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PREPARED BY AND WHEN
RECORDED MAIL TO:

Charity & Associates, P.C.
120 North Clark Street
Suite 1100
Chicago, Illinois 60602
Attn: Brandon R. Calvert, Esq.



Doc# 1802342092 Fee \$58.00

Stewart Title NTS- Chicago
10. South Riverside Plaza, Suite 1450
Chicago, IL 60606
PH: 312-849-4400
File No. 17090233109

KAREN A. YARBROUGH
COOK COUNTY RECORDER OF DEEDS
DATE: 01/23/2018 04:12 PM PG: 1 OF 11

24 FEB

(SPACE ABOVE FOR RECORDER'S USE)

SUBORDINATION AGREEMENT (CHA DTC Loan)

THIS SUBORDINATION AGREEMENT ("**Agreement**") is made as of January 23, 2018, by and among **NORTHTOWN APARTMENTS LP**, an Illinois limited partnership ("**Borrower**"), with a mailing address of 566 W. Lake Street, Suite 400, Chicago, Illinois 60661, **CHICAGO HOUSING AUTHORITY**, an Illinois municipal corporation ("**Junior Lienholder**"), with a mailing address of 60 East Van Buren Street, Chicago, Illinois 60605, Attn: Chief Executive Officer, and **CIBC BANK USA**, an Illinois state chartered bank ("**Bank**" and "**Senior Lender**"), with a mailing address of 120 South LaSalle Street, Chicago, Illinois 60603.

RECITALS

- A. Borrower is the owner of a leasehold estate in certain land (the "**Land**") situated in the City of Chicago, State of Illinois, legally described on **Exhibit A** attached hereto.
- B. Borrower intends to construct on the Land a mixed use development consisting of 44-units of senior housing and approximately 18,951 square feet of library space (the "**Project**").
- C. Borrower has applied to Bank for a loan (the "**Senior Loan**") in the maximum principal amount of Ten Million Nine Hundred Eighteen Thousand Three Hundred Thirty-Seven and No/100 Dollars (\$10,918,337.00), for the purpose of financing a portion of the costs of the construction of the Project.
- D. Borrower and Bank have entered into that certain Construction Loan Agreement, dated as of the date hereof (as the same from time to time be amended, modified, extended, renewed or restated, the "**Senior Loan Agreement**").
- E. Borrower's obligations to repay the Loan are further evidenced by a Promissory Note dated as of even date herewith, executed by Borrower in the original principal amount of Ten Million Nine Hundred Eighteen Thousand Three Hundred Thirty-Seven and No/100 Dollars (\$10,918,337.00) (the "**Senior Note**") and payable to Bank.

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INT SB

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F. Each of the documents listed on Exhibit "B" together with all other documents and materials entered into with Junior Lienholder with respect to the Project shall be referred to collectively as the "**Junior Obligation Documents**".

G. As used herein, the term "**Junior Obligations**" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Junior Lienholder under the Junior Obligation Documents, together with all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

H. Borrower's obligations to Bank under the Senior Note are secured by, among other things, that certain Leasehold Construction Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing ("**Senior Mortgage**"), of even date herewith, made by the Borrower for the benefit of Bank. The Senior Mortgage is being recorded concurrently herewith in the Office of the County of Cook, State of Illinois ("**Official Records**"). The Senior Mortgage, the Senior Note and the other Loan Documents (as defined in the Loan Agreement) are hereinafter collectively referred to as the "**Senior Loan Documents**".

I. As used herein, the term "**Bank Indebtedness**" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Bank under the Senior Loan Documents, together with all interest accruing thereon and all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

J. Except with respect to the Junior Obligation Documents, the MTW Loan Documents (as defined in the Loan Agreement), the IHDA Loan Documents (as defined in the Loan Agreement), the Sponsor Loan Documents (as defined in the Loan Agreement), and the Regulatory Agreements (as defined in the Loan Agreement), pursuant to the Senior Mortgage and the other Senior Loan Documents, Borrower is not entitled to further encumber the Project without the prior written consent of Bank, which consent may be withheld in Bank's sole discretion.

K. It is a condition precedent to Bank to entering into the Senior Loan Documents and permitting the recordation of any of the Junior Obligation Documents that the Senior Mortgage and the other Senior Loan Documents be and remain at all times a lien or charge upon the Project, prior and superior to the liens or charges of the Junior Obligation Documents.

L. Bank is willing to permit the recordation of the recordable Junior Obligation Documents, provided that (1) the Senior Mortgage and the other Senior Loan Documents are a lien or charge upon the Project prior and superior to the liens or charges of the Junior Obligation Documents, and (2) Junior Lienholder will specifically subordinate the liens or charges of the Junior Obligation Documents to the lien or charge of the Senior Loan Documents.

M. Junior Lienholder is willing that the Senior Loan Documents shall constitute a lien or charge upon the Project which is prior and superior to the liens or charges of the Junior Obligation Documents. The parties hereto enter into this Agreement for the purposes set forth in these Recitals.

N. Capitalized terms used herein and not otherwise defined shall have the meanings set forth for them in the Loan Agreement.

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AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Bank to make the Senior Loan, it is hereby declared, understood, and agreed as follows:

1. Subordination. The Senior Mortgage and other Senior Loan Documents in favor of Bank, and subject to Section 4 hereof all amendments, modifications, extensions and renewals thereof, shall unconditionally be and remain at all times a lien or charge on the Project prior and superior to the lien or charge of the Junior Obligation Documents. Junior Lienholder intentionally and unconditionally subordinates the lien or charge of the Junior Obligation Documents in favor of the lien or charge upon the Project of the Senior Mortgage and other Senior Loan Documents in favor of Bank, and understands that in reliance upon and in consideration of this 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 which would not be made or entered into but for said reliance upon this subordination.

2. Only Agreement Regarding Subordination. Bank would not permit the recordation of any Junior Obligation Documents without this Agreement. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Obligation Documents to the lien or charge of the Senior Mortgage and the other Senior Loan Documents and shall supersede and cancel, but only insofar as would affect the priority between said mortgages and said covenants, conditions and restrictions, any prior agreements as to such subordination, including, but not limited to, those provisions, if any, contained in the Junior Obligation Documents which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

3. Loan Disbursements. In making disbursements pursuant to any of the Senior Loan Documents, Bank is under no obligation or duty to, nor has Bank represented that it will, see to the application of such proceeds by the person or persons to whom Bank disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such Senior Loan Document(s) shall not defeat the subordination herein made in whole or in part.

4. Consent and Approval. Junior Lienholder has received and consents to and approves the Senior Loan Documents, including but not limited to any extension, modification and/or amendment of said agreements, between Borrower and Bank, provided that any extension, modification and/or amendment does not increase the amount of the Senior Loan, increase the interest rate of the Senior Loan or modify the maturity date of the Senior Loan. No decision by Junior Lienholder to review or not review the Senior Loan Documents, including but not limited to the disbursement provisions contained therein, shall impair or otherwise limit the enforceability of this Agreement.

5. Other Agreements. Junior Lienholder and Borrower declare, agree, and acknowledge that:

5.1 Subordination of Indebtedness. Any and all Junior Obligations are hereby subordinated and subject to any and all Bank Indebtedness, as set forth herein.

5.2 Permitted Payments. Borrower may make payments under the Junior Obligation Documents, if required, as long as all payments under the Senior Mortgage and the other Senior Loan Documents are current and not delinquent or in arrears, and only so long as at the time of such payment: (i) no Event of Default exists under the Loan Agreement and no event exists which, with the lapse of time or the giving of notice or both, would be an Event of Default under the Bank Indebtedness of which Junior

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Lienholder has received notice; and (ii) the payment would not result in a violation of any of Borrower's financial covenants set forth in any of the Senior Loan Documents ("*Permitted Payments*").

5.3 Payment Subordination. Except for any Permitted Payments, (a) all of the Bank Indebtedness now or hereafter existing shall be first paid in full by Borrower before any payment shall be made by Borrower on the Junior Obligations, and (b) this priority of payment shall apply at all times until all of the Bank Indebtedness has been repaid in full. In the event of any assignment by Borrower for the benefit of Borrower's creditors, or any bankruptcy proceedings instituted by or against Borrower, or the appointment of any receiver for Borrower or Borrower's business or assets, or of any dissolution or other winding up of the affairs of Borrower or of Borrower's business, and in all such cases respectively, Borrower's officers and any assignee, trustee in bankruptcy, receiver and other person or persons in charge are hereby directed to pay to Bank the full amount of the Bank Indebtedness before making any payments to Junior Lienholder due under the Junior Obligations.

5.4 Return of Prohibited Payments. Except as otherwise expressly agreed to herein, if Junior Lienholder shall receive any payments or other rights in any property of Borrower in connection with the Junior Obligations in violation of this Agreement, such payment or property shall immediately be delivered and transferred to Bank after notice to Junior Lienholder.

5.5 Repayment of Bank Indebtedness. This Agreement shall remain in full force and effect until all amounts due under the Senior Note and the Senior Loan Agreement are fully repaid in accordance with their respective terms and all of the terms of this Agreement have been complied with.

5.6 Standstill. Junior Lienholder agrees that, except as otherwise set forth herein, without the Bank's prior written consent, it will not accelerate the Junior Obligations, commence foreclosure proceedings with respect to the Project, collect rents, appoint (or seek the appointment of) a receiver or institute any other collection or enforcement action.

6. Bank Agreements.

6.1 Bank agrees that it shall not complete a foreclosure sale of the Project or record a deed-in-lieu of foreclosure with respect to the Project (each, a "*Foreclosure Remedy*") unless Junior Lienholder has first been given thirty (30) days prior written notice of the Event(s) of Default giving Bank the right to commence such Foreclosure Remedy, and unless Junior Lienholder has failed, within such thirty (30) day period, to cure such Event(s) of Default; provided, however, that Bank shall be entitled during such thirty (30) day period to continue to pursue all of its rights and remedies under the Senior Loan Documents, including, but not limited to, acceleration of the Senior Loan (subject to any de-acceleration provisions specifically set forth in the Senior Loan Documents), commencement and pursuit of a judicial or non-judicial foreclosure (but not completion of the foreclosure sale), appointment of a receiver, enforcement of any guaranty (subject to any notice and cure provisions contained therein), and/or enforcement of any other Senior Loan Document. Bank shall be entitled following such thirty (30) day period to pursue a Foreclosure Remedy and its other rights and remedies under the Senior Mortgage, including, but not limited to, acceleration of the Senior Loan (subject to any de-acceleration provisions specifically set forth in the Senior Loan Documents), commencement and pursuit of a judicial or non-judicial foreclosure (but not completion of the foreclosure sale), including, without limitation, the appointment of a receiver, and/or enforcement of any other Senior Loan Document; provided, however, upon the commencement and pursuit of a judicial or non-judicial foreclosure of the Senior Mortgage or the failure of the Bank, following the exercise of its remedies described in the preceding sentence, to thereafter comply with the terms and conditions of the Junior Obligation Documents and such noncompliance causes or threatens to cause a material impairment of the Junior Lienholder's collateral in the Project, the Junior Lienholder shall be entitled to pursue any and all remedies under the Junior Obligation Documents, so long

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as in the exercise of its remedies under the Junior Obligation Documents, the Junior Lienholder does not (i) object to any petition of the Senior Lender for the appointment of a receiver, which may be the Senior Lender or an affiliate of the Senior Lender or (ii) otherwise impair or interfere with the efforts of the Senior Lender to cause the Completion of the Project by the Low-Income Housing Tax Credit (“LIHTC”) placed in service date so as to preserve the value of the LIHTC, which are a material part of the collateral securing the Senior Loan. In the event Bank has accelerated the Senior Loan and Junior Lienholder cures all Events of Default giving rise to such acceleration within the thirty (30) day cure period described above, such cure shall have the effect of de-accelerating the Senior Loan; provided, however, that such de-acceleration shall not waive or limit any of Bank’s rights to accelerate the Senior Loan or exercise any other remedies under the Senior Loan Documents as to any future or continuing Events of Default. It is the express intent of the parties hereunder that Bank shall have the right to pursue all rights and remedies except completion of a Foreclosure Remedy without liability to Junior Lienholder for failure to provide timely notice to Junior Lienholder required hereunder, and that Bank’s liability hereunder shall be expressly limited to actual and consequential damages to Junior Lienholder directly caused by Bank’s completion of a Foreclosure Remedy without Junior Lienholder receiving the notice and opportunity to cure described above. Bank shall give Junior Lienholder notice at the address set forth below or such other address as Junior Lienholder may instruct Bank in writing from time to time:

Chicago Housing Authority
60 East Van Puren Street
Chicago, Illinois 60605
Attn: Chief Executive Officer

6.2 Junior Lienholder shall also have the right, during the thirty (30) day cure period described in Section 6.1, above, to elect, by delivering irrevocable written notice (“*Election Notice*”) of its election to Bank, to purchase the Senior Loan from Bank for a purchase price (“*Senior Loan Purchase Price*”) equal to the sum of (i) the outstanding principal balance of the Senior Loan on the Closing Date (as defined below), plus (ii) all accrued and unpaid interest on the Senior Loan through and including the Closing Date excluding interest at the Default Rate, plus (iii) all other accrued and unpaid fees, costs and expenses payable by Borrower under the Senior Loan Documents, plus (iv) all costs and expenses incurred by Bank in connection with the sale of the Senior Loan to Junior Lienholder. The sale of the Senior Loan by Bank to Junior Lienholder under this Section shall be made (a) without recourse, representation or warranty by Bank of any kind, express or implied, and (b) close on the date (“*Closing Date*”) which is fifteen (15) days after Junior Lienholder gives the Election Notice to Bank. On the Closing Date, Junior Lienholder shall pay to Bank, in immediately available funds and lawful monies of the United States of America, the Senior Loan Purchase Price. Junior Lienholder shall give Bank the notice required under this Section 6.2 in accordance with the Senior Note.

7. Bankruptcy Provisions. To the extent any payment under any Senior Loan Document (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

8. Casualty Insurance Proceeds; Condemnation Proceeds. In the event Bank shall release, for the purposes of restoration of all or any part of the improvements, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, Junior Lienholder shall simultaneously release (and

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hereby agrees that it shall be irrevocably and unconditionally deemed to have agreed to release) for such purpose all of Junior Lienholder's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. Junior Lienholder agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event Bank elects, in accordance with Illinois law, not to release any such proceeds for any such restoration, shall be applied to the payment of amounts due under the Senior Loan Documents until all such amounts have been paid in full, prior to being applied to the payment of any amounts due under the Junior Obligation Documents. If Bank holds such proceeds, awards or compensation and/or monitors the disbursement thereof, Junior Lienholder agrees that Bank may also elect, in its sole and absolute discretion, to hold and monitor the disbursement of such proceeds, awards and compensation to which Junior Lienholder is or may be entitled. Nothing contained in this Agreement shall be deemed to require Bank, in any way whatsoever, to act for or on behalf of Junior Lienholder or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of Junior Lienholder, and all or any of such sums so held or monitored may be commingled with any funds of Bank.

9. Effect of Other Agreements. The relationship between Borrower and Bank under the Senior Loan Documents is, and shall at all times remain, solely that of borrower and lender. Based thereon, Junior Lienholder acknowledges and agrees that Bank neither undertakes nor assumes any fiduciary responsibility or other responsibility or duty to Borrower or Junior Lienholder to guarantee or assist in Borrower's or Junior Lienholder's performance under any of the agreements between those parties and other third parties, including without limitation the Junior Obligation Documents.

10. Miscellaneous. This Agreement may be executed in multiple counterparts and the signature page(s) and acknowledgment(s) assembled into one original document for recordation, and the validity hereof shall not be impaired by reason of such execution in multiple counterparts. This Agreement is to be governed according to the laws of the State of Illinois. Wherever possible each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. In the event of action, suit, proceeding or arbitration to enforce any term of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party, as determined by the court or arbitrator, all of the prevailing party's costs and expenses, including without limitation reasonable attorneys' fees and expert witness fees, incurred by the prevailing party in connection therewith. If Junior Lienholder or any affiliate of Junior Lienholder shall acquire, by indemnification, subrogation or otherwise, any lien, estate, right or other interest in the Project, that lien, estate, right or other interest shall be subordinate to the Senior Mortgage and the other Senior Loan Documents as provided herein, and Junior Lienholder hereby waives, on behalf of itself and such affiliate, until all amounts owed under the Senior Loan Documents have been indefeasibly paid in full and all Bank's obligations to extend credit under the Senior Loan Documents have terminated, the right to exercise any and all such rights it may acquire by indemnification, subrogation or otherwise. The Agreement shall inure to the benefit of, and be binding upon, the parties hereto and the respective successors and assigns.

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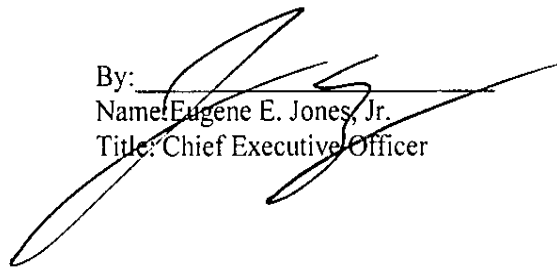
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[SECOND SIGNATURE PAGE TO SUBORDINATION AGREEMENT – CHA.DTC]

JUNIOR LIENHOLDER:

CHICAGO HOUSING AUTHORITY

By: _____
Name: Eugene E. Jones, Jr.
Title: Chief Executive Officer



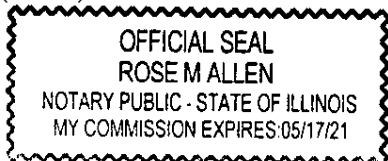
STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Rose M. Allen, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Eugene E. Jones, Jr., the Chief Executive Officer of the Chicago Housing Authority, a municipal corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Chief Executive Officer, appeared before me this day in person and acknowledged that he or she signed and delivered said instrument as his or her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 22nd day of January, 2018.

Rose M. Allen
Notary Public

(SEAL)



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EXHIBIT "A" LEGAL DESCRIPTION

TRACT 1:

LEASEHOLD ESTATE CREATED BY THAT CERTAIN GROUND LEASE DATED AS OF JANUARY 23, 2018, BETWEEN CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, LANDLORD, AND NORTH RIVER COMMISSION, AN ILLINOIS NOT-FOR-PROFIT CORPORATION, INITIAL TENANT, RECORDED SIMULTANEOUSLY HEREWITH, WHICH WAS AMENDED AND ASSIGNED TO NORTHTOWN APARTMENTS LP, AN ILLINOIS LIMITED PARTNERSHIP, BY ASSIGNMENT AND ASSUMPTION AND AMENDMENT OF GROUND LEASE DATED AS OF JANUARY 23, 2018, AND RECORDED SIMULTANEOUSLY HEREWITH, DEMISING AND LEASING FOR A TERM OF 99 YEARS THE FOLLOWING DESCRIBED PARCEL, TO WIT:

PARCEL 1:

LOTS 6 TO 14, INCLUSIVE, IN BLOCK 20 IN NATIONAL CITY REALTY COMPANY'S FOURTH ADDITION TO ROGERS PARK MANOR, A SUBDIVISION OF THE EAST 1/2 OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 36, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH AND SOUTH OF THE INDIAN BOUNDARY LINE (EXCEPT THAT PART OF SAID LOTS 6 TO 10 LYING EAST OF A LINE 50 FEET WEST OF AND PARALLEL TO THE EAST LINE OF SAID SECTION) IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 1, 2, 3, 4, AND 5 IN BLOCK 20 IN THE NATIONAL CITY REALTY COMPANY'S FOURTH ADDITION TO ROGERS PARK MANOR, BEING A SUBDIVISION OF THE EAST 1/2 OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 36, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THAT PORTION OF SAID LOTS TAKEN FOR WIDENING OF WESTERN AVENUE), IN COOK COUNTY, ILLINOIS.

TRACT 2:

OWNERSHIP OF ALL BUILDINGS AND IMPROVEMENTS LOCATED, OR TO BE LOCATED AFTER THE DATE OF THE AFORESAID GROUND LEASE, ON THE LEASEHOLD ESTATE HEREINABOVE DESCRIBED AS TRACT 1.

PROPERTY ADDRESSES:

6800- 6824 N Western Avenue, Chicago, Illinois 60645

PERMANENT REAL ESTATE INDEX NUMBERS:

10-36-230-028-0000
10-36-230-029-0000
10-36-230-030-0000
10-36-230-031-0000
10-36-230-032-0000
10-36-230-033-0000
10-36-230-034-0000

10-36-230-035-0000
10-36-230-036-0000
10-36-230-037-0000
10-36-230-038-0000
10-36-230-039-0000
10-36-230-040-0000
10-36-230-041-0000

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EXHIBIT "B"

Junior Obligation Documents

ALL DOCUMENTS DATED JANUARY 23, 2018 UNLESS OTHERWISE NOTED.

1. Donation Tax Credit Loan Agreement by and between Junior Lienholder and Borrower;
2. Donation Tax Credit Note (the "Junior Note"), executed by Borrower in favor of Junior Lienholder, in the face principal amount of \$1,007,944.00;
3. Donation Tax Credit Subordinate Mortgage, Security Agreement and Financing Statement, executed by Borrower in favor of Junior Lienholder securing the Junior Note;
4. Donation Tax Credit Subordinate Assignment Rents and Leases, executed by Borrower in favor of Junior Lienholder;

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