

## SUBORDINATION OF LIEN

WHEREAS, pursuant to a Loan and Security Agreement dated as of January 15, 1988 (the "Loan Agreement"), by and between JEA, INC., d/b/a CLASSIC AUTO SPA (the "Company") and the City of Chicago, Illinois, acting through its Department of Economic Development (the "Lender"), made two loans evidenced by two separate Promissory Notes in an aggregate principal amount of \$110,000 on January 29, 1988, (collectively the "City Loan"), the proceeds of which were deposited into Escrow Account 1601-402 held by Chicago Title and Trust Company, as trustee (the "Escrow Account" or "Escrow"); and

WHEREAS, pursuant to the provisions of the Loan Agreement, the Company as sole beneficial owner and title holder of the Property commonly known as 215 East Cermak Road, Chicago, Illinois, and described in Rider A (the "Mortgaged Premises"), executed and delivered to the Lender a Junior Mortgage, Assignment of Rents and Security Agreement ("Junior Mortgage"), dated January 29, 1988, which Junior Mortgage was recorded in the Recorder's Office of Cook County, Illinois on February 2, 1988 as Document Number 880-47608 and did convey unto the City a conditional junior mortgage lien on the Mortgaged Premises; and

WHEREAS, the Junior Mortgage anticipated that the Company would enter into a loan having a lien on the Mortgaged Premises prior to the City Loan in the principal amount of \$220,000 by no later than August 1, 1988 (the "Prior Senior Loan") from Drexel National Bank, Chicago, Illinois (the "Prior Senior Lender"); and

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WHEREAS, the closing of the Prior Senior Loan was one of several conditions precedent to disbursement of the City Loan proceeds from the Escrow pursuant to the Loan Agreement; and

WHEREAS, the Company was unable to obtain the Prior Senior Loan by August 1, 1988 and the Prior Senior Lender withdrew from the transaction; and

WHEREAS, on or about June 30, 1988, the Company obtained a loan commitment from Community Bank of Lawndale (the "Bank") in the principal amount of \$290,000 (the "Proposed Senior Loan") and with a term of 25 years; and

WHEREAS, the Company has requested the Lender to reduce the City Loan to \$60,000, approve the Proposed Senior Loan, and subordinate the City's lien in the Mortgaged Premise to the Bank so that the Bank shall be willing to close the Proposed Senior Loan; and

WHEREAS, on November 3, 1988, the Lender approved the terms of the Proposed Senior Loan and the reduction of the City Loan to \$60,000 (the "Modification Approval") and the implementation of the Modification Approval through the cancellation of one of the two notes evidencing the City Loan known as the "Business Development Note" (the "BDL Note"), which BDL Note is in the principal amount of \$50,000; and

WHEREAS, the Lender further proposes to modify the Loan Agreement to reflect the Modification Approval and the cancellation of the BDL Note, and reflect such other changes as may be required in a Modification Agreement with the Company; and

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WHEREAS the City, pursuant to the Loan Agreement and at the request of the Company will withdraw the amount of \$50,000 in principal amount and all interest accrued on the City Loan proceeds invested in the Escrow and cancel the BDL Note; and

WHEREAS, the Lender has right, interest and claim in and to the Mortgaged Premises by reason of the Junior Mortgage but is only willing to subject and subordinate its lien on said Mortgaged Premises to the lien of the Bank in order that the Bank will commence disbursement of the proceeds of the Proposed Senior Loan into Escrow by November 30, 1988, provided the aggregate principal indebtedness to the Bank shall not exceed \$290,000, together with interest thereon plus additional advances actually made by the Bank upon the failure of the Company to meet its obligations under the Proposed Senior Loan and subject further to the conditions and limitations set forth herein;

NOW, THEREFORE, the Lender in consideration of the premises and of the sum of ONE DOLLAR (\$1.00) paid to the Lender, receipt of which is hereby acknowledged, do hereby covenant and agree that the right, interest and claim of the Lender to the Mortgaged Premises is and shall be and remain at all times subject and subordinate to the lien of the Bank made pursuant to the Proposed Senior Loan, provided the aggregate principal indebtedness thereof shall not exceed \$290,000, together with interest thereon, for all advances made or to be made under the provisions of the Proposed Senior Loan or on any notes secured thereby and for all other purposes specified therein and that this Subordination of Lien shall only apply to amounts actually lent

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and disbursed to the Company pursuant to the Proposed Senior Loan; and provided further that the Bank shall commence disbursement of the Proposed Senior Loan no later than November 30, 1988 or this Subordination of Lien shall be null and void as of such date, hereby releasing and waiving all rights under and by virtue of the homestead exemption laws of the State of Illinois.

The Lender had deposited in the Escrow Account on January 29, 1988 the sum of \$50,000, constituting the proceeds the BDL Note, to lend to the Company upon satisfaction of certain conditions set. The Company and Bank, jointly and severally, acknowledge that neither of them have any claim on the proceeds of the BDL Note under any circumstances.

This subordination of the Lender lien on the Mortgaged Premises is for the sole and exclusive purpose of facilitating the commencement or disbursement of the proceeds of the proposed Senior Loan on or before November 30, 1988 and shall not be construed as a fulfillment of conditions precedent set forth in the Modification Agreement or the Loan Agreement or approval for the disbursement of any of the Lender loan proceeds, until all conditions in said documents have been fulfilled to the satisfaction of the Lender. Furthermore, the undersigned Company and Bank acknowledge that this Subordination was granted on the understanding that the BDL Note will be cancelled and the proceeds thereof returned to the Lender without any right of claim of any of them thereon.

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In the event that the Company shall be adjudged bankrupt or unable to pay their respective debts as they mature, or a receiver or trustee be appointed therefor or for any such assets, any and all moneys or dividends received in liquidation or sale of the Mortgaged Premises by reason of any such indebtedness from the Company to the Lender shall be paid and turned over to the Bank until the Proposed Senior Loan (as described above) shall have been paid in full, and the Lender shall not be entitled to receive any moneys or distribution derived from the liquidation or sale of the Mortgaged Premises for or on account of any claims of the Lender against the Company unless and until the Proposed Senior Loan shall have been paid in full; provided that such rights of the Bank shall only vest in the event that the Proposed Senior Loan shall be disbursed on or before November 30, 1988. The Lender hereby agrees to execute such further documents, assignments of claims or take such other steps as may be necessary or proper to carry out the intent hereof.

The Lender further agrees to cause the City Comptroller to mark his books and records so as to indicate that the indebtedness of the Company to the Lender is subordinated in accordance with the terms of this agreement and further will cause to be inserted in the Modification Agreement evidence of the anticipated indebtedness of the Company to the Lender and a statement to the effect that the payment of any indebtedness to the Lender evidenced thereby will be subordinated in accordance with the terms hereof.

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IN WITNESS WHEREOF, this instrument has been signed and sealed by the undersigned this 3<sup>rd</sup> day of November, 1988.

CITY OF CHICAGO

BY:

Samuel W. Wright IV  
Commissioner of the Department of  
Economic Development

ATTEST:

[Signature]  
Deputy Commissioner

ACKNOWLEDGMENT:

COMMUNITY BANK OF LAWDALE

BY:

[Signature], Attorney

JEA, INC., d/b/a Classic Auto Spa

BY:

[Signature]  
President

DEPT. OF RECORDING 418.25  
RECORDS TRAN. UNIT 02/16/89 09:33:00  
89072797-072797  
COOK COUNTY RECORDER

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## RIDER A

1. Legal Description of the Premises subject to the Junior Commercial Mortgage and pledged by Joseph Hall and commonly known as 215 East Cermak Road, Chicago, Illinois:

LOTS 3, 4 AND 5 (EXCEPTING THE NORTH 54 FEET OF SAID LOTS TAKEN FOR WIDENING OF EAST 22ND STREET) IN GOULD'S SUBDIVISION OF BLOCK 3 IN THE CANAL TRUSTEES' SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

17-27-104-019-0000<sub>M</sub>

215 E. Cermak

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STATE OF ILLINOIS )  
                              ) SS.  
COUNTY OF COOK   )

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that Timothy W. Wright, III and Erene ARMSTRONG, officials of the City of Chicago, an Illinois municipal corporation and home rule unit of local government under Section 6 of Article VII of the 1970 Illinois Constitution (the "Lender") 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 acknowledged that they signed, sealed and delivered the said instrument as their own free and voluntary act, for the uses and purposes therein set forth:

GIVEN under my hand and Notarial Seal this 3rd day of November 1988.

Heborah Nielsen  
Notary Public

My Commission Expires Oct. 19, 1993

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