



SUBORDINATION AND STANDBY AGREEMENT

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This Subordination and Standby Agreement dated as of August 25 1993 93763106 is made and entered into by

and between Charter Mortgage Company ("BANK")

and First Colonial Bank Northwest ("CREDITOR")

whose address is 800 S. Wheeling Road, Wheeling, IL 60090

In order to induce BANK, from time to time, to make loans, advances and other direct or contingent financial accommodations (the "SENIOR DEBT") to or for the benefit of Barry C. Walthall and Gail L. Walthall (\$23,000) for the benefit of Barry C. Walthall and Gail L. Walthall (12111 FROM 2384 09/23/93 13:08:00 \$1052 93763106 COOK COUNTY RECORDER)

("DEBTOR"). CREDITOR (and if more than one, jointly and severally) and BANK agree as follows:

- There is now owing CREDITOR by DEBTOR the sum of Five Thousand Two Hundred Ninety One and 79/100 Dollars (\$ 5291.79), which amount and all interest, if any, now or hereafter owing thereon, together with any other indebtedness or liabilities of DEBTOR to CREDITOR, whether direct or indirect, absolute or contingent, and whether now existing or hereafter created, are herein called the "SUBORDINATED DEBT"
- CREDITOR agrees to subordinate and does hereby subordinate the SUBORDINATED DEBT to the SENIOR DEBT if and to the extent CREDITOR has acquired, or acquires, or DEBTOR has granted, or in the future may grant, to CREDITOR a security interest, lien or encumbrance (the "CREDITOR LIEN") in or upon any or all of DEBTOR'S assets (the "CREDITOR COLLATERAL"). CREDITOR hereby agrees to subordinate and does hereby subordinate the CREDITOR LIEN in the CREDITOR COLLATERAL to the liens and security interests (the "SENIOR LIENS") heretofore or hereafter granted to BANK, in substantially all or any part of the assets of DEBTOR, whether now existing or hereafter acquired, (the "BANK COLLATERAL")
- CREDITOR agrees not to sue, demand, accelerate, sue for, take or receive all or any part of the SUBORDINATED DEBT unless and until any and all SENIOR DEBT, now existing or hereafter arising, shall have been paid in full. If CREDITOR shall 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, endorsed as may be required by BANK.
- So long as any of SENIOR DEBT whether now existing or hereafter incurred, remains outstanding, CREDITOR agrees that it will not enforce or apply its security interests in the CREDITOR COLLATERAL, take possession of any of such assets, send any notifications or other communications to any of DEBTOR'S account debtors or take any other action which might interfere with the SENIOR LIENS or the enforcement by BANK of the SENIOR LIENS 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 satisfied in full all SENIOR DEBT and any and all other obligations to BANK.
- 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, enforce its security interest in DEBTOR'S assets or any part thereof. BANK shall so notify CREDITOR in writing and shall thereafter proceed to dispose of such assets or any part thereof pursuant to the Illinois Uniform Commercial Code or in 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 retaking, holding, preparing for sale and selling such assets or any portion thereof, 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, howsoever evidenced, owing and unpaid to BANK as of the date of disposition of the proceeds of such assets, in such order of application as BANK may from time to time elect, with the excess proceeds, if any to be available for CREDITOR.
- The subordinations, agreements, priorities and restraints set forth in this Agreement are a continuing agreement of subordination and BANK may continue, without notice to CREDITOR, to extend credit or other accommodations or benefits and loan monies to or for the benefit of DEBTOR on the faith hereof until this Agreement shall be terminated. CREDITOR further acknowledges and agrees that DEBTOR may from time to time repay the outstanding principal of the SENIOR DEBT and that DEBTOR may thereafter incur 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 any agreement relating thereto shall be in force. CREDITOR hereby further waives notice of the foregoing events or occurrences: presentment, demand, notice of default, non-payment or partial payment and protest, notice of protest and all other notices or formalities to which CREDITOR might otherwise be entitled.
- The subordinations, agreements and priorities specified in this Agreement are applicable irrespective of the time or order of attachment or perfection 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 giving or failing to give notice of the acquisition or expected acquisition of purchase money or other security interests.
- BANK shall not be responsible for policing the BANK COLLATERAL or for protecting the value thereof except for its own gross negligence or willful misconduct in connection with the safekeeping of BANK COLLATERAL in its actual possession. BANK shall have no implied duty or obligation to take any action with respect to any SENIOR DEBT, whether now existing or hereafter incurred, or the BANK COLLATERAL or any portion thereof.
- CREDITOR agrees that upon any distribution of the assets or readjustment 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 readjustment of all or any of the indebtedness hereby subordinated, or the application of the assets of DEBTOR to the payment or liquidation thereof, BANK shall be entitled to receive payment in full of all outstanding SENIOR 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 its 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 such proofs of claims in any such proceeding and to receive and collect any and all dividends or other payments or disbursements made thereon in whatever form the same may be paid or issued to apply same on account of any outstanding SENIOR DEBT, whether now existing or hereafter incurred. CREDITOR further agrees to execute and deliver to BANK such assignments or other instruments as may be required by BANK in order to enable BANK to enforce any and all such claims and to collect any and all dividends or other payments or disbursements which may be made at any time on account of all or any of the SUBORDINATED DEBT.
- 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) action by BANK to extend the time of payment of any SENIOR DEBT, whether now existing or hereafter incurred, or any action by BANK to otherwise amend, modify, waive or renew all or any existing or future indebtedness or obligations of DEBTOR to BANK or any agreement relating thereto, (ii) 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 (iii) 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 this Agreement or any of BANK'S rights hereunder.
- CREDITOR represents and warrants to BANK that CREDITOR has not transferred or assigned the SUBORDINATED DEBT or the CREDITOR LIEN 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 this Agreement remains in effect any rights, claims or interests of any kind in or to any of the SUBORDINATED DEBT or the CREDITOR LIEN in the CREDITOR COLLATERAL without (i) first notifying BANK and (ii) making such assignment expressly subject to this Agreement in form and substance satisfactory to BANK.
- 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.

*Senior Debt is not to exceed the amount of One Hundred Twelve Thousand and 00/100--Dollars (\$112,000.00)

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- 13. Any notices or other communications provided for hereunder shall be deemed to have been validly given if delivered personally or sent by United States certified mail, return receipt requested, with proper postage prepaid, to the respective addressee, set forth in the beginning of this Agreement or at such other address as either party hereto may designate for itself in writing to the other.
- 14. This Agreement shall continue in full force and effect until the SENIOR DEBT is fully paid, performed and discharged, notwithstanding the fact that the SENIOR DEBT or BANK LIENS may be avoided (for any reason) and/or subordinated upon the insolvency, bankruptcy or reorganization of DEBTOR, or otherwise. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.
- 15. This Agreement shall be construed under, and be governed by, the laws of the State of Illinois. If this Agreement is signed by more than one person or entity as CREDITOR, the word "CREDITOR" shall mean each and all of those persons or entities, jointly and severally. Every undertaking, agreement or liability hereunder shall be the joint and several obligation of each CREDITOR.
- 16. This Agreement embodies the entire agreement and understanding between CREDITOR and BANK relating to the subordination and other agreements by CREDITOR as set forth herein and supersedes all prior agreements and understandings between CREDITOR and BANK relating to the subject matter hereof. All of the understandings, agreements, representations, and warranties contained herein are solely for the benefit of BANK and CREDITOR, and there are no other parties who are intended to be benefited in any way by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date hereinabove first set forth:

First Colonial Bank Northwest
(CREDITOR)

By: Stephen L. Rulo
Title: Executive Vice-President

Charter Mortgage Company
(BANK)

By: _____
Title: _____

The undersigned hereby acknowledges receipt of a copy of the foregoing Subordination and Standby Agreement and agrees not to pay any indebtedness subordinated thereby except as therein provided. In the event of any breach of the provisions of the foregoing Agreement, the undersigned agrees that, in addition to any other rights and remedies BANK may have, all obligations and liabilities of the undersigned to BANK shall, without notice or demand, become immediately due and payable unless BANK shall otherwise elect.

(DEBTOR)
Gregory C. Walthall
Gregory C. Walthall

LOT 42 IN POPLAR GROVE SUBDIVISION, BEING A SUBDIVISION IN THE SOUTH WEST 1/4 OF THE NORTH WEST 1/4 OF SECTION 10, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 5, 1957 AS DOCUMENT NUMBER 16922627, IN COOK COUNTY, ILLINOIS.

PIN 03-10-102-026

PA 1102 Anthony Road Wheeling, Ill 60090

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