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PREPARED BY AND WHEN
RECORDED MAIL TO:

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Chicago, Illinois 60602
Attn: Brandon R. Calvert, Esq.

Stewart Title NTS- Chicago
10. South Riverside Plaza, Suite 1450
Chicago, IL 60606
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File No. 1802342094

26 of 30



Doc# 1802342094 Fee \$56.00

KAREN A. YARBROUGH

COOK COUNTY RECORDER OF DEEDS

DATE: 01/23/2018 04:13 PM PG: 1 OF 10

(SPACE ABOVE FOR RECORDER'S USE)

SUBORDINATION AGREEMENT (Seller 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, **NORTH RIVER COMMISSION**, an Illinois not-for-profit corporation ("*Junior Lienholder*"), with a mailing address of 3403 W. Lawrence Avenue, #201, Chicago, IL 60626, 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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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 DTC Loan Documents (as defined in the Loan Agreement), the MTW Loan Documents (as defined in the Loan Agreement), the IHDA 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 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. Intentionally Omitted.

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 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

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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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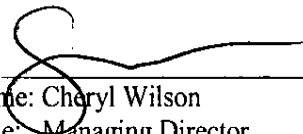
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[FIRST SIGNATURE PAGE TO SUBORDINATION AGREEMENT – SELLER LOAN]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the authorized representatives of the parties.

SENIOR LENDER:

CIBC BANK USA,
an Illinois state chartered bank

By: 
Name: Cheryl Wilson
Title: Managing Director

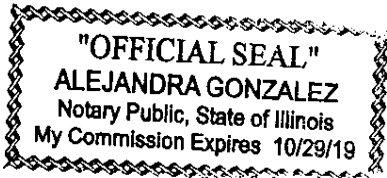
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that Cheryl Wilson, personally known to me to be a Managing Director of CIBC Bank USA, an Illinois state chartered bank, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed and delivered the said instrument in her capacity as such Managing Director of CIBC Bank USA, as her free and voluntary act and deed and as the free and voluntary act and deed of CIBC Bank USA, for the uses and purposes therein set forth.

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

(SEAL)


Notary Public



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[SECOND SIGNATURE PAGE TO SUBORDINATION AGREEMENT – SELLER LOAN]

SUBORDINATED LENDER:

NORTH RIVER COMMISSION,
an Illinois not-for-profit corporation

By: [Signature]
Printed Name: Thomas Applegate
Title: Executive Director

[Signature]
Notary Public

Property of Cook County Clerk's Office

STATE OF ILLINOIS

) SS

COUNTY OF COOK

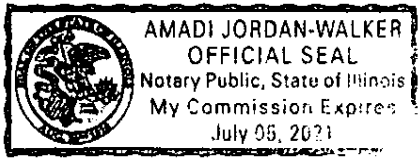
)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that Thomas Applegate, personally known to me to be the Executive Director of North River Commission, an Illinois not-for-profit corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument in his capacity as the Executive Director of North River Commission, as his/her free and voluntary act and deed and as the free and voluntary act and deed of North River Commission, for the uses and purposes therein set forth.

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

(SEAL)

[Signature]
Notary Public



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[THIRD SIGNATURE PAGE TO SUBORDINATION AGREEMENT – SELLER LOAN]

BORROWER:

NORTHTOWN APARTMENTS LP,
an Illinois limited partnership

By: Northtown Apartments GP, LLC,
an Illinois limited liability company,
its general partner

By: EREG Development LLC,
an Illinois limited liability company,
its sole member

By: [Signature]
Name: Jeffrey C. Rappin
Title: Manager

Property of Cook County Clerk's Office

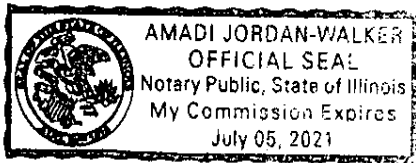
STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Jeffrey C. Rappin, personally known to me to be the Manager of EREG Development LLC, an Illinois limited liability company ("Sole Member"), the sole member of Northtown Apartments GP, LLC, an Illinois limited liability company ("General Partner"), the general partner of Northtown Apartments LP, an Illinois limited partnership, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Manager, he signed and delivered the said instrument, pursuant to authority given by the members of Sole Member and General Partner as his free and voluntary act, and as the free and voluntary act and deed of Sole Member, General Partner, and Northtown Apartments LP, for the uses and purposes therein set forth.

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

(SEAL)

[Signature]
Notary Public



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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

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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. Promissory Note (the "Junior Note"), executed by Borrower in favor of Junior Lienholder, in the face principal amount of \$2,960,000; and
2. Leasehold Mortgage, Security Agreement and Assignment of Rents and Leases, executed by Borrower in favor of Junior Lienholder securing the Junior Note.

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