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## SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT, dated as of August 22, 1989 (this "Agreement"), is made and entered into by and between the CITY OF CHICAGO, DEPARTMENT OF HOUSING ("City"), a municipal corporation, 318 South Michigan Avenue, Chicago, Illinois 60604, and HARRIS TRUST AND SAVINGS BANK, an Illinois banking corporation ("Lender"), 111 West Monroe Street, Chicago, Illinois 60603

### WITNESSETH:

WHEREAS CHARLES P. COTTON and ELIZABETH A. COTTON, his wife ("Borrower"), with a mailing address at 7411 South Ogden, Chicago, Illinois 60649, holds legal title to the real estate (the "Property") described in Exhibit A attached hereto and by reference incorporated herein, and

WHEREAS Lender issued that certain Mortgage Commitment Letter ("Commitment") dated April 28, 1989, to the owner of the beneficial interest of Borrower ("Beneficiary") wherein the willingness of Lender to make the Loan to Borrower is expressly made contingent upon the ability of Lender to obtain a first lien on the Property superior to any other lien, and

WHEREAS Borrower has executed and delivered to Lender an Adjustable Rate Promissory Note (the "Note") of even date herewith, wherein Borrower promises to pay to the order of Lender the principal amount of Eighty Thousand Dollars (\$80,000.00) in repayment of a loan (the "Loan") from Lender to Borrower in like amount, and

WHEREAS as security for the repayment of the Loan, there have been executed and delivered to Lender a Mortgage (the "Mortgage") of even date herewith to Borrower to Lender, granting to Lender a first lien on the Premises, and certain other loan documents described in Exhibit B to the Mortgage (the Note, the 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 Loan are hereinafter referred to collectively as the "Loan Documents"), and

WHEREAS the specific and unconditional subordination of the lien created by a mortgage in the principal amount of Sixty-Nine Thousand Four Hundred Eighty-Eight Dollars (\$69,448.00) from Borrower to City ("City Mortgage") which City Mortgage has been or shall be recorded with the Recorder of Deeds for Cook County, Illinois to the lien of Lender, and the delivery of this Agreement, is a condition precedent to the making and funding of such Loan by Lender, and

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 Lender pursuant to the Lender's Mortgage and the other 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 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 Lender in and to the Property and the Goods which may have been granted by the Borrower or otherwise arisen pursuant to the Lender's Mortgage and Loan Documents.

2. City agrees that upon the occurrence of any event which permits City to enforce the City Mortgage or any of the other City Security Documents which may have been executed by Borrower, City will promptly notify Lender of such fact. City further agrees that notwithstanding anything to the contrary contained in the City Mortgage or otherwise, 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 Lender shall have been notified in writing of such fact or facts and Lender shall have been given ten (10) days from the receipt of such notice to cure such fact or facts.

3. City further agrees that (a) 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 Lender's Mortgage or any of the other Lender Loan Documents, as that phrase is defined in Lender's Mortgage, and (b) Lender may, from time to time, in the exercise of its sole discretion and without notice to 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 Lender's Mortgage or any of the other Lender Loan Documents, (b) extend or renew for one or more periods (whether or not longer than the original period) after or in exchange for any of such liabilities, or release or compromise any obligation of the Borrower or any obligation of any other obligor with respect to any of such liabilities, or release the lien of the Lender's Mortgage against or the security interest of any of the Lender 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.

City acknowledges and agrees that while the amount of liabilities outstanding under the Lender's Mortgage and the Lender's Loan Documents may from time to time, \$10,000 be reduced to zero, such fact shall have no effect on the validity and enforceability of this Agreement.

4. City hereby covenants and agrees that

(a) City shall not renew or extend the City Mortgage without the prior written consent of Lender.

(b) 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 Lender.

### This Document Prepared By:

PAUL I. ZULKIE, ESQUIRE  
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Chicago, Illinois 60606-4101  
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(c) City hereby assigns and releases to Lender, its successors and assigns or any other legal holder of Lender's 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 Lender's 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 Lender's Mortgage or other disposition thereof in accordance with the provisions of Lender's Mortgage

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

5. 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.

6. 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 hereon.

7. 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.

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

9. 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

CITY OF CHICAGO, DEPARTMENT OF HOUSING, a municipal corporation

BY [Signature]  
In VICE PRESIDENT

BY [Signature]  
In First Deputy

ATTEST [Signature]  
In CONSUMER BANKING OFFICER

ATTEST [Signature]  
In Loan Processing Officer

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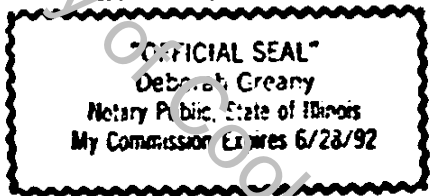
STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that YASMIN I. BATES personally known to me to be the VICE PRESIDENT of Harris Trust and Savings Bank, an Illinois banking corporation, and MISSA M. GRAVELLE to me to be the VICE PRESIDENT of said corporation, and personally known to me to be the same persons whose names are subscribed in the foregoing instrument appearing before me this day as person and severally acknowledged the same, and VP and VP of said corporation to be affixed therein pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 22<sup>nd</sup> day of August, 1991

[Signature]  
Notary Public

My Commission Expires:



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STATE OF ILLINOIS )  
                                  ) SS  
COUNTY OF COOK    )

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Jennifer Miller personally known to me to be the COMM of the CITY OF CHICAGO, DEPARTMENT OF HOUSING, a municipal corporation, and LIBBY POLLMAN personally known to me to be the LPC of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such COMM and LPC, they signed, sealed and delivered the said instrument as COMM and LPC of said corporation to be affixed thereto, pursuant to authority, given by the Board of Directors of said corporation as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 21 day of June, 1989

Mary Etta Harris  
Notary Public

My Commission Expires

3-13-1990

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## EXHIBIT A

### LEGAL DESCRIPTION OF PROPERTY

Lots 9 and 10 in Little and Siddon's Subdivision of Block 2 in Carolina's Subdivision of the West half of the Southeast quarter of Section 25, Township 34 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

Property Address: 2051-59 East 75th Street  
Chicago, Illinois

P.L.S. 25-25-401-009, Vol. 263

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## EXHIBIT B

### DESCRIPTION OF GOODS

1. All fixtures and personal property now or hereafter owned by Debtor 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, filters, 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, stoves, sponges, stoves, toilets, ventilation, wall coverings, washers, windows, woodwork coverings, wiring, all renewals or replacements thereof or articles in substitution thereof, and all property owned by Debtor and now or hereafter used for similar purposes in or on the premises (all of which are collectively referred to herein as "Tangible Goods").

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 (all of which are collectively referred to herein as "Tangible Goods").

3. Debtor'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 (all of which are collectively referred to herein as "Tangible Goods").

4. Debtor'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 Debtor's rights and remedies thereunder and the benefit of all covenants and warranties thereon, and also together with all drawings, design, estimates, layouts, surveys, plans, plats, 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. Debtor'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. Debtor'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 Debtor 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.

7. Debtor'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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