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DEPT-01 RECORDING \$39.50
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#4435 # *-93-621228
COOK COUNTY RECORDER

SUBORDINATION AGREEMENT

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This subordination agreement is made and entered into between Banc Plus Mortgage Corp. (hereinafter "Senior Lender") and Robert Jacks and Maxine Jacks, holders of a certain note and trust deed under which Chicago Title and Trust acts as Trustee (hereinafter "Subordinated Lender").

A. Senior lender is the owner and holder of a certain mortgage note dated 7-23, 1993 in the original principal amount of \$172,000.00 made by Robert Scott Jacks and Karen L. Jacks (hereinafter "Borrower") payable to the order of Senior Lender.

B. Senior Lender is also the owner and holder of the following document securing the Senior Note:

(i) a certain mortgage (the "Senior Mortgage") made by Borrower dated 7-23, 1993 and recorded with the Recorder of Deeds of Cook County on _____, 1993 as Document Number _____ encumbering certain property (hereinafter "the property") located at _____, and legally described as follows:

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Lot 10 and the North 25 feet of Lot 11 in Block 3 in H. M Cornells's Cumberland, a Subdivision of the South 1/2 of the Southeast 1/4 of the Southeast 1/4 of Section 7, Township 41 North, Range 12, East of the Third Principal Meridian, also that part of the East 1/2 of the Northeast 1/4 of Section 18, Township 41 North, Range 12, East of the Third Principal Meridian, lying North of the Center Line of Seegers Road, called Elk Grove Road and a Resubdivision of Lots 1 and 8 in Seegers Subdivision of part of the South 1/2 of Fractional Section 7 and part of the North 1/2 of fractional Section 18, Township 41 North, Range 12, East of the Third Principal Meridian, in Cook County, Illinois.

PIN 09-07-401-022, 09-07-401-033

320 Stratford Rd
Des Plaines IL 60016

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The Senior Note, Senior Mortgage together with all other documents and instruments evidencing and securing the Senior Note are hereinafter collectively known as the "Senior Loan Document."

C. Subordinated Lender is the owners and holder of a certain Note (the "Subordinated Note") dated September 10, 1991 in the original principal amount of \$32,000.00 made by Borrower payable to the order of the Subordinated Lender.

D. Subordinated lender is also the owner and holder of the following documents securing the Subordinated Note:

(i) a certain Trust Deed dated September 10, 1991 recorded with the office of the Cook County Recorder of Deeds on February 6, 1992 as Document 92079511.

All documents evidencing and securing the Subordinated Note are hereinafter collectively referred to as the "Subordinated Loan Documents."

E. All obligations of Borrower to Senior Lender now existing or hereafter arising, due or about to become due, under the Senior Note and Senior Loan Documents are herein called the "Senior Liabilities."

F. All obligations of Borrower to Subordinated Lender now existing or hereafter arising, due or about to become due, under the Subordinated Note and Loan Documents are hereinafter called the "Subordinated Liabilities."

G. Senior Lender has agreed to make the loan evidenced by the Senior Note on the condition that Subordinated Lender enter into this agreement.

Now therefore, in consideration of the foregoing and as an inducement to Senior Lender to make the loan evidenced by the Senior Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties represent, warrant and agree as follows:

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1. *Warranties of Subordinated Lender.* Subordinated Lender represents and warrants that true, correct and complete copies of all documents evidencing and securing the Subordinated Liabilities have heretofore been delivered to Senior Lender and are described in Recital paragraph D above.

2. *Subordination of Liens.* Subordinated Lender hereby agrees that the Subordinated Liabilities are and shall be subordinate to the Senior Liabilities and that the liens and security interests created by the Subordinated Loan Documents are and shall be subordinate to the liens and security interests created by the Senior Loan Documents and to any and all amendments, modifications, extensions, replacements or renewals of the Senior Loan Documents, and to any and all advances heretofore made or hereafter to be made under the Senior Loan Documents pursuant to the terms thereof.

3. *Subordination of Payment.* Until such time as the earlier of (i) the date on which the Senior Liabilities have been paid in full or (ii) _____ from the date hereof, the payment of the Subordinated Liabilities shall be postponed and subordinated to the payment of all of the Senior Liabilities, and Subordinated Lender shall accept no payments or other distributions whatsoever (including without limitation distributions of casualty insurance or condemnation proceeds) on account of the Subordinated Liabilities, nor shall any property or assets of Borrower be applied to the purchase or acquisition or retirement of any Subordinated Liabilities. [The foregoing notwithstanding, so long as (a) no notice of default has been given under any document evidencing or securing the Senior Liabilities (except any such notice of default which has subsequently been waived in writing by the party giving such notice), and (b) in the sole judgment of Senior Lender, the financial condition of Borrower shall be established from time to time to be sufficient for Borrower to pay without limitation all amounts due under the Senior Liabilities and the Subordinated Liabilities, then Senior Lender shall not unreasonably withhold its consent for Borrower to make regularly scheduled payments to Subordinated Lender (but not prepayments) as provided in the Subordinated Loan Documents, provided that no such payment to Subordinated Lender shall be permitted so long as Subordinated Lender is then in default in the performance of any of its obligations under this Agreement.]

4. *Constructive Trust.* In the event that Subordinated Lender receives any payment or other distribution of any kind or character

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from Borrower or from any other source whatsoever in respect to any of the Subordinated Liabilities, other than as expressly permitted by the terms of this Agreement, such payment or other distribution shall be received and shall be held by Subordinated Lender in trust for Senior Lender and promptly turned over by Subordinated Lender to Senior Lender. Subordinated Lender shall cause to be clearly inserted in all promissory notes or other instruments which at any time evidence or secure any of the Subordinated Liabilities statements to the effect that the payment thereof is subordinated in accordance with the terms of this Agreement. Subordinated Lender shall execute such further documents or instruments and take such further action as Senior Lender may reasonably require from time to time to carry out the intent of this Agreement.

5. *Waiver by Subordinated Lender.* Subordinated Lender hereby waives (a) notice of the existence, creation or nonpayment of all or any of the Senior Liabilities; and (b) all diligence in collection, protection of or realization upon the Senior Liabilities or any security therefor.

6. *Covenants of Subordinated Lender.* Subordinated Lender shall not, without the prior written consent of Senior Lender, (a) modify, amend or consent to any modification or amendment of any document evidencing or securing the Subordinated Liabilities; (b) commence, or join with any other creditor in commencing, any bankruptcy, reorganization or insolvency proceedings with respect to Borrower; (c) seek to appoint a receiver for (i) the Property, (ii) any part thereof or (iii) Borrower, or seek to obtain possession of the Property, or seek any accounting from Senior Lender in respect to the proceeds of the Property; or (d) take any action affecting any lease of the Property in which Senior Lender claims a security interest (including without limitation any action to subordinate any such lease to the Subordinated Loan Documents, or any of them).

7. *Bankruptcy of Borrower.* In the event of any dissolution, winding-up, liquidation, readjustment, reorganization or other similar proceedings relating to Borrower, Borrower's creditors, or to Borrower's property (whether voluntary or involuntary, partial or complete, and whether in bankruptcy, insolvency or receivership, or upon an assignment to benefit creditors, or any other marshalling of the assets and liabilities of Borrower, or any sale of all or substantially all of the assets of Borrower, or otherwise), the Senior Liabilities shall first

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be paid in full before Subordinated Lender shall be entitled to receive and to retain any payment or distribution with respect to the Subordinated Liabilities.

8. *Notices of Default.* Subordinated Lender hereby agrees to give Senior Lender, contemporaneously with the giving thereof to the Borrower, copies of any notices given to Borrower regarding any default under the Subordinated Loan Documents or which notice would, following the passage of time and failure to cure, result in the occurrence of a "default" or "event of default" under the Subordinated Loan Documents. Subordinated Lender hereby agrees that the indebtedness evidenced, secured and guaranteed by the Subordinated Loan Documents shall not be accelerated, nor shall any remedies be pursued thereunder unless (a) in the case of default in the payment of a sum of money due under the Subordinated Loan Documents and after expiration of all applicable grace periods, Senior Lender shall have been given written notice of such failure and Senior Lender shall have failed to pay or cause to be paid such sum of money within thirty (30) days following such written notice; or (b) in the case of any other default under the Subordinated Loan Documents, Senior Lender shall fail to cure or cause to be cured such default within the period which is thirty (30) days beyond the longest of the applicable cure period provided to Borrower to cure such default.

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9. *Insurance Proceeds and Condemnation Awards.* Subordinated Lender agrees that in the event of a casualty to the buildings or improvements constructed on the Property or a condemnation or taking under a power of eminent domain of the Property, the buildings or improvements thereon, or a threat of such a condemnation or taking, all adjustments of insurance claims, condemnation claims and settlements in anticipation of such a condemnation or taking shall be prosecuted, at Senior Lender's election, by Senior Lender and all payments and settlements of insurance claims or condemnation awards or payments in anticipation of condemnation or a taking shall be paid to Senior Lender. Subordinated Lender hereby irrevocably assigns to Senior Lender all of its interests in any such claims, settlements or awards (the "Award") and irrevocably grants to Senior Lender a power of attorney, coupled with an interest, to execute any and all documents on Subordinated Lender's behalf necessary in connection with the prosecution or settlement of the Award. In the event the amount of the Award is in excess of all amounts due under the Senior Liabilities, Senior Lender agrees that such excess Award shall be paid to or held for the benefit of Subordinated Lender.

10. *Consent to Easements and Plats of Subdivision.* In the event Borrower requests that Senior Lender and all other mortgagees or trustees under trust deeds of record execute any easements or plats of subdivision or similar documents in connection with the construction, development, operation or maintenance of the Property, and Senior Lender executes the same, Subordinated Lender agrees to execute such documents and instruments as its interests appear.

11. *Power of Direction in Land Trust Borrower.* Subordinated Lender represents to Senior Lender that it has no interest in the power of direction under the land trust which is the record titleholder of the Property (the "Trust") and that Subordinated Lender shall not request nor accept any interest in such power of direction (including any right to approve documents to be executed by the Trust).

12. *Acquisition of Fee Title by Senior Lender.* Subordinated Lender hereby agrees that an acquisition of fee title to the Property by Senior Lender, its nominee, or any other person or entity through a foreclosure of the Senior Mortgage (where such foreclosure does not extinguish the security interests created by the Subordinated Loan Documents) or through a deed in lieu of foreclosure is not a "sale or dis-

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position" and will not constitute an event of default under the Subordinated Loan Documents.

13. *Subrogation.* Until such time as the Senior Liabilities have been paid in full, Subordinated Lender waives and releases any and all rights of subrogation which it has against the Property and which subrogation would result in Subordinated Lender obtaining a priority equal or superior to the priority of the Senior Loan Documents for any funds which Subordinated Lender may advance either to cure defaults under security instruments or pay liens encumbering the Property or otherwise protect the lien of the Subordinated Loan Documents or any of them.

14. *Permitted Actions by Senior Lender.* Senior Lender may, from time to time, in its sole discretion and without notice to Subordinated Lender, take any or all of the following actions: (a) retain or obtain a security interest in any property to secure any of the Senior Liabilities; (b) retain or obtain the primary or secondary obligation of any other obligor or obligors with respect to any of the Senior Liabilities; (c) extend or renew for one or more periods of time (whether or not longer than the original period), alter or modify any of the Senior Liabilities, or release or compromise any obligation of any nature of any obligor with respect to any of the Senior Liabilities; and (d) release its security interest in, or surrender, release or permit any substitution or exchange for all or any part of the property securing any of the Senior Liabilities, or extend or renew for one or more periods of time (whether or not longer than the original period) or release, compromise, alter or modify any obligation of any nature of any obligor with respect to any such property.

15. *Assignment.* Senior Lender may, from time to time, without notice to Subordinated Lender, assign or transfer any or all of the Senior Liabilities or any interest therein; and notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Senior Liabilities shall be and remain Senior Liabilities for the purpose of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were Senior Lender; provided, however, that unless Senior Lender shall otherwise consent in writing, Senior Lender shall have the unimpaired

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right, prior and superior to that of any such assignee or transferee, to enforce this Agreement for the benefit of Senior Lender as to those of the Senior Liabilities which Senior Lender has not assigned or transferred.

16. *Successors and Assigns.* This Agreement shall be binding upon Subordinated Lender and its respective successors and assigns whether immediate or remote.

17. *No Waiver by Senior Lender.* Senior Lender shall not be prejudiced in its rights under this Agreement by any act or failure to act by Borrower or Subordinated Lender, or any non-compliance of Borrower or Subordinated Lender with any agreement or obligation, regardless of any knowledge thereof which Senior Lender may have or with which Senior Lender may be charged; and no action of Senior Lender permitted hereunder shall in any way affect or impair the rights of Senior Lender and the obligations of Subordinated Lender under this Agreement. No delay on the part of Senior Lender in the exercise of any rights or remedies shall operate as a waiver thereof, and no single or partial exercise by Senior Lender of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Agreement be binding upon Senior Lender except as expressly set forth in a writing duly signed and delivered on behalf of Senior Lender.

18. *Effect on Due on Sale Provisions.* Subordinated Lender hereby waives any due on sale or due on refinancing provisions of the Subordinated Documents as they relate to the Senior Liabilities.

19. *Notice.* Any notice, demand or other communication which any party may desire or may be required to give to any other party shall be in writing, and shall be deemed given (i) if and when personally delivered, (ii) upon receipt if sent by a nationally recognized overnight courier addressed to a party at its address set forth below, or (iii) on the second (2d) business day after being deposited in United States registered or certified mail, postage prepaid, addressed to a party at its address set forth below:

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If to Senior Lender: Banc Plus Mortgage,

If to Subordinated Lender: Robert and Maxine Jacks, 3800 W. 83d St., Bloomington, MN 55431.

20. Construction and Interpretation of Agreement: This agreement shall be governed by the laws of the state of Illinois.

21. Termination: This agreement shall terminate upon full and final payment of any and all amounts due under the Senior Liabilities, provided that all rights of the Subordinated Lender hereunder shall automatically terminate at such time as the Subordinated Liabilities have been paid in full.

In witness whereof, this agreement has been executed and delivered on the day and year first written above.

Senior Lender:
Banc Plus Mortgage Corp.

By: Carole A. Martin



Attest: _____

Subscribed and sworn this 21 day of July, 1993

Kathleen M. Dasher
Notary Public

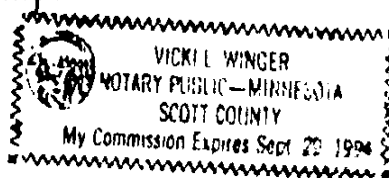
Subordinated Lender:

X Robert Jacks
Robert Jacks

X Maxine K. Jacks Maxine Jacks
Maxine Jacks

Subscribed and sworn this 21 day of July, 1993

Vicki Winger
Notary Public



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CONSENT AND AGREEMENT OF OWNER

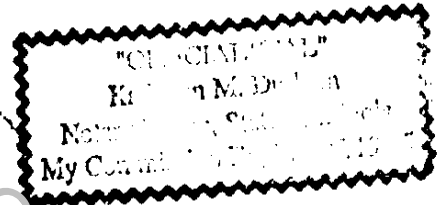
Borrower hereby acknowledges the terms of and consents to the foregoing agreement and agrees for their respective successors and assigns for the benefit of the Senior Lender its successors and assigns that (i) said agreement does not constitute a waiver or partial waiver by Senior Lender of any of its rights under the Senior Loan Documents, or in any way release Borrower from its obligations to comply with the terms and conditions stated in the Senior Loan Documents and (ii) Borrower will not take any action contrary to or inconsistent with said agreement.


Robert Scott Jacks


Karen L. Jacks

Subscribed and sworn this 23 day of July, 1993


Notary Public



MAIL TO: MAIL TO

This instrument prepared by Thomas F. Sammons, 502 N. Plum Grove, Palatine, Ill. 60067.

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