage Default or commencement of an Enforcement Action shall constitute a waiver on the part of the Senior Mortgagee of any provision of the Senior Loan Documents or this Agreement.

(e) In the event that the Enforcement Action taken by the Subordinate Bondholder is the appointment of a receiver for any of the Mortgaged Property, all of the Rents, issues, profits and proceeds collected by the receiver shall be paid and applied by the receiver solely to and for the benefit of the Senior Mortgagee until the Senior Indebtedness shall have been paid in full.

(f) The Subordinate Bondholder hereby expressly consents to and authorizes the release by the Senior Mortgagee of all or any portion of the Mortgaged Property from the lien, operation, and effect of the Senior Loan Documents. The Subordinate Bondholder hereby waives to the fullest extent permitted by law, all equitable or other rights it may have (i) in connection with the release of all or any portion of the Mortgaged Property, or (ii) to require the separate sales of any portion of the Mortgaged

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Property or (iii) to require the Senior Mortgagee to exhaust its remedies against all or any portion of the Mortgaged Property or any combination of portions of the Mortgaged Property or any other collateral for the Senior Indebtedness, or (iv) to require the Senior Mortgagee to proceed against the Borrower, any other party that may be liable for any of the Senior Indebtedness (including any general partner of the Borrower if the Borrower is a partnership), all or any portion of the Mortgaged Property or combination of portions of the Mortgaged Property, or any other collateral, before proceeding against all or such portions or combination of portions of the Mortgaged Property as the Senior Mortgagee determines. The Subordinate Bondholder hereby expressly consents to and authorizes, at the option of the Senior Mortgagee, the sale, either separately or together, of all or any portion of the Mortgaged Property. The Subordinate Bondholder acknowledges that without notice to the Subordinate Bondholder and without affecting any of the provisions of this Agreement, the Senior Mortgagee may (i) extend the time for or waive any payment or performance under the Senior Loan Documents; (ii) modify or amend in any respect any provision of the Senior Loan Documents; and (iii) modify, exchange, surrender, release and otherwise deal with any additional collateral for the Senior Indebtedness.

(g) If any party other than the Borrower (including the Senior Mortgagee) acquires title to any of the Mortgaged Property pursuant to a foreclosure of, or trustee's sale or other exercise of any power of sale under, the Senior Mortgage conducted in accordance with applicable law, the lien, operation, and effect of the Subordinate Mortgage and other Subordinate Loan Documents automatically shall terminate with respect to such Mortgaged Property.

## 6. MISCELLANEOUS PROVISIONS

(a) In the event of any conflict or inconsistency between the terms of the Subordinate Loan Documents and the terms of this Agreement, the terms of this Agreement shall control.

(b) This Agreement shall be binding upon and shall inure to the benefit of the respective legal successors and permitted assigns of the parties hereto. No other party shall be entitled to any benefits hereunder, whether as a third-party beneficiary or otherwise.

(c) This Agreement does not constitute an approval by the Senior Mortgagee of the terms of the Subordinate Loan Documents.

(d) Each notice, request, demand, consent, approval or other communication (collectively, "**notices**", and singly, a "**notice**") which is required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if (i) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered), or (ii) sent by a national overnight courier service (such as FedEx) designating earliest available delivery (any notice so delivered shall be deemed to have been received on the next business day following receipt by the courier), or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received on the date of delivery as confirmed by the return receipt), addressed to the respective parties as follows:

(i) Notices intended for the Senior Mortgagee shall be addressed to:

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Federal Home Loan Mortgage Corporation  
 8100 Jones Branch Drive  
 Mail Stop B4Q  
 McLean, Virginia 22102  
 Attention: Director of Multifamily Loan Accounting

- (ii) Notices intended for the Subordinate Bondholder shall be addressed to:

Affordable Housing Continuum  
 233 E. Wacker Drive, #4202  
 Chicago, Illinois 60601

Any party, by notice given pursuant to this Section, may change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its notices, but notice of a change of address shall only be effective upon receipt. Neither party shall refuse or reject delivery of any notice given in accordance with this Section.

(e) Nothing herein or in any of the Senior Loan Documents or Subordinate Loan Documents shall be deemed to constitute the Senior Mortgagee as a joint venturer or partner of the Subordinate Bondholder.

(f) Upon notice from the Senior Mortgagee from time to time, the Subordinate Bondholder shall execute and deliver such additional instruments and documents, and shall take such actions, as are required by the Senior Mortgagee in order to further evidence or effectuate the provisions and intent of this Agreement.

(g) This Agreement shall be governed by the laws of the State in which the Land is located.

(h) If any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein, and any other application thereof, shall not in any way be affected or impaired thereby.

(i) The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the Senior Indebtedness; provided that this Agreement shall be reinstated in the event any payment on account of the Senior Indebtedness is avoided, set aside, rescinded or repaid by the Senior Mortgagee as described in Section 2(e) hereof; (ii) the payment of all of the Subordinate Indebtedness other than by reason of payments which the Subordinate Bondholder is obligated to remit to the Senior Mortgagee pursuant to this Agreement; (iii) the acquisition by the Senior Mortgagee or by a third party purchaser, of title to the Mortgaged Property pursuant to a foreclosure of, deed in lieu of foreclosure, or trustee's sale or other exercise of a power of sale or similar disposition under, the Senior Mortgage; or (iv) with the prior written consent of the Senior Mortgagee, without limiting the provisions of Section 5(d), the acquisition by the Subordinate Bondholder, of title to the Mortgaged Property subject to the Senior Mortgage pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale under) the Subordinate Mortgage.

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(j) No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

(k) Each party hereto acknowledges that in the event any party fails to comply with its obligations hereunder, the other parties shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief.

(l) This Agreement may be amended, changed, modified, altered or terminated only by a written instrument or written instruments signed by the parties of this Agreement.

(m) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**7. TRANSFER OF SUBORDINATE BONDS.** Subordinate Bondholder agrees not to transfer, convey, assign or encumber any of its legal or beneficial interest in the Subordinate Bonds or in the Subordinate Loan Documents (collectively, a “**Subordinate Bonds Transfer**”), unless the following conditions precedents are satisfied: (i) Senior Mortgagee must receive written notice at least ten (10) business days prior to such Subordinate Bonds Transfer; (ii) Subordinate Bondholder must comply with all covenants, terms and conditions set forth in the Subordinate Trust Indenture, relating to the Subordinate Bonds Transfer; and (iii) prior to the Subordinate Bonds Transfer, the transferee must execute an Investor Letter in the form attached to the Subordinate Trust Indenture and a Subordination Agreement substantially in the form of this Agreement.

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

**SENIOR MORTGAGEE:**

**FEDERAL HOME LOAN MORTGAGE CORPORATION**, a shareholder-owned, government-sponsored enterprise organized and existing under the laws of the United States

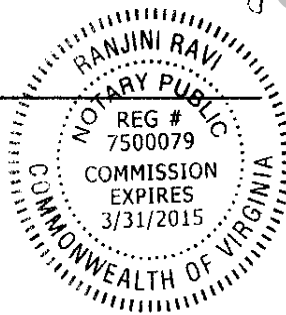
By: *Karunakaran Arulanandam*  
Karunakaran Arulanandam  
Affordable Housing Director

COMMONWEALTH OF VIRGINIA  
COUNTY OF FAIRFAX, to-wit:

The foregoing instrument was acknowledged before me in the above-stated jurisdiction this 9<sup>th</sup> day of August, 2012 by Karunakaran Arulanandam who is Affordable Housing Director of Federal Home Loan Mortgage Corporation, a shareholder-owned, government-sponsored enterprise organized and existing under the laws of the United States, for and on behalf of the enterprise.

*Ranjini Ravi*  
Notary Public

My commission expires: \_\_\_\_\_



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**SUBORDINATE BONDHOLDER:**

**AFFORDABLE HOUSING CONTINUUM**, an Illinois not-for-profit corporation

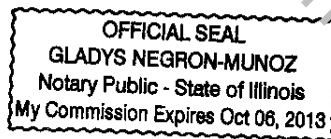
By: Susan Lencioni  
Name: \_\_\_\_\_  
Title: president

STATE OF ILLINOIS  
COUNTY OF COOK, to-wit:

The foregoing instrument was acknowledged before me in the above-stated jurisdiction this 15 day of August, 2012 by Susan Lencioni who is President of Affordable Housing Continuum, an Illinois not-for-profit corporation for and on behalf of the corporation.

Gladys Negrón-Munoz  
Notary Public

My commission expires: 10/6/2013



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## CONSENT OF BORROWER

Borrower hereby acknowledges receipt of a copy of this Subordination Agreement, dated as of August 1, 2012, by and between Federal Home Loan Mortgage Corporation and Affordable Housing Continuum, an Illinois not-for-profit corporation, and consents to the agreement of the parties set forth herein.

[Acknowledgement Page to Follow]

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**BORROWER:**

**WOODLAWN SIX, LP**, an Illinois limited partnership

By: DDG Kimbark, LLC, an Illinois limited liability company, its general partner

By: \_\_\_\_\_  
Cullen J. Davis  
Manager

STATE OF ILLINOIS

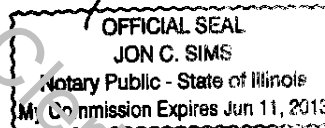
COUNTY OF COOK, to-wit:

The foregoing instrument was acknowledged before me in the above-stated jurisdiction this 15<sup>th</sup> day of August, 2012 by Cullen J. Davis, Manager of DDG Kimbark, LLC, an Illinois limited liability company, general partner of Woodlawn Six, LP, an Illinois limited partnership, for and on behalf of the limited partnership.

\_\_\_\_\_  
Notary Public

My commission expires:

6/11/2013





# UNOFFICIAL COPY

## EXHIBIT A

### Legal Description

#### PARCEL 1:

LOT 16 AND THE SOUTH HALF OF LOT 17 IN BLOCK 2 IN THE SUBDIVISION OF BLOCKS 1 AND 2 IN O.R. KEITH'S SUBDIVISION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 23, 1886 AS DOCUMENT NUMBER 700834, IN COOK COUNTY, ILLINOIS.

NOTE FOR INFORMATIONAL PURPOSES ONLY: *PIN: 20-14-408-008*  
PROPERTY ADDRESS: 6139 S. KIMBARK AVENUE, CHICAGO, ILLINOIS

#### PARCEL 2:

THE SOUTH 10 FEET OF LOT 7 AND ALL OF LOTS 8 AND 9 AND LOT 10 (EXCEPT THE SOUTH 26 FEET THEREOF) IN BLOCK 3 IN THE SUBDIVISION OF BLOCKS 3 AND 5 IN O.R. KEITH'S SUBDIVISION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 29, 1885 AS DOCUMENT NUMBER 620245, IN COOK COUNTY, ILLINOIS.

NOTE FOR INFORMATIONAL PURPOSES ONLY: *PIN: 20-14-407-020*  
PROPERTY ADDRESS: 6134 S. KIMBARK AVENUE, CHICAGO, ILLINOIS

#### PARCEL 3:

LOTS 24 AND 25 IN BLOCK 5 IN THE SUBDIVISION OF BLOCKS 3 AND 5 IN O.R. KEITH'S SUBDIVISION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 29, 1885 AS DOCUMENT NUMBER 620245, IN COOK COUNTY, ILLINOIS.

NOTE FOR INFORMATIONAL PURPOSES ONLY: *PIN: 20-14-413-001*  
PROPERTY ADDRESS: 6201 S. KIMBARK AVENUE, CHICAGO, ILLINOIS

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## PARCEL 4:

LOT 17 IN BLOCK 5 IN THE SUBDIVISION OF BLOCKS 3 AND 5 IN O.R. KEITH'S SUBDIVISION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 29, 1885 AS DOCUMENT NUMBER 620245, IN COOK COUNTY, ILLINOIS.

NOTE FOR INFORMATIONAL PURPOSES ONLY: *PIN 20-14-413-011*  
PROPERTY ADDRESS: 6245 S. KIMBARK AVENUE, CHICAGO, ILLINOIS

## PARCEL 5:

LOTS 33 AND 34 IN BLOCK 8 IN LLOYD'S RE-SUBDIVISION OF BLOCKS 8, 9 AND THE WEST HALF OF 10 IN CHAS. BUSBY'S SUBDIVISION OF THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT 2-1/2 ACRES), ACCORDING TO THE PLAT THEREOF RECORDED MAY 1, 1907 AS DOCUMENT NUMBER 4028556, IN COOK COUNTY, ILLINOIS.

NOTE FOR INFORMATIONAL PURPOSES ONLY: *PIN: 20-14-314-007*  
PROPERTY ADDRESS: 6241 S. DREXEL AVENUE, CHICAGO, ILLINOIS

## PARCEL 6:

LOT 1 IN COLLINS AND MORRIS' SUBDIVISION OF LOTS 1, 2 AND 3 IN E. KEITH'S SUBDIVISION OF BLOCK 6 IN O.R. KEITH'S SUBDIVISION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MAY 26, 1902 AS DOCUMENT NUMBER 3250400, IN COOK COUNTY, ILLINOIS.

NOTE FOR INFORMATIONAL PURPOSES ONLY: *PIN: 20-14-414-003*  
PROPERTY ADDRESS: 1359 E. 62<sup>ND</sup> STREET, CHICAGO, ILLINOIS