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10/26/90

SUBORDINATION AND NON-DISTURBANCE AGREEMENT

THIS SUBORDINATION AND NON-DISTURBANCE AGREEMENT (the "Agreement") made and entered into as of the 19th day of October, 1989, by and between BARCLAYS BANK PLC, a banking corporation organized under the laws of England, acting through its New York branch ("Barclays"), and THE MANAGEMENT GROUP, INC., an Illinois corporation ("TM Group").

-90-582825

RECITALS

DEPT-01 RECORDING 623.50
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COOK COUNTY RECORDS

A. Plenipotentiary Limited, an Illinois limited partnership (the "Beneficiary"), is the beneficial owner of a certain improved parcel of real estate (the "Premises") located at 1300 North State Street in the City of Chicago, County of Cook and State of Illinois, being legally described on Exhibit A attached hereto. The Premises are presently improved with a 12-story, 222 room hotel with lobby, restaurant, banquet facilities and meeting rooms, commonly known as the Ambassador West Hotel (collectively, the "Premises"). Legal title to the Premises is held for the benefit of the Beneficiary by American National Bank and Trust Company of Chicago, a national banking association, not personally, but as Trustee under a Trust Agreement dated December 12, 1975, and known as Trust No. 38162 (the "Land Trust"-- the Beneficiary and the Land Trust being collectively referred to herein as the "Owner").

B. Barclays and Owner entered into that certain Loan Agreement dated as of October 19, 1989, pursuant to which Barclays agreed, subject to the terms and conditions contained therein, to make a loan to Owner in the original principal amount of Twenty Million Two Hundred Thousand U.S. Dollars (U.S. \$20,200,000) (the "Loan"), a portion of the



This instrument was prepared by and after recording should be returned to:

Laurel L. Kroack
Hopkins & Sutter
Three First National Plaza
Suite 3700
Chicago, Illinois 60602

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23rd Mail

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proceeds of which were used by Owner to refinance existing mortgage indebtedness on the Premises, to finance the installation of a sprinkler system in the Premises and other capital improvements to the Premises approved by Lender, such capital improvements (including the sprinkler system) not to exceed One Million U.S. Dollars (U.S. \$1,000,000), to provide cash for distribution to partners of Beneficiary and for fees, interest and expenses related to the Loan. The Loan to the Owner is evidenced and secured by, among other things, (1) a promissory note in the face amount of U.S. \$20,200,000 (the "Note") and a mortgage, assignment of rents and security agreement encumbering the Premises and securing the Note (which, together with the other loan documents securing the Note, are collectively called the "Loan Documents").

C. Beneficiary and TM Group entered into that certain Hotel Management Agreement dated as of December 15, 1987 (the "Management Agreement"), pursuant to which TM Group would supervise, control and direct the operation and management of the Premises all on behalf of the Beneficiary.

D. Pursuant to the Loan Documents, Beneficiary has assigned the Management Agreement to Barclays as additional security for the Loan (the "Assignment").

E. The execution and delivery of this Agreement is a condition to Barclays' obligation to make disbursements of the Loan under the Loan Agreement.

F. TM Group is a general partner of Beneficiary and owns nine and 2/100's percent (9.02%) in Beneficiary and will therefore benefit from Barclays' continued disbursements of the Loan.

NOW, THEREFORE, in consideration of the premises, the mutual promises and covenants of the parties hereunder, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that:

1. (a) All defined terms used herein, unless otherwise specified, shall have the meanings attributed to them in the Loan Agreement. The Management Agreement and any right, title and interest created thereby (including, without limitation, the termination fee described in Section 2.02 of the Management Agreement, the fees and charges described in Section 4.07 of the Management Agreement and the Management Fee described in Section 4.09 of the Management Agreement -- the "Management Fee" -- and set forth in the Management Fee Rider thereto), is now and at all times shall, in accordance with the terms of this Agreement, be subject and subordinate in all

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respects to (1) the Loan Documents and all of the terms and conditions thereof and (2) Barclays' or any Successor's (as hereinafter defined) interest in the Premises; excluding, however, the right, title and interest of any Successor who elects to assume the Management Agreement (as set forth in Section 4 of this Agreement) from and after the Title Date.

(b) If, and for so long as, Barclays or any Successor receives all payments due it under the Loan Documents, TM Group may receive the Management Fee, if it is otherwise entitled to do so under the Management Agreement. TM Group acknowledges and agrees that Borrower shall make no payments to TM Group of the Management Fee or any other fees or expenses payable by Owner to TM Group if, and for so long as, there exists a Default or Event of Default under the Note or any other Loan Documents. Notwithstanding anything to the contrary in the foregoing sentence, the Borrower shall be permitted to make payments to TM Group to reimburse TM Group for costs or expenses previously incurred by TM Group with respect to the Premises and which costs and expenses have been paid or are payable to third parties (but as to related parties, only if such costs and expenses are bona fide and reasonably acceptable to Barclays), provided, however, such costs or expenses do not exceed the amount remaining in the appropriate line item of the current so-called Annual Plan for the Premises (as defined in the Management Agreement, as the same may be modified pursuant to Sections 4.02(c) and 10.02 of the Management Agreement), which Annual Plan shall be submitted to and approved by Barclays in such detail as may be satisfactory to Barclays (each such current Annual Plan approved by Barclays is hereinafter referred to as the "Operating Budget").

2. (a) If there occurs any default or event of default on the part of the Owner under the Management Agreement, TM Group shall send Barclays a copy of any written notice of such default or event of default sent or given to Owner, with a description of such default or event of default. In addition, after TM Group has sent any notice of default or event of default to Owner, TM Group shall send Barclays a copy of any written notice which TM Group may send or give to the Owner under or in connection with the Management Agreement for so long as such default or event of default continues. Any notice given or sent to Barclays hereunder shall be given concurrently with the notice to Owner.

(b) If there occurs any Default or Event of Default on the part of Owner under any of the Loan Documents, Barclays shall send TM Group a copy of any written notice of such Default or Event of Default sent or given to Owner, with a description of such Default or Event of Default. Any notice given or sent to TM Group hereunder shall be given concurrently with the notice to Owner.

3. (a) In the case of the occurrence of a default in the performance of Owner's obligations under the Management Agreement (any of which shall be referred to as an "Owner Default"), TM Group hereby covenants and agrees to give Barclays a period of thirty (30) days after Barclays' receipt of the notice (or refusal thereof) referred to in Section 2 above during which Barclays shall have the right, but not the obligation, to cure an Owner Default.

(b) TM Group further agrees that Barclays shall have the right to enter upon the Premises at any time for the purpose of curing any Owner Defaults (Barclays having no obligation to do so) and TM Group hereby agrees to accept Barclays' performance of and compliance with the Owner's agreements and obligations under the Management Agreement with the same force and effect as though such cure were performed or effected by the Owner itself. Furthermore, if during the period of time allowed under this Agreement for Barclays to cure such Owner Default, the Owner itself cures such Owner Default, then TM Group shall accept such cure and shall also notify Barclays of the Owner effecting such cure.

4. (a) If the interest of Owner in the Premises shall be acquired by Barclays by foreclosure of the Loan Documents or other proceedings brought to enforce Barclays' rights thereunder, by deed in lieu of foreclosure or by any other method (any such occurrence being hereinafter referred to as an "Acquisition"), and Barclays or any nominee or designee of Barclays (Barclays and such nominee or designee collectively called the "Successor") succeeds to the interest of Owner under the Management Agreement (the date of such succession to interest being herein called the "Title Date"), the Successor shall, at its sole option, elect either to assume or terminate the Management Agreement by providing written notice to TM Group of such election not later than ninety (90) days after the Title Date. Failure of Successor to make such election within ninety (90) days of the Title Date shall be deemed to be an election by Successor to terminate such Management Agreement, which such termination shall be effective on the date which is one hundred twenty (120) days after the Title Date. If, but only if, the Successor elects to assume the Management Agreement, the following provisions shall apply:

(i) All rights of TM Group in and to the Management Agreement shall remain undisturbed;

(ii) TM Group shall be bound to the Successor under all of the terms, covenants and conditions of the Management Agreement for the balance of the term thereof with the same force and effect as if the Successor were the "Owner" under the Management Agreement, except as modified;

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herein; provided, however, that TM Group shall be under no obligation to remit any sums to the Successor until TM Group receives written notice from Successor that Successor has succeeded to the interest of Owner under the Management Agreement. TM Group shall be entitled to rely on such written notice from Successor and shall have no obligation to make any further inquiry of Owner;

(iii) the obligations of Owner under the Management Agreement shall be assumed by Successor (without recourse as provided in Section 13 hereof) for the balance of the term thereof; and

(iv) TM Group shall not be entitled to payment from any Successor of the Management Fee or any other fees and charges payable to TM Group by Owner which accrued prior to the Title Date.

If the Successor elects to terminate the Management Agreement, the termination notice shall specify a termination date not more than sixty (60) days after the date of such notice, the Management Agreement shall terminate on said termination date without further action on the part of TM Group or the Successor and TM Group shall, upon such termination, deliver to the Successor all books and records relating to the operation of the Premises and all funds under TM Group's control belonging to Owner, and neither TM Group nor the Successor shall have any further liability to the other under the Management Agreement, except for any obligations which accrue during the period beginning on the Title Date through the effective date of such termination. Notwithstanding anything to the contrary in the foregoing sentence, TM Group may retain such amounts as are necessary to reimburse TM Group for costs and expenses previously incurred by TM Group with respect to the Premises and which have been paid or are payable to third parties (but as to related third parties, only if such costs and expenses are bona fide and reasonably acceptable to Barclays); provided, however, such costs or expenses do not exceed the amounts remaining in the appropriate line item of the Operating Budget, as the same may have been previously modified pursuant to Sections 4.02(c) or 10.02 of the Management Agreement.

(b) TM Group covenants and agrees not to pay any moneys now or hereafter held by it in any reserve account established pursuant to Article VI of the Management Agreement to any person whomever other than Barclays, except that TM Group may apply such moneys for the purposes contemplated thereby. TM Group further agrees that if an Event of Default occurs, it shall remit to Barclays, promptly after Barclays' request for the same, any and all moneys in any reserve accounts or other

Hotel Accounts (as defined in the Management Agreement) and any and all other moneys held by it and otherwise remittable to Owner under the Management Agreement. Notwithstanding anything to the contrary in the foregoing sentence, TM Group may retain such amounts as are necessary to reimburse TM Group for costs and expenses previously incurred by TM Group with respect to the Premises and which costs have been paid or are payable to third parties (but as to related third parties, only if such costs and expenses are bona fide and reasonably acceptable to Barclays); provided, however, such costs or expenses do not exceed the amounts remaining in the appropriate line item of the Operating Budget.

5. TM Group hereby acknowledges that Barclays is relying on this Agreement and its provisions in entering into the loan transaction described above and in disbursing the proceeds of the Loan from time to time, and TM Group agrees that it shall therefore be bound unto Barclays by all of the covenants, agreements, certifications, representations and warranties contained in this Agreement. This Agreement shall inure to Barclays' benefit and to the benefit of Barclays' successors and assigns and shall be binding upon TM Group and its successors and assigns. TM Group hereby acknowledges that it has received and reviewed a copy of the Assignment and consents to all matters described therein.

6. All notices, requests, demands or other communications under this Agreement shall be in writing and shall be deemed to have been properly given or made (a) if hand delivered (effective upon delivery), (b) if transmitted by telegraph, facsimile or telex, charges prepaid (effective upon transmission), (c) when sent by overnight courier, charges prepaid (effective upon mailing), or (d) when mailed by United States certified or registered mail, postage prepaid, return receipt requested (effective upon mailing), addressed as follows:

If to Barclays:

Barclays Bank PLC
200 West Madison Street
Suite 3700
Chicago, Illinois 60606
Attention: Jane Reynolds Schaller

With a copy to:

Barclays Bank PLC
75 Wall Street
New York, New York 10265
Attention: Grady Thurman

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Hopkins & Sutter
Three First National Plaza
Suite 3800
Chicago, Illinois 60602
Attention: Douglas H. McNaughton, Esq.

If to TM Group:

Ambassador West Hotel
c/o The Management Group
1300 North State Parkway
Chicago, Illinois 60610
Attention: C. A. Cataldo

or at such other address as such party may hereafter specify in writing, except that any communication with respect to a change of address shall be deemed to be given or made when received (or upon refusal thereof) by the party to whom such communication was sent. No other method of giving notice is hereby precluded.

7. TM Group shall not enter into, agree or consent to, or acknowledge or approve, any material amendment to or modification of the Management Agreement without Barclays' prior written consent. No agreement by TM Group and the Owner for the cancellation, surrender and acceptance or termination of the Management Agreement shall be effective without Barclays' prior written consent; provided, however, that TM Group shall have the right to terminate the Management Agreement for cause without Barclays' prior written consent so long as TM Group has complied with the provisions of Section 3 hereof. Furthermore, TM Group shall not accept the exercise by the Owner of any right or option contained in the Management Agreement to cancel or terminate the Management Agreement, nor shall TM Group accept or rely on any election or assertion by the Owner of any right or privilege available to the Owner to terminate the Management Agreement, without Barclays' prior written consent.

8. TM Group represents and warrants that:

(a) All fees and other sums and charges which are due and payable by the Owner under the Management Agreement through the date hereof have been paid in full;

(b) To the best of TM Group's knowledge after reasonable inquiry, there is no default or event of default on the part of the Owner under the Management Agreement, nor are there any events or circumstances which would constitute such a default or event of default upon the giving of notice, passage of time, or both; and

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(c) Attached hereto as Exhibit B is a true, correct and complete copy of the Management Agreement and there have been no amendments, modifications or changes to the Management Agreement since October 19, 1989.

9. TM Group and Barclays acknowledge and agree that, notwithstanding anything to the contrary set forth in the Management Agreement, at any time prior to the Title Date, Barclays shall have the right, without the approval of TM Group, to assign, transfer or otherwise convey all or any portion of its interest in the Loan Documents and/or the Premises to any party. TM Group and Barclays further acknowledge and agree that, at any time on or subsequent to the Title Date, notwithstanding anything to the contrary set forth in the Management Agreement, Barclays or any other Successor shall have the right to transfer, assign or otherwise convey all or any portion of its interest (or the interest of Owner, if applicable) in the Premises or the Management Agreement to any party (including any affiliate of Barclays) without the approval of TM Group; provided, however, Barclays or any Successor shall deliver written notice thereof setting forth such transferee's or assignee's name and address and that any such transfer, assignment or conveyance shall be subject to all of the terms and provisions of the Management Agreement; and provided further that, upon any such transfer, assignment or conveyance, Barclays or such other Successor shall be released from all of its obligations under the Management Agreement and this Agreement accruing on or after the date of such transfer, assignment or conveyance if any such transferee or assignee shall assume, (without recourse as provided in Section 13 hereof), from and after the date of such transfer or assignment, all of the obligations of Barclays under the Management Agreement and this Agreement.

10. No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is sought.

11. Barclays and TM Group acknowledge and agree that, as between Barclays and TM Group, to the extent the terms and provisions of the Loan Documents or the Management Agreement are inconsistent with the terms and provisions hereof, the terms and provisions of this Agreement shall supersede such inconsistent terms and provisions, and this Agreement shall control.

12. Notwithstanding anything to the contrary set forth in the Management Agreement, upon the Title Date, any contracts entered into by TM Group with any of its affiliates without Barclays' consent shall at the option of Barclays be terminated.

13. TM Group hereby agrees that, if any suit is brought against Barclays or any other Successor under the Management Agreement, TM Group shall look exclusively to the Premises for the satisfaction of Barclays' or such other Successor's obligations thereunder.

14. The parties hereby agree that nothing herein shall be construed as creating a partnership, joint venture, or tenancy between Barclays and TM Group.

15. Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders. The words, "Barclays", "Owner" and "TM Group" shall include their heirs, executors, administrators, beneficiaries, successors and assigns.

16. Barclays acknowledges and agrees that unless TM Group receives notice of any assignment or transfer of Barclays' rights hereunder or under the Loan, any sums paid by TM Group to Barclays pursuant to this Agreement shall be deemed to be paid to any such assignee or transferee entitled thereto.

17. If Owner shall pay all principal and interest on the indebtedness evidenced by the Note and fully comply with, satisfy and discharge all other monetary obligations to be paid by Owner pursuant to the Loan Documents, then, on request of TM Group, Barclays shall execute and deliver to TM Group a release of this Agreement in recordable form.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

THE MANAGEMENT GROUP INC.

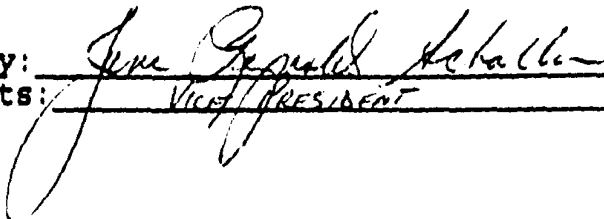
By:


C.A. Cataldo
Its President

BARCLAYS BANK PLC

By:

Its:


VICE PRESIDENT

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STATE OF ILLINOIS)
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY, that C. A. CATALDO, PRESIDENT of The Management Group, Inc., personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that ~~HE~~ signed and delivered the said instrument as HIS own free and voluntary act for the uses and purposes set forth therein.

Given under my hand and Notarial Seal this 26th day of November, 1990.

Rochelle Levin
Notary Public

My commission expires: _____



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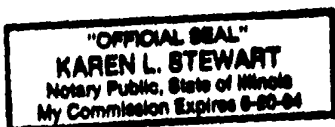
STATE OF Illinois)
COUNTY OF Cook)

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that Jane Reynolds Schaller, Vice President of Barclays Bank PLC, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed and delivered the said instrument as her own free and voluntary act for the uses and purposes set forth therein.

Given under my hand and Notarial Seal this 28th day of NOVEMBER, 1990.

Karen L. Stewart
Notary Public

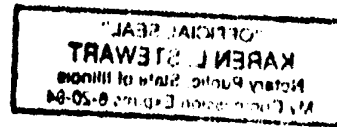
My commission expires: 6/20/94



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EXHIBIT A

Legal Description

LOTS 5, 6 AND 7 IN THE SUBDIVISION OF LOT 5 OF SUB-LOT 1
OF LOT 4 IN BRONSON'S ADDITION TO CHICAGO IN SECTION 4,
TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL
MERIDIAN, IN COOK COUNTY, ILLINOIS.

Street Address: 1300 North State Street, Chicago, Illinois

P.I.N. #: 17-04-218-033
17-04-218-034