



UNOFFICIAL COPY

921729-19

The Subordination and Standby Agreement dated as of
and between **LABE FEDERAL SAVINGS & LOAN ASSOCIATION**
and, **FIRST COLONIAL BANK NORTHWEST**
whose address is **8720 Dempster Street - Niles, Illinois 60648**

February 25

, 1992, is made and entered into by
(BANK) and
(CREDITOR)

- In order to induce BANK, from time to time, to make loans, advances and other credit or other financial accommodations (the "SENIOR DEBT") to or for the benefit of **Pol Sikar and Calina Sikar** (DEBTOR) (DEBTOR and CREDITOR and it's more than one partner and successor, if any, hereinafter referred to as "CREDITOR") (CREDITOR), CREDITOR and it's more than one partner and successor, if any, hereby agree as follows:
- DEPT-01 RECORDING
145559 DWN 7/35 103-12-97-1111100
42763 E.V. R. 5222-1777749
COOK COUNTY REC'DP'R
1. There is now owing CREDITOR by DEBTOR the sum of **Fifty Thousand & No/100----- Dollars (\$50,000.00) which amount and interest, if any, now or hereafter owing thereon together with any other indebtedness of DEBTOR to CREDITOR, whether direct or indirect, immediate or contingent, and whether now existing or hereafter created, are herein called the "SUBORDINATED DEBT".**
 2. DEBTOR agrees to subordinate and does hereby and on behalf of CREDITOR to the DEBTOR to the CREDITOR, and to the extent of CREDITOR has acquired or acquires, or DEBTOR has specified, all or part of the security interests in any property or other indebtedness of DEBTOR to CREDITOR in any amount or set of DEBTOR's assets or debts, whether direct or indirect, immediate or contingent, and whether now existing or hereafter created to the senior and security interests (the "SENIOR DEBT"), therefore, DEBTOR hereby agrees to subordinate and does hereby subordinate the CREDITOR to the DEBTOR or CREDITOR to the senior and security interests (the "SENIOR DEBT"), therefore, DEBTOR hereby agrees to subordinate and does hereby subordinate to BANK, notwithstanding all or any part of the assets of DEBTOR, whether now existing or hereafter acquired (the "BANK COLLATERAL").
 3. CREDITOR agrees, on CREDITOR's demand, to release, or take or release all or any part of the SUBORDINATED DEBT obligations and liability and all SENIOR DEBT now existing or hereafter arising, which have been paid in full. If CREDITOR fails to will receive payment of any part of the SUBORDINATED DEBT, CREDITOR shall hold such funds in trust for the benefit of BANK and shall immediately thereafter remit such funds to BANK as may be ordered by BANK.
 4. So long as any of DEBTOR's debts, either now existing or hereafter created, remain outstanding, CREDITOR agrees that it will not enforce or apply its security interests in the CREDITOR's assets (the "CREDITOR ASSETS") except as provided in any documents of record, notice or other communication to any of DEBTOR's account debtors, or take any other action, whether immediate or otherwise, with respect to CREDITOR ASSETS or the enforcement of the SENIOR DEBT at such time and in such manner as BANK, in its sole and absolute discretion, shall determine, unless and until BANK has advised CREDITOR in writing that DEBTOR has failed to pay all of DEBTOR's debts and any and all other obligations to BANK.
 5. If DEBTOR shall fail to pay any of the SENIOR DEBT when due or declared due under the terms of any agreement, document or instrument heretofore, now or hereafter executed by DEBTOR and delivered to BANK, BANK may, in its sole and absolute discretion, and at its option, *notwithstanding* its security interest in DEBTOR's assets, or any part thereof, BANK may exercise DEBTOR's rights under the DEBTOR-CREDITOR Agreement and shall thereafter proceed to dispose of such assets, or any part thereof pursuant to the Bankruptcy Code or any other reasonable manner agreed to by DEBTOR and BANK. The proceeds from any disposition of such assets shall be applied, first, to the reasonable expenses of BANK, if any, of retaining, holding, preparing for sale and selling such assets or securing payment, including, without limitation, reasonable attorneys' fees, and, second, to the payment of all unpaid principal, interest, commitment fees or other indebtedness of DEBTOR to BANK, however evidenced, owing and unpaid to BANK as of the date of disposition of the proceeds of such assets, at such time or in accordance with the order of application. BANK may from time to time elect with the consent, proceeds *if any to be available* for DEBTOR.
 6. The subordinations, agreements, priorities and retransfers set forth above, Agreement are a continuing agreement of subordination and BANK may continue, without notice to CREDITOR, to extend credit or other advances, indebtedness or benefits and loan monies, to or for the benefit of DEBTOR on the faith hereof until the Agreement shall be terminated. CREDITOR further, so now, then and agrees that DEBTOR may from time to time repay the outstanding principal of the SENIOR DEBT and that DEBTOR may then assume additional indebtedness, and that this Agreement shall continue in full force and effect notwithstanding such repayment and reborrowing. This Agreement shall remain in full force and effect so long as any SENIOR DEBT shall be outstanding whether now existing or hereafter incurred, or this Agreement relating thereto shall be in force. CREDITOR hereby further waives notice of the foregoing events or occurrences, presentment, demand, notice of default, nonpayment or partial payment, protest, notice of protest and all other notices or formalities to which CREDITOR might otherwise be entitled.
 7. The subordinations, agreements, priorities specified in the Agreement are applicable irrespective of the time or order of a garnishment or petition of the security interests or other interests referred to herein, the time or order of filing of financing statements, the acquisition of purchase money or other security interests, or the time of quinque or longer suspensive notice of the acquisition or suggested acquisition of purchase money or other security interests.
 8. BANK shall not be responsible for policing the BANK COLLATERAL or for perfecting title to such collateral, except for its own gross negligence or wilful misconduct in connection with the policing of BANK COLLATERAL in individual possession. BANK shall have no implied duty or obligation to take any action with respect to any SUBORDINATED DEBT, whether now existing or hereafter incurred, or the BANK COLLATERAL or any portion thereof.
 9. CREDITOR agrees that upon any distribution of the assets or liquidation of the indebtedness of DEBTOR whether by reason of liquidation, composition, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding involving the liquidation of all or any of the indebtedness, hereby subordinated to the application of the assets of DEBTOR to the payment of liquidation thereof, BANK shall be entitled to receive payment in full of all outstanding SUBORDINATED DEBT whether now existing or hereafter incurred, prior to the payment of all or any part of the SUBORDINATED DEBT, and in order to enable BANK to enforce its rights hereunder in any such action or proceeding, BANK is hereby irrevocably authorized and empowered in the discretion to make and present for and on account of CREDITOR such proofs of claim as BANK may deem expedient or proper and to vote on its proportionate share in any such proceeding and to receive and collect any and all dividends or other payments or distributions made thereon or whatever form the same may be paid or issued to apply same or account of any outstanding SENIOR DEBT, whether now existing or hereafter incurred. DEBTOR shall agree to execute and deliver to BANK such assignments or other instruments as may be required by BANK in order to enable BANK to enforce its and all its rights and to collect any and all dividends or other payments or distributions, where ever made at any time or account of all or any of the SUBORDINATED DEBT.
 10. CREDITOR further agrees that the occurrence of any of the following shall not affect or impair the relative priorities of CREDITOR'S and BANK'S security interests in the COLLATERAL, as established herein, (i) actions by BANK to extend the time of payment of any SENIOR DEBT, whether now existing or hereafter incurred, or any action by BANK to extend, modify, waive or renew all or any existing or future indebtedness or obligations of DEBTOR to BANK or any agreement relating thereto, by any action by BANK to take or receive additional collateral for any SENIOR DEBT whether now existing or hereafter incurred, or for any agreement relating thereto, or for any action by BANK to release, surrender, compromise, settle, subordinate or modify, with or without consideration, any of the BANK COLLATERAL, or any other collateral which may be held for the SENIOR DEBT, whether now existing or hereafter incurred, at any time, and, in reference thereto, to make and enter into any such agreement or agreements as BANK may deem proper or desirable to evidence such action, all without notice to or further assent from CREDITOR and without in any manner impairing or affecting the Agreement or any of BANK'S rights, hereunder.
 11. CREDITOR represents and warrants to BANK that CREDITOR has not transferred or assigned the SUBORDINATED DEBT or the CREDITOR-CREDITOR in the CREDITOR COLLATERAL, or any interest therein, to any person or other entity, and that CREDITOR hereby also agrees not to assign or transfer at any time while the Agreement remains in effect any rights, claims, or interests, of any kind in or to any of the SUBORDINATED DEBT or the CREDITOR-CREDITOR in the CREDITOR COLLATERAL, without (i) first notifying BANK, and (ii) making such assignment expressly subject to the Agreement in form and substance satisfactory to BANK.
 12. Notwithstanding anything in this Agreement to the contrary, and provided that DEBTOR shall not be in default with respect to any of its liabilities and obligations to BANK, including, without limitation, payment of SENIOR DEBT, CREDITOR may be paid principal and/or interest from time to time on the SUBORDINATED DEBT, but only upon the prior written consent of the BANK.

