



Doc# 1824341036 Fee \$50.00

RHSP FEE:\$9.00 RPRF FEE: \$1.00

KAREN A. YARBROUGH

COOK COUNTY RECORDER OF DEEDS

DATE: 08/31/2018 12:17 PM PG: 1 OF 7

Recording Requested By and  
When Recorded Send to:

Office of the General Counsel  
Chicago Housing Authority  
60 East Van Buren, 12<sup>th</sup> Floor  
Chicago, Illinois 60605  
Attention: Roberta Gates-Edwards

Property of Cook County Clerk's Office

**SUBORDINATE ASSIGNMENT OF RENTS AND LEASES**

**THIS SUBORDINATE ASSIGNMENT OF RENTS AND LEASES** (this "Assignment"), is dated as of August 31, 2018, and is made by **3441 MONTROSE LP**, an Illinois limited partnership ("Assignor"), having an address of c/o EREG Development LLC, 566 W. Lake Street, Suite 400, Chicago, Illinois 60661, in favor of **CHICAGO HOUSING AUTHORITY**, an Illinois municipal corporation ("Assignee"), having its principal office at 60 East Van Buren Street, 12<sup>th</sup> Floor, Chicago, Illinois 60605, Attn: Chief Executive Officer.

A. Assignor and Assignee have entered into a Chicago Housing Authority Loan Agreement, of even date herewith (hereinafter, as the same may be amended, supplemented and restated from time to time, called the "**Loan Agreement**"), pursuant to which Assignee has agreed to make a loan to Assignor as described below (the "**Loan**") subject to the terms and conditions, and for the purposes, set forth in the Loan Agreement.

B. To evidence the Loan, Assignor has executed and delivered a note (such note, together with any and all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof, shall be called the "**Note**"), payable to the order of Assignee, payment of which is secured by, among other things, a Subordinate Mortgage, Security Agreement and Financing Statement (hereinafter, as the same may be amended, supplemented and restated from time to time, called the "**Mortgage**"), from Assignor to Assignee covering the real property legally described on Exhibit A attached hereto and hereby made a part hereof, and all improvements now or hereafter located thereon (collectively, the "**Premises**").

C. The Note executed by Assignor is in the principal amount of Nine Million Seven Hundred Sixty Thousand and 00/100 Dollars (\$9,760,000.00). The Loan Agreement, the Note, the Mortgage, this Assignment and any other collateral security instruments and other agreements required by Assignee are herein collectively referred to as the "**Loan Documents**".

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D. Assignor's estate and interest in the Premises will be encumbered by this Assignment.

E. The execution and delivery of this Assignment is a condition to the performance by Assignee of its obligations under the Loan Agreement.

F. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

**NOW, THEREFORE**, in consideration of the recitals set forth above and incorporated herein, in order to secure the Loan, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby conveys, transfers and assigns unto Assignee, its successors and assigns, all the rights, interest and privileges, which Assignee, its successors and assigns, as lessor, has and may have in the leases now existing or hereafter entered into for the residential units constituting part of the Development (the "**Leases**") to be constructed on the Premises, as said Leases may have been, or may from time to time be hereafter, modified, extended and renewed, with all rents, income, issues and profits due therefrom.

This Assignment is made as additional security for the obligations of Assignor under the Note. The obligations of Assignor under the Note are secured by, among other things, the Mortgage, which Mortgage constitutes a lien on and otherwise relates to the Premises, and the acceptance of this Assignment and the collection of rents or the payments under the Leases shall not constitute a waiver of any rights of Assignee under the terms of the Mortgage.

It is expressly understood and agreed by the parties hereto that before an event of default (which is not cured within any applicable notice and/or cure periods) occurs hereunder or under the terms of any of the Loan Agreement or the other Loan Documents (an "**Event of Default**"), Assignor shall have the right to collect said rents, income, issues and profits from the Leases, and to retain, use and enjoy the same; provided, however, that even before an Event of Default occurs, no rent more than one month in advance shall be collected or accepted without the prior written consent of Assignee; provided, however, that Assignor may collect reasonable and customary security deposits which shall not be deemed or considered advance rent. Anything to the contrary notwithstanding, after the occurrence of an Event of Default beyond all applicable notice and cure periods, Assignor hereby assigns to Assignee any award made hereafter to Assignor in any court procedure involving any of the Leases in any bankruptcy, insolvency or reorganization proceedings in any state or federal court, and any and all payments made thereunder in lieu of rent. Upon the occurrence of an Event of Default, if said Event of Default shall be cured or waived, the appointment of Assignee as attorney-in-fact for Assignor shall cease.

Assignor, if an Event of Default has occurred and is continuing beyond applicable notice and cure periods, hereby authorizes Assignee, at its option, to enter and take possession of the Premises and to manage and operate the same as Assignee, in its discretion, may deem proper, subject to the terms and conditions of the Leases subject to this Assignment. Assignor, in such case, shall cooperate with Assignee in all other respects to effectuate the terms and conditions hereof.

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The receipt by Assignee of any rents, income, issues or profits pursuant to this Assignment after the institution of foreclosure proceedings under the Mortgage shall not cure such default nor affect such proceedings or any sale pursuant thereto. Upon foreclosure of the Mortgage (for which this Assignment serves as additional security), it is understood by Assignor and Assignee that Assignee's rights under this Assignment continue through the period of foreclosure.

Assignee shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Assignor under any of the Leases, and Assignor hereby agrees to indemnify Assignee for, and to defend and save it harmless from, any and all liability arising from any of the Leases or from this Assignment (other than any liability arising out of Assignee's gross negligence or willful misconduct or arising or following Assignee's acquisition of title to or control of the Premises, unless such act is taken in response to (1) any negligent act or omission of Assignor, or (2) any breach (other than failure to repay any of the obligations evidenced by the Note) by Assignor of any provisions of the instruments executed by Assignor, in connection with the Loan), and this Assignment shall not place responsibility for the control, care, management or repair of the Premises upon Assignee, or make Assignee responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Premises resulting in loss or injury or death to any tenant, licensee, employee or stranger prior to Assignee's acquisition of title or control of the Premises.

Assignor covenants and represents that Assignor has full right and title to assign all Leases assigned hereunder and the rents, income, issues and profits due or to become due thereunder.

Any cure of any defaults by any of Assignor's limited partner shall be deemed to be a cure by Assignor.

The full performance of the Mortgage and the duly recorded release or reconveyance of the Premises and security interests described therein shall render this Assignment void, and, upon the written request of Assignor, Assignee shall execute and deliver to Assignor a recordable release of this Assignment.

Subject to the rights of the Senior Lender (as defined in the Loan Agreement), the net proceeds collected by Assignee under the terms of this Assignment following an Event of Default shall be applied, at the option of Assignee, to pay all costs and expenses in connection with the management and operation of the Premises, and/or to pay all or any portion of the entire indebtedness from time to time outstanding and secured by the Mortgage. Assignee shall not be accountable for any monies other than said net proceeds actually received by Assignee under the terms of this Assignment, nor shall Assignee be liable for any failure to collect rents or other payments due from lessees under the Leases assigned hereunder.

This Assignment applies to and binds the parties hereto and their respective heirs, administrators, executors, successors and assigns.

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This Assignment shall be governed as to performance and interpretation in accordance with the internal law of the State of Illinois, without regard to its conflict of law principles.

If any provision of this Assignment, or any paragraph, sentence, clause, phrase or word, or the application hereof in any circumstance, is held invalid, the remainder of this Assignment shall be construed as if such invalid part were never included herein, and this Assignment shall be and remain valid and enforceable to the fullest extent permitted by law.

This Assignment is subject and subordinate to the Permitted Encumbrances expressly designated as “senior encumbrances” on Exhibit B attached to the Mortgage.

The obligations of Assignor under this Assignment are limited solely to revenues, receipts, money and investments of Assignor with respect to the Development and to property of Assignor consisting of the Development, and not to any other property, revenues, receipts, money or investments of Assignor. The obligations of Assignor under this Assignment are not obligations of any partners of Assignor, and no partners of Assignor shall have any obligation to make any capital contribution or loan to Assignor for the purpose of making any payment pursuant to this Assignment.

Assignor hereby acknowledges that any loan or transfer of public housing funds by Assignee shall not be or be deemed to be an assignment of such funds, and Assignor shall not succeed to any rights or benefits of Assignee under applicable grant or funding agreements between Assignee and HUD, or attain any privileges, authorities, interests, or rights in or under applicable grant or funding agreements between Assignee and HUD. Nothing contained in this Assignment, nor any act of HUD or Assignee shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, except between HUD and Assignee as provided by the terms of applicable grant agreements. In addition, there are otherwise no third-party beneficiaries of this Assignment and no third party shall have any rights under this Assignment.

[Signature Appears on Following Page]

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[SIGNATURE PAGE TO ASSIGNMENT OF RENTS AND LEASES]

IN WITNESS WHEREOF, Assignor has executed and delivered this Assignment as of the date first written above.

**ASSIGNOR:**

**3441 MONTROSE LP**, an Illinois limited partnership

By: 3441 Montrose GP LLC,  
an Illinois limited liability company,  
its general partner

By:   
Name: David Block  
Title: Manager

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## EXHIBIT A

### PREMISES LEGAL DESCRIPTION

Lots 1, 2, 3, 4, and 5 in Block 2 in A. H. Hill and Company's Boulevard Addition to Irving Park, being a subdivision by Alonzo M. Hill of the East 1/2 of the West 1/2 of the Southeast 1/4 of Section 14, Township 40 North, Range 13, East of the Third Principal Meridian, in Cook County, Illinois.

COMMON ADDRESS: 3435 West Montrose Avenue in Chicago, Illinois

PINS: 13-14-402-005-0000  
13-14-402-006-0000  
13-14-402-007-0000  
13-14-402-008-0000

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