

SUBORDINATION AGREEMENT.

THIS SUBORDINATION AGREEMENT, dated as of October 1, 1987 (this "Agreement"), is made and entered into by and between THE CITY OF CHICAGO DEPARTMENT OF HOUSING (the "City", with a mailing address at 318 South Michigan Avenue, Chicago, Illinois 60604, and HARRIS TRUST AND SAVINGS BANK, an Illinois banking corporation ("Harris"), with a mailing address at 111 West Monroe Street, Chicago, Illinois 60690.

W I T N E S S E T H:

WHEREAS, SU CASA ASSOCIATES LIMITED PARTNERSHIP, an Illinois Limited Partnership ("Borrower") with a mailing address at 1724 West Jonquil Terrace, Chicago, Illinois 60640, holds legal title to the real estate (the "Property") described in Exhibit A attached hereto and by reference incorporated herein; and

WHEREAS, Harris is a party to that certain Building Loan Agreement dated October 1, 1987 by and among the City, Borrower, and Harris; and

WHEREAS, Harris issued that certain Mortgage Commitment Letter ("Commitment") dated September 22, 1987, to Borrower wherein the willingness of Harris to make the Loan to Borrower is expressly made contingent upon the ability of Harris to obtain a first lien on the Property superior to any other lien; and

WHEREAS, Borrower has executed and delivered to Harris an Adjustable Rate Promissory Note (the "Harris Note") of even date herewith, wherein Borrower promises to pay to the order of Harris the principal amount of Three Hundred Sixty-eight Thousand and 00/100 Dollars (\$368,000.00) in repayment of a loan (the "Harris Loan") from Harris to Borrower in like amount; and

WHEREAS, Borrower has executed and delivered to the City a Promissory Note (the "City Note") of even date herewith, wherein Borrower promises to pay to the order of the City the principal amount of Nine Hundred Twenty-seven Thousand One Hundred Twenty-Seven and 00/100 Dollars (\$927,127.00) in repayment of a loan (the "City Loan") from the City to Borrower in like amount; and

WHEREAS, as security for the repayment of the Harris Loan, there have been executed and delivered to Harris a Construction Loan Mortgage (the "Harris Mortgage") of even date herewith from Borrower to Harris, granting to Harris a first lien on the Premises, and certain other loan documents described in Exhibit B to the Harris Note (the Harris Note, the Harris Mortgage, all other loan documents described in such Exhibit B and all other documents, whether now or hereafter existing, that are executed and delivered as additional evidence of or security for repayment of the Harris Loan are hereinafter referred to collectively as the "Harris Loan Documents"); and

WHEREAS, as security for the repayment of the City Loan, there has been executed and delivered to the City a Mortgage (the "City Mortgage") granting to the City a lien on the Premises; and

WHEREAS, the specific and unconditional subordination of the lien created by the City Mortgage which has been or shall be recorded with the Recorder of Deeds for Cook County, Illinois, to the lien of Harris created by the Harris Mortgage, and the delivery of this Agreement, is a condition precedent to the making and funding of the Harris Loan; and

This Document Prepared By:

PAUL L. ZULKIE, ESQUIRE
Kozlicki, Widman & Goldberg, Ltd.
222 South Riverside Plaza, Suite 2300
Chicago, Illinois 60606-6101
312/648-2244

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WHEREAS, the Property and the equipment described in Exhibit B attached hereto and incorporated herein by reference (the "Goods") shall be subject to the first liens of Harris pursuant to the Harris Mortgage and the Harris Loan Documents.

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration, the receipt of which is hereby acknowledged, it is hereby agreed as follows:

1. All right, title and interest of the City in and to the Property and the Goods arising by reason of the City Mortgage shall be subject and subordinate to, and is hereby subordinated to, any right, title and interest of Harris in and to the Property and the Goods which may have been granted by the Borrower or otherwise arisen pursuant to the Harris Mortgage and the Harris Loan Documents.

2. The City agrees that upon the occurrence of any event which permits the City to enforce the City Mortgage or any of the other City Security Documents which may have been executed by Borrower, the City will promptly notify Harris of such fact. The City further agrees that notwithstanding anything to the contrary contained in the City Mortgage or otherwise, the City will neither take nor authorize to be taken any action by way of suit, foreclosure or otherwise in order to realize on any of the collateral security afforded by the City Mortgage and/or any of the other City Security Documents until such time as Harris shall have been notified in writing of such fact or facts and Harris shall have been given ten (10) days from the receipt of such notice to cure such fact or facts.

3. The City further agrees that (i) it will never make any assertion, argument or claim in any action, suit or proceeding of any nature whatsoever in any way challenging the priority, validity or effectiveness of the Harris Mortgage or any of the other Harris Loan Documents, and (ii) Harris may, from time to time, in the exercise of its sole discretion and without notice to the City take any or all of the following actions without affecting any of the terms of this Agreement: (a) retain or obtain a lien against or a security interest in any property to secure payment of any of the liabilities under the Harris Mortgage or any of the other Harris Loan Documents, (b) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of such liabilities, or release or compromise any obligation of the Borrower or any obligation of any nature of any other obligor with respect to any of such liabilities, (c) release the lien of the Harris Mortgage against or the security interest of any of the Harris Loan Documents in, or surrender, release or permit any substitution or exchange for, all or any part of any property securing payment of any of such liabilities, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property.

The City acknowledges and agrees that while the amount of liabilities outstanding under the Harris Mortgage and the Harris Loan Documents may from time to time be reduced to zero, such fact shall have no effect on the validity and enforceability of this Agreement.

4. The City hereby covenants and agrees that:

(a) The City shall not renew or extend the City Mortgage without the prior written consent of Harris;

(b) The City shall not change or modify, or agree to any change or modification of, the terms and conditions of the City Mortgage without the prior written consent of Harris;

(c) The City shall, immediately after being notified in writing or otherwise of a default under the City Mortgage or under any of the City Security Documents, notify Harris of the same;

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(d) The City hereby assigns and releases to Harris, its successors and assigns or any other legal holder of the Harris Mortgage:

(i) all of its right, title and interest or claim, if any, in and to the proceeds of all policies of insurance covering the Property for application upon the indebtedness or other disposition thereof in accordance with the provisions of the Harris Mortgage; and

(ii) all of its right, title and interest, all claims, if any, in and to all awards or other compensation made for any taking of any part of the Property to be applied upon the Indebtedness secured by the Harris Mortgage or other disposition thereof in accordance with the provisions of the Harris Mortgage.

(e) The City shall, within five (5) days of the request of Harris, execute, acknowledge, and deliver to Harris such instrument of subordination as may be required in order to evidence the foregoing.

5. The City Mortgage and the City Note contain provisions to the effect that so long as the indebtedness secured by the Harris Mortgage shall remain unpaid, no interest, principal, or principal and interest payments shall be payable in connection with the indebtedness secured by the City Mortgage until the indebtedness secured by the Harris Mortgage has been fully repaid. Any payments made to the City in violation of this paragraph shall be paid to Harris within five (5) days of demand by Harris.

6. Any notice required or intended by this Agreement shall be given in writing and shall be mailed to the other party at its address set forth above, or at such other address as the intended recipient may, from time to time, designate in writing. All notices shall be mailed by registered or certified mail, return receipt requested.

7. If any provision of this Agreement, in any circumstance, is held invalid, then the validity of the remainder of this Agreement shall be construed as if such invalid part were never included herein.

8. No waiver by either party of any provision of this Agreement shall be deemed to be a waiver of such or any other provision, or any performance hereunder, in any other case.

9. This Agreement shall be governed by the laws of the State of Illinois.

10. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date first above written.

HARRIS TRUST AND SAVINGS BANK,
an Illinois banking corporation

THE CITY OF CHICAGO DEPARTMENT
OF HOUSING

BY: [Signature]
Its Vice President

BY: [Signature]
Its Deputy Commissioner

ATTEST: [Signature]
Its Clerk

ATTEST: _____
Its _____

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Lots 11 and 12 in Block 5 in Gunderson's North Birchwood Subdivision of Blocks 4 to 17 inclusive in David P. Oleary's Subdivision of part of the South half of the North East quarter of Section 30, Township 41 North, Range 14 East of the Third Principal Meridian, according to the plat thereof recorded May 8, 1913 as Document Number 5180393 in Cook County, Illinois.

P.I.N.: 11-30-217-011

Property Address: 1614-22 West Jonquil Terrace
Chicago, Illinois 60626

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EXHIBIT B

DESCRIPTION OF GOODS

1. All fixtures and personal property now or hereafter owned by Borrower and attached to or contained in and used or useful in connection with the Premises or any of the improvements now or hereafter located thereon, including without limitation any and all air conditioners, antennae, appliances, apparatus, awnings, basins, bathtubs, boilers, bookcases, cabinets, carpets, coolers, curtains, dehumidifiers, disposals, doors, drapes, dryers, ducts, dynamos, elevators, engines, equipment, escalators, fans, fittings, floor coverings, furnaces, furnishings, furniture, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, ovens, pipes, plumbing, pumps, radiators, ranges, recreational facilities, refrigerators, screens, security systems, shades, shelving, sinks, sprinklers, stokers, stoves, toilets, ventilators, wall coverings, washers, windows, window coverings, wiring, all renewals or replacements thereof or articles in substitution therefor, and all property owned by Borrower and now or hereafter used for similar purposes in or on the premises;

2. Articles or parts now or hereafter affixed to the property described in Paragraph 1 of this Exhibit B or used in connection with such property, any and all replacements for such property, and all other property of a similar type or used for similar purposes now or hereafter in or on the Premises or any of the improvements now or hereafter located thereon;

3. Borrower's right, title, and interest in all personal property used or to be used in connection with the operation of the Premises or the conduct of business thereon, including without limitation business equipment and inventories located on the Premises or elsewhere, together with files, books of account, and other records, wherever located;

4. Borrower's right, title, and interest in and to any and all contracts now or hereafter relating to the Premises and executed by any architects, engineers, or contractors, including all amendments, supplements, and revisions thereof, together with all Borrower's rights and remedies thereunder and the benefit of all covenants and warranties thereon, and also together with all drawings, designs, estimates, layouts, surveys, plats, plans, and specifications prepared by any architect, engineer, or contractor, including any amendments, supplements, and revisions thereof and the right to use and enjoy the same, as well as all other rights, licenses, permits, agreements, and test results relating to construction on the Premises;

5. Borrower's right, title, and interest in and to any and all contracts now or hereafter relating to the operation of the Premises or the conduct of business thereon, including without limitation all management and other service contracts, and the right to appropriate and use any and all trade names used or to be used in connection with such business;

6. Borrower's right, title, and interest in the rents, issues, deposits (including security deposits and utility deposits), and profits in connection with all leases, contracts, and other agreements (as defined in any Assignment of Rents described in Exhibit B to the Mortgage) made or agreed to by any person or entity (including without limitation Borrower and Lender under the powers granted by this Security Agreement and the other Loan Documents) with any person or entity pertaining to all or any part of the Premises, whether such agreements have been heretofore or are hereafter made;

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7. Borrower's right, title, and interest in all earnest money deposits, proceeds of contract sales, accounts receivable, and general intangibles relating to the Premises;

8. All rights in and proceeds from all fire and hazard, loss-of-income, and other non-liability insurance policies now or hereafter covering improvements now or hereafter located on the Premises or described in the Mortgage or in this Security Agreement, the use or occupancy thereof, or the business conducted thereon;

9. All awards or payments, including interest thereon, that may be made with respect to the Premises, whether from the right of the exercise of eminent domain (including any transfer made in lieu of the exercise of said right) or for any other injury to or decrease in volume of the Premises; and

10. All proceeds from the sale, transfer, or pledge of any or all of the foregoing property.

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. T#0003 TRAN 0440 10/09/87 15:30:00
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. COOK COUNTY RECORDER

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