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CEB 1 of 1

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Edward M. Moody

Cook County Recorder of Deeds

Date: 07/02/2020 12:10 PM Pg: 1 of 11

Prepared by and after recording return to:

Katheryne L. Zelenock

Dickinson Wright PLLC

2600 West Big Beaver Road, Suite 300

Troy, Michigan 48084

SUBORDINATION AGREEMENT

GOVERNMENTAL ENTITY

Subordination Agreement (Governmental Entity)
1608 W. Sherwin

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SUBORDINATION AGREEMENT GOVERNMENTAL ENTITY FOR LIS PENDENS/ NO SUBORDINATE DEBT

THIS SUBORDINATION AGREEMENT FOR LIS PENDENS/NO SUBORDINATE DEBT (this “**Agreement**”) is effective as of the 5th day of May, 2020, by the CITY OF CHICAGO (“**Governmental Entity**”), and 1608 SHERWIN LLC, an Illinois limited liability company (“**Borrower**”), for the benefit of GREYSTONE SERVICING COMPANY LLC, a Delaware limited liability company, its successors and assigns (“**Lender**”).

RECITALS:

A. Simultaneously herewith Lender is making a loan to Borrower in the original principal amount of \$8,690,000.00 (“**Loan**”) pursuant to a Multifamily Loan and Security Agreement between Lender and Borrower (as supplemented or amended from time to time, the “**Loan Agreement**”) and evidenced by a Multifamily Note by Borrower to Lender (as supplemented or amended from time to time, the “**Note**”). The Loan is to be secured by a Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing that will be recorded among the records of Cook County, Illinois (“**Official Records**”) (as supplemented or amended from time to time, the “**Mortgage**”) of certain improved real property located at 1608 W. Sherwin Avenue, Chicago, Illinois 60626 (Cook County, Illinois) as more particularly described on Exhibit A attached hereto (“**Property**”). The Loan Agreement, the Note and the Mortgage, together with all other documents executed with respect to the Loan, are hereinafter collectively referred to as the “**Loan Documents**”.

B. Governmental Entity has brought a lawsuit related to Alleged Housing Violations (as detailed below) at the Property in a matter captioned City of Chicago v. 1608 W. Sherwin LLC (Case No. 2019-M1-400147, Cook County Circuit Court), and recorded a lis pendens related to those alleged housing violations as Document No. 1903641166 in the Cook County property records (the “**Lis Pendens**”), asserting potential damages of up to \$2,000 per day. The following are the “**Alleged Housing Violations**”: (i) failure to arrange for inspection of premises as required by ordinance; (ii) need critical examination of fire escape (fire escape viewed to be “severely damaged, dangerous and hazardous”); (iii) failure to maintain exterior walls of a building or structure free from holes, breaks, loose or rotting boards or timbers or other conditions that might admit moisture, cracked stone under south elevation bay windows (floors 1-4), south elevation bay window bump outs parapet walls at base are cracked, north and east elevations concrete, need to obtain plans and permit for all masonry repairs; (iv) questionable stability of south elevation --- need a structural condition report to assure structural integrity. Governmental Entity also seeks an injunction against further violations, and the ability to intervene if the property owner does not take action on the violations, plus recovery of attorney fees and costs.

C. Borrower has represented to Lender that (numbers correspond to Alleged Housing Violations above): (i) inspection is being coordinated with Governmental Entity; (ii) the fire escape has been inspected and repaired by a third party, and Borrower has provided Governmental Entity photographs of that posting, satisfactory to Governmental Entity pending final inspection; (iii)

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Borrower has obtained an inspection and proposal from DJD Restorers, Inc., indicating that necessary repair work can be performed for \$15,780, but Borrower indicates that work cannot be performed until weather improves; and (iv) Borrower provided a Structural Assessment Report prepared by NLP Concepts, LLC, dated January 21, 2020, which makes recommendations as to maintenance repairs, but affirmatively states that not structural failures were observed, and Borrower has provided Governmental Entity with that report, satisfactory to Governmental Entity pending completion of the recommended work.

D. As a condition to making the Loan, Lender requires that the lien of the Mortgage be superior to the Lis Pendens. Lender will not make the Loan unless Governmental Entity and Borrower agree to subordinate their rights and obligations under the Lis Pendens.

E. Borrower and Governmental Entity hereby agree to subordinate the Lis Pendens on and subject to the terms, conditions and requirements set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Recitals. The foregoing Recitals are hereby incorporated into this Agreement as agreements among the parties.

2. Subordination. The Governmental Entity hereby agrees that the Lis Pendens is and shall at all times continue to be, subordinate, subject and inferior to the rights of Lender under the Loan Documents and that the liens, rights (including approval and consent rights), remedies, payment interests, priority interests, and security interests granted to Governmental Entity pursuant to or in connection with the Lis Pendens are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights (including approval and consent rights), remedies, payment, priority and security interests granted to Lender pursuant to the Loan Documents and the terms, covenants, conditions, operations and effects thereof. Notwithstanding the above, Governmental Entity may exercise the remedies of specific performance or injunctive relief at any time if such relief is provided under court order pursuant to the litigation related to the Lis Pendens.

3. Financing and Encumbrance Approval. Governmental Entity hereby approves and acknowledges financing evidenced by the Mortgage. Governmental Entity further agrees that any transfer of the Property in connection with foreclosure of the Mortgage or a deed in lieu thereof shall not require Governmental Entity's consent but shall require notice to Governmental Entity.

4. Lender Notice of Default. In consideration of Governmental Entity's agreements contained in this Agreement, Lender agrees that in the event of any default by Borrower under the Loan Documents, Governmental Entity shall be entitled to receive a copy of any notice of default given by Lender to Borrower under the Loan Documents. Neither the giving nor the failure to give a notice to Governmental Entity pursuant to this Section 4 will affect the validity of any notice given by Lender to the Borrower.

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5. Governmental Entity Notice of Default. Governmental Entity shall give Lender a concurrent copy of each material notice (including without limitation each notice of default) given by Governmental Entity under or with respect to the Lis Pendens, and agrees that Lender, at Lender's sole election, shall have the right (but not the obligation) to cure any default by Borrower under the Lis Pendens on its and/or Borrower's behalf.

6. Governmental Entity's Rights. Except as set forth in Sections 2 and 7 of this Agreement, nothing in this Agreement is intended to abridge or adversely affect any right or obligation of Borrower and/or Governmental Entity, respectively, under the Lis Pendens; provided that, (A) the Lis Pendens may be released but it may not be modified, amended, changed or otherwise altered without the prior written consent of Lender so long as the Loan is secured by the Property and (B) for so long as the Loan is secured by the Property, notwithstanding the terms of the Lis Pendens to the contrary, neither Borrower nor Governmental Entity will, without Lender's prior written consent, exercise or seek any right or remedy under the Lis Pendens or available at law or in equity which will or could result in (i) a transfer of possession of the Property or the control, operations or management thereof, (ii) the collection or possession of rents or revenues from or with respect to the Property by any party other than Borrower or Lender; (iii) appointment of a receiver for the Property; (iv) the application of insurance or condemnation proceeds other than as approved by Lender pursuant to the Loan Documents; (v) the removal or replacement of the existing property manager of the Property; or (vi) a material adverse effect on Lender's security for the Loan.

7. Foreclosure by Lender. In the event of foreclosure, deed in lieu of foreclosure, or similar disposition of the Property by Lender, no consent shall be required from Governmental Entity.

8. Entire Agreement. This Agreement represents the entire understanding and agreement between the parties hereto with regard to the subordination of the Lis Pendens to the lien or charge of the Loan Documents, and shall supersede and cancel any prior agreements with regard to this subject matter.

9. Binding Provisions. The covenants and agreements contained in this Agreement shall be binding upon the heirs, personal representatives, successors and assigns of the respective parties to this Agreement.

10. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

11. Modifications. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

12. Notices. All notices required or permitted hereunder shall be deemed to have been received either (i) when delivered by hand and the party giving such notice has received a signed receipt thereof, or (ii) three (3) days following the date deposited in the United States mail, postage prepaid, by registered or certified mail, return receipt requested, addressed as follows (or addressed

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in such other manner as the party being notified shall have requested by written notice to the other party):

If to Governmental Entity:

City of Chicago
30 N. LaSalle Street, #700
Chicago, Illinois 60602
gangel@cityofchicago.org

If to Lender:

419 Belle Air Lane
Warrenton, Virginia 20186
Email: CustomerCare@greyco.com
Deal ID No.: 19167

With a copy to:

Dickinson Wright, PLLC
2600 W. Big Beaver Road, Suite 300
Troy, Michigan 48084
Attention: Katheryne L. Zelenock, Esq.

If to Borrower:

1608 SHERWIN LLC
4520 N. Clarendon Avenue
Chicago, Illinois 60640
Attention: Sal Becovic

With a copy to:

Ashen Faulkner
217 N. Jefferson, Suite 601,
Chicago, Illinois 60661
Attention: James Sethna, Esq.

13. Further Instruments. Each of the parties hereto will, whenever and as often as they shall be requested to do so by the other, execute, acknowledge and deliver, or cause to be executed, acknowledged or delivered, any and all such further instruments and documents as may be reasonably necessary to carry out the intent and purpose of this Agreement, and to do any and all further acts reasonably necessary to carry out the intent and purpose of this Agreement.

14. Valid Authorization. Each person executing this Agreement on behalf of a party hereto represents and warrants that such person is duly and validly authorized to do so on behalf

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of such party with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations hereunder.

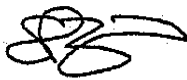
15. Counterparts. This Agreement may be executed in counterparts each of which shall be deemed an original and all of which when taken together constitute one and the same instrument, binding on all of the parties. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE LIS PENDENS BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF THE MORTGAGE

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BORROWER:

1608 SHERWIN LLC,
an Illinois limited liability company

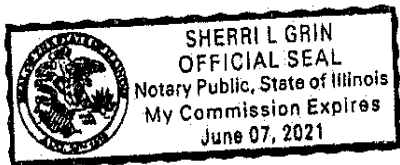
By: 
Name: Sal Becovic
Title: Manager

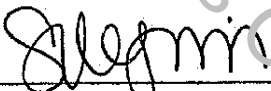
ACKNOWLEDGMENT

STATE OF Illinois)
COUNTY OF Cook }

On this 31st day of March, 2020, the undersigned, a Notary Public in and for the said County and State, hereby certifies that before me personally appeared Sal Becovic personally known to me or proved to me on the basis of satisfactory evidence, to be Manager of 1608 Sherwin LLC, an Illinois limited liability company, who, having been duly authorized, executed the foregoing instrument as Manager on behalf of said limited liability company and acknowledged the due execution of the said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein stated.

Witness my hand and Notarial Seal.




Print Name: SHERRI GRIN
County of COOK
State of Illinois
My Commission Expires: June 7, 2021

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EXHIBIT A Legal Description

LOT 19 AND THE WEST 16 1/2 FEET OF LOT 20 IN BLOCK 3 IN F.H. DOLAND'S SUBDIVISION OF THE EAST 414.5 FEET OF SECTION 30, TOWNSHIP 41 NORTH, RANGE 14, AND THE WEST 175 FEET OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, SOUTH OF THE CHICAGO, EVANSTON AND LAKE SUPERIOR RAILROAD AND THE INDIAN BOUNDARY LINE, IN COOK COUNTY, ILLINOIS.