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SUBORDINATION AGREEMENT

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THIS SUBORDINATION AGREEMENT ("Agreement") is made and entered into on August 2, 1988, among THE STEEL CITY NATIONAL BANK OF CHICAGO, a national banking association ("Bank") and PLITT THEATRES, INC., a Delaware corporation ("Subordinated Lender").

RECITALS

WHEREAS, LaSalle National Bank, a national banking association, not personally but solely as Trustee under Trust Agreement dated September 15, 1985 and known as Trust No. 100791 (the "Lessor") has executed and delivered to Subordinated Lender that certain Lease dated July 10, 1986, as amended by Lessor and Subordinated Lender on April 4, 1988 ("Lease") of the property described on Exhibit A attached hereto (the "Property").

WHEREAS, under the Lease the Subordinated Lender has agreed to advance funds for construction of improvements on the Property and Lessor has agreed to reimburse Subordinated Lender up to a stated amount for such advances. In order to secure payment of the amount to be reimbursed, Lessor agreed to grant to Subordinated Lender a first lien on the Property.

WHEREAS, Subordinated Lender has agreed to subordinate the lien created under the Lease to secure payment of such reimbursement to a lien on the Property to secure a loan to Devon-McCormick Associates, an Illinois limited partnership and the sole beneficiary of Lessor ("Borrower").

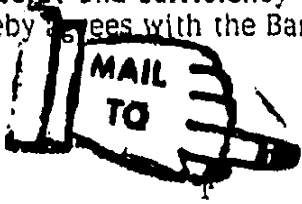
WHEREAS, Bank has agreed to loan Borrower the amount of Six Hundred Twenty-Five Thousand no/100 (\$625,000.00) Dollars to be used among other things, to refinance the Property, liquidate the partnership interests of certain partners in Borrower.

WHEREAS, Borrower has concurrently herewith executed and delivered to Bank, that certain Secured Time Note (the "Note") in the amount of Six Hundred Twenty-Five Thousand No/100 (\$625,000.00) Dollars, with such Note being secured by the Property under that certain Mortgage and Security Agreement (the "Mortgage") dated concurrently herewith made by Borrower in favor of Bank and certain other documents and instruments listed in Exhibit B attached hereto and by this reference made a part hereof (the "Other Documents") (the Note, Mortgage and Other Documents are hereinafter collectively referred to as the "Loan Documents");

NOW, THEREFORE, in order to induce Bank to make loans and advances to or for the benefit of Borrower pursuant to the Loan Documents and in consideration therefore, and in consideration of other good and valuable consideration received by the Subordinated Lender (the receipt and sufficiency of which are hereby acknowledged), the Subordinated Lender hereby agrees with the Bank as follows:

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PEF0106 08/02/88 1213

Pen Ind # 1302-220-030
6341 N. McPARK
Chgo, ILLINOIS

Mail to —

Prepared by
HOWARD HARRIS
303 E. Wacker Dr
#2014 Chgo, Ill
60602

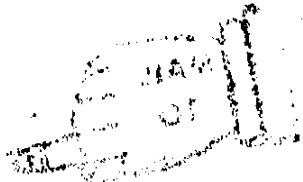
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1. Subordinated Liens. Notwithstanding anything to the contrary contained in the Lease, or any other instrument, document or lease executed and delivered in connection therewith, including, without limitation, any prior filing or perfection of a security interest or lien, the security interests and encumbrances now or hereafter held by Bank pursuant to the Loan Documents or otherwise in the Property shall be senior and prior to the security interests and encumbrances now or hereafter held by the Subordinated Lender pursuant to the Lease (the "Subordinated Liens"). Subject to the provisions of this Section 3, if either the Bank or the Subordinated Lender shall at any time have possession or control of any of the Property other than as a tenant under the Lease, it shall hold or control the Property for the benefit of the other, as their respective interests may appear.

2. Insolvency. If a petition is filed by or against Borrower seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law relating to bankruptcy or insolvency (and in the case of an involuntary petition, such petition is not discharged within thirty (30) days of its filing); or Borrower seeks or consents to or acquiesces in the appointment of any trustee, receiver, master or liquidator of itself or of all of its rent, revenues, issues, earnings, profits or income; or Borrower makes any general assignment for the benefit of creditors; or is unable to pay its debts as they become due or the fair market value of Borrower's assets does not exceed its aggregate liabilities; or any trustee, receiver or liquidator of such maker or of all or any part of its property is appointed; then and in any such event:

- (i) the aggregate amount owed to the Bank shall first be paid in full before any payment or distribution of any character, whether in cash, securities or other property, shall be made to Subordinated Lender (but without limiting any right of setoff available hereunder or under the Lease in favor of Subordinated Lender);
- (ii) any payment or distribution of any character, whether in cash, securities or other property, which would otherwise (but for the terms hereof) be payable or deliverable to Subordinated Lender shall be paid or delivered directly to the Bank, or its representative, until the aggregate amount owed to Bank shall be paid in full and all holders of the Subordinated Liens irrevocably authorize, empower and direct all receivers, trustees, liquidators, conservators and others having authority in the premises to effect all such payments and delivery; and
- (iii) any holder of the Subordinated Liens shall execute and deliver to Bank all such further instruments confirming the authorization referred to in the foregoing clause (ii), and any owners of attorney specifically confirming the rights of the Bank arising hereunder, and all such proofs of claim, assignments of claim and other instruments, and shall take all such other action as may be requested by Bank.

3. Successors and Assigns. This Agreement may be relied on and enforced by the Transferee, successor or assigns of the Loan Documents. In the event of any sale, assignment, disposition or other transfer of any Subordinated Liens, the maker thereon shall execute and deliver to the transferee a written notice advising the transferee of

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this subordination arrangement and enclosing a copy of this Agreement, with a copy of such notice to the Bank.

4. Enforcement. Until the amounts owed to Bank are paid in full, the holder of any Subordinated Liens shall not enforce any remedy with respect to any of the Subordinated Liens (including, but not limited to, the commencement of foreclosure or other legal, equitable or administrative proceeding but excluding any right of setoff available hereunder or under the Lease) which it now has or may hereafter have against Borrower except after giving forty-five (45) days prior written notice to the Bank.

5. Defenses to Enforcement. If the holder of any Subordinated Liens in violation of this Agreement shall commence, prosecute or participate in any suit, action or proceeding against Borrower or Lessor, Borrower or Lessor may interpose as a defense or plea the making of this Agreement and the Bank may intervene and interpose such defense or plea in Borrower's or Lessor's name and behalf. If the holder of any Subordinated Liens in violation of this Agreement shall attempt to enforce the Subordinated Liens, the Bank may by virtue of this Agreement restrain the enforcement thereof in the name of Borrower or Lessor.

6. Continued Effectiveness of this Agreement. The terms of this Agreement, the subordination affected hereby, and the rights of the Bank and the obligation of the holder of any Subordinated Obligations shall not be affected, modified or impaired in any manner or to any extent by: (i) any instrument or document evidencing the Subordinated Obligations or any amendment or modification thereof or supplement thereto; (ii) the validity, legality or enforceability of any such document; (iii) any exercise or non-exercise of any right, power or remedy under or in respect of the Loan Documents or any such instruments or documents referred to in clause (i) above or arising at law or in equity; or (iv) any waiver, consent, release, indulgence, extension, renewal, modification, delay or other action, inaction or omission in respect of any other indebtedness owed by Borrower to the Bank or any of the instruments or documents referred to in clause (i) above or in respect of any of the properties or assets in which a security interest has been created in favor of the Bank.

7. Conflict. In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of any of the Subordinated Liens, the provisions of this Agreement shall control and govern as between the Bank and the Subordinated Lenders.

8. Notices. Any notices required or permitted to be given hereunder shall be validly given if set forth in writing and delivered by hand against receipt or mailed, by registered or certified mail, return receipt requested, postage prepaid, addressed to the parties hereto at their respective addresses as set forth below:

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To Bank:

Marilynn J. Divine
Vice President
The Steel City National Bank
of Chicago
3030 East 92nd Street
Chicago, Illinois 60617

with a copy to:

Steven J. Colompos
17130 South Torrence Avenue
Lansing, Illinois 60438

To Subordinated Lender:

Plitt Theatres, Inc.
1925 Century Park East #300
LOS ANGELES, CA 90067
Attention: Real Estate Dept.

with a copy to:

Rudnick & Wolfe
203 North LaSalle Street
Suite 1800
Chicago, Illinois 60601
Attention: Paul E. Fisher

Any party hereto may designate any other address to which its notices shall be sent duly given in the manner provided herein.

9. Amendments. This Agreement may not be amended, modified or terminated orally, but may be amended, modified or terminated only by written instrument, signed by all parties hereto. No waiver of any term or revision of this Agreement shall be effective unless in writing, making specific reference to this Agreement and signed by the party against whom such waiver is sought to be enforced. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. This Agreement shall be binding upon the parties hereto and their respective legal representatives, successors and assigns. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

10. Termination. This Agreement shall terminate upon payment or other satisfaction in full or all amounts owed under the Loan Documents.

11. Setoff. If at any time the reimbursements secured by the Subordinated Liens are not paid when due then, notwithstanding any provisions herein, Subordinated Lender may withhold all rent and other amounts due under the Lease and apply such amounts in reduction of the reimbursement obligation and interest thereon at twelve percent (12%) per annum until paid in full.

12. Notice of Default and Right to Cure. Bank shall deliver to Subordinated Lender a copy of any notice of default delivered to Borrower and shall afford Subordinated Lender with a ~~fifty (50)~~ ^{thirty (30)} day period after notice to Subordinated Lender to cure a default in payment of principal or interest or to cure any other default under the Mortgage or Other Loan Documents before commencing any action to foreclose the Mortgage. If Bank's loan is not paid when due and Subordinated Lender pays all sums thereunder, then Borrower shall accept such payment to Bank as the purchase price of the

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RIDER ATTACHED TO AND MADE A PART OF DOCUMENT
DATED August 2, 1988 UNDER TRUST NO. 109791

This instrument is executed by LA SALLE NATIONAL BANK, not personally but solely as Trustee, as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee. All the terms, provisions, stipulations, covenants and conditions to be performed by LA SALLE NATIONAL BANK are undertaken by it solely as Trustee, as aforesaid, and not individually and all statements herein made are made on information and belief and are to be construed accordingly, and no personal liability shall be asserted or be enforceable against LA SALLE NATIONAL BANK by reason of any of the terms, provisions, stipulations, covenants and or statements contained in this instrument.

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Property. To secure such agreement, Borrower has deposited with Subordinated Lender a Trustee's Deed to the Property which Subordinated Lender is authorized to record upon payment of the Bank's loan as aforesaid. Borrower warrants that no liens or encumbrances now exist in favor of Bank Pursuant to the Note and Mortgage and in favor of Subordinated Lender. Bank agrees to accept such tender of payment from Subordinated Lender.

BANK: THE STEEL CITY NATIONAL BANK OF CHICAGO

BY:

Title: Legal Officer

ATTEST:

Deanne R. Nagel
Title: Vice President

LASALLE NATIONAL BANK, as trustee
under Trust No. 109791 and not individually

By: [Signature]

Title: ASSISTANT VICE PRESIDENT

ATTEST:

William H. Nelson
Title: ASSISTANT SECRETARY

DEVON-MCCORMICK ASSOCIATES

By: Harvey W. Sever

Title: General Partner

ATTEST:

[Signature]
Title: Taxner

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PLITT THEATRES, INC. RECORDER
a Delaware Corporation

By: Mark R. Kaplan
Mark R. Kaplan
Vice President

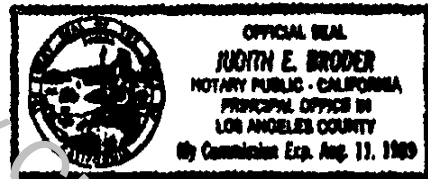
3002 (6/82) - (Corporation) First American Title Insurance Company

STATE OF CALIFORNIA Los Angeles) ss.
COUNTY OF Los Angeles
On August 2, 1988 before me, the undersigned, a Notary Public in and for
said State, personally appeared Mark R. Kaplan and
personally known to me (or proved to me on the
basis of satisfactory evidence) to be the persons who executed the within instrument as

Vice President and Mark R. Kaplan Secretary, on behalf of
Plitt Theatres, Inc.
the corporation therein named, and acknowledged to me that
such corporation executed the within instrument pursuant to its
by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature Judith E. Broder



(This area for official notarial seal)

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EXHIBIT "A"
LEGAL DESCRIPTION

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PARCEL 1: LOT 1 (EXCEPT THE SOUTH 103.00 FEET, AS MEASURED ON THE EASTERLY LINE OF MCCORMICK ROAD, AND PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID LOT 1) AND EXCEPT THAT PART OF LOT 1 DESCRIBED AS FOLLOWS: COMMENCING AT THE MOST WESTERLY CORNER OF SAID LOT 1; THENCE NORTHEASTERLY ALONG THE EASTERLY LINE OF MCCORMICK ROAD A DISTANCE OF 103.00 FEET, FOR THE PLACE OF BEGINNING; THENCE SOUTHEASTERLY PARALLEL WITH THE SOUTHWESTERLY LINE OF LOT 1 A DISTANCE OF 53.00 FEET; THENCE NORTHEASTERLY PARALLEL WITH THE EASTERLY LINE OF MCCORMICK ROAD AND EXTENSION OF SAID STRAIGHT LINE, A DISTANCE OF 33.00 FEET; THENCE NORTHWESTERLY PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID LOT 1, A DISTANCE OF 53.71 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF MCCORMICK ROAD; THENCE SOUTHWESTERLY ALONG THE EASTERLY RIGHT-OF-WAY LINE OF MCCORMICK ROAD ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 550.51 FEET AND AN ARC OF 28.01 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG THE EASTERLY RIGHT-OF-WAY LINE OF MCCORMICK ROAD 5.00 FEET TO THE PLACE OF BEGINNING IN ANTHONY SUBDIVISION OF PART OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2: THAT PART OF LOT 1 IN ANTHONY SUBDIVISION OF PART OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE MOST WESTERLY CORNER OF SAID LOT 1; THENCE NORTHEASTERLY ALONG THE EASTERLY LINE OF MCCORMICK ROAD A DISTANCE OF 103.00 FEET, FOR THE PLACE OF BEGINNING; THENCE SOUTHEASTERLY PARALLEL WITH THE SOUTHWESTERLY LINE OF LOT 1 A DISTANCE OF 53.00 FEET; THENCE NORTHEASTERLY PARALLEL WITH THE EASTERLY LINE OF MCCORMICK ROAD AND EXTENSION OF SAID STRAIGHT LINE, A DISTANCE OF 33.00 FEET; THENCE NORTHWESTERLY PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID LOT 1, A DISTANCE OF 53.71 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF MCCORMICK ROAD; THENCE SOUTHWESTERLY ALONG THE EASTERLY RIGHT-OF-WAY LINE OF MCCORMICK ROAD ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 550.51 FEET AND AN ARC OF 28.01 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG THE EASTERLY RIGHT-OF-WAY LINE OF MCCORMICK ROAD 5.00 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THE SOUTH 103.00 FEET OF LOT 1, AS MEASURED ON THE EASTERLY LINE OF MCCORMICK ROAD AND PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID LOT 1, IN ANTHONY SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 2, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

EASEMENT FOR THE BENEFIT OF PARCEL 3 AS CREATED BY DECLARATION OF EASEMENTS RECORDED AS DOCUMENT NUMBER 85057328 AND CONTAINED IN THE DEED FROM LASALLE NATIONAL BANK, AS TRUSTEE, UNDER TRUST AGREEMENT DATED SEPTEMBER 15, 1985 AND KNOWN AS TRUST NO. 109791, TO LASALLE NATIONAL BANK, AS TRUSTEE, UNDER TRUST AGREEMENT DATED DECEMBER 17, 1985 AND KNOWN AS TRUST NO. 110680 DATED DECEMBER 31, 1985 AND RECORDED JANUARY 7, 1986 AS DOCUMENT NO. 85-007155 FOR PASSAGEWAY OVER THE FOLLOWING:

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COMMENCING AT THE NORTHWEST CORNER OF LOT 2 AND PROCEEDING SOUTHWESTERLY ALONG THE NORTHWEST PROPERTY LINE, A DISTANCE OF 15 FEET, THENCE SOUTHEASTERLY ON A LINE PARALLEL TO THE NORTHEASTERLY PROPERTY LINE, A DISTANCE OF 45 FEET, THENCE, NORTHEASTERLY ON A LINE PARALLEL TO THE NORTHERLY PROPERTY LINE, A DISTANCE OF 15 FEET, THENCE NORTHWESTERLY ALONG THE NORTHERLY PROPERTY LINE, A DISTANCE OF 45 FEET TO THE POINT OF BEGINNING

ALL IN

THE ANTHONY SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 2, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS ACCORDING TO THE PLAT OF SUBDIVISION RECORDED IN THE COOK COUNTY RECORDERS OFFICE ON JUNE 11, 1985 AS DOCUMENT NUMBER 85-055693.

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