

SUBORDINATION
OF MANAGEMENT AGREEMENT

This Subordination of Management Agreement is made and delivered as of the 8th day of January, 1993, by _____, an Illinois corporation (hereinafter referred to as the "Manager"), to and for the benefit of FIRST EAGLE NATIONAL BANK, a national banking association ("Lender").

RECITALS:

A. STEEL CITY NATIONAL BANK OF CHICAGO, not personally but solely as Trustee ("Trustee") under the provisions of a Trust Agreement dated November 2, 1990 and known as Trust No. 3187 (the "Trust") owns legal and equitable title to the land legally described on Exhibit A attached hereto and the improvements thereon (collectively, the "Property"). Maple Road Partnership, an Illinois general partnership ("Beneficiary") is sole beneficiary of the Trust. Beneficiary and Trustee hereafter collectively the "Borrower").

~~B. Beneficiary and the Manager have entered into a certain Management Agreement dated _____, 1992 (the "Management Agreement") whereby the Manager agreed to furnish services for the development, operation and management of the Property in exchange for certain payments to the Manager for its services and the payment of certain expenses incurred by the Manager in connection with the furnishing of its services.~~

C. Pursuant to Illinois Revised Statutes, Chapter 82, par. 1, as amended, property managers have lien rights under the Mechanics' Lien Act for expenses incurred for the management of any structure.

D. Lender has agreed to make a loan (the "Loan") to Borrower and in an amount of \$2,000,000. The Loan is evidenced by a certain Mortgage Note (the "Note") dated December _____, 1992 made by Borrower to the order of Lender in the principal amount of \$2,000,000. The Note is secured by, among other things, a Construction Mortgage (the "Mortgage") of even date herewith granting a lien on the Property and to be recorded in the Office of the Recorder of Deeds of Lake County, Illinois. Borrower has also executed certain other instruments and agreements as additional security for repayment of the Loan (collectively, the "Loan Documents").

E. Lender requires, as a condition precedent to its making the Loan, that the indebtedness evidenced by the Note and the lien and security interests of the Mortgage and the other Loan

*FLOYD M. PHILLIPS & CO., INC.

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*January 8, 1993

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First American Title Order # 0158179 393000

144444 TRAM 2403 01/14/93 15:37:00
40106 * C * -93-036930
COOK COUNTY RECORDER

DEPT-01 RECORDING 429.50

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Documents be paramount and prior to any and all obligations, expenses and indebtedness owing to the Manager which arise from the Management Agreement (collectively, the "Junior Liabilities") and any and all existing liens or future rights to liens of the Manager or anyone claiming by, through or under the Manager which arise from the Junior Liabilities (collectively, the "Junior Liens").

NOW, THEREFORE, to induce Lender to make disbursements of proceeds of the Loan and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. The Junior Liabilities and the Junior Liens are hereby subordinated to each and every one of the Note, the Mortgage, and the other Loan Documents and all indebtedness, liabilities and obligations of any kind whatsoever (whether now existing or hereafter arising and regardless of the aggregate amount thereof) owing by Borrower to Lender with respect to the Property (collectively, the "Senior Liabilities"). No default exists as of the date hereof with respect to the Junior Liabilities.

2. The payment of all Junior Liabilities shall be subordinated to the payment in full of all Senior Liabilities. No payment in respect of any Junior Liabilities shall be made at any time on or after the date the Manager has been notified by Lender of any default in the payment or performance of any of the Senior Liabilities (a "Senior Default"). In the event the Manager receives any such payment, the same shall be received in trust for Lender and immediately turned over by the Manager to Lender.

3. Notwithstanding anything to the contrary contained in the Management Agreement, Lender shall have the right to terminate the Management Agreement at any time on or after the date the Manager has been notified of a Senior Default.

4. Any notice which either party hereto gives to the other party shall be in writing and shall be deemed given when delivered in person to a representative of such party, or two federal banking days after deposited in the United States certified or registered mail, return receipt requested, addressed to the party, at the address of such party set forth below, or at such other address as the party to whom notice is to be given has specified by notice hereunder to the party seeking to give such notice:

Manager: FLOYD M. PHILLIPS & CO., INC.
900 Maple Road
Homewood, IL 60430
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RECORDED

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Lender: First Eagle National Bank
1350 West Lake Street
Roselle, Illinois 60172
Attn: Mr. Andy Salk, President

Copy to: Greenberger Krauss & Tenenbaum, Chtd.
180 North LaSalle Street, Suite 2700
Chicago, Illinois 60601
Attn: David Glickstein, Esq.

5. This Agreement shall be binding upon the Manager and its successors and assigns.

6. The Manager agrees to execute such further documents or instruments and take such further actions as Lender may reasonably request from time to time to carry out the intent of this Agreement.

7. This Agreement shall be construed in accordance with and governed by the laws of the State of Illinois.

8. If any provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall at the option of Lender, not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

FLOYD M. PHILLIPS
& CO., INC., an
Illinois corporation

By: 
Title: RONALD RICHMOND, president

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This instrument prepared by and after recording return to:

Martin I. Behn, Esq.
Greenberger Krauss & Tenenbaum,
Chartered
180 N. LaSalle Street, Suite 2700
Chicago, Illinois 60601

Property Address:
900 Maple Road,
Homewood, Illinois 60430

Permanent Real Estate Tax
Index Nos.:

29-32-200-048



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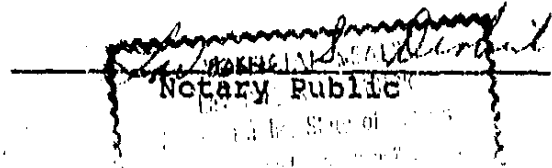
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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that RONALD RICHMOND, the president of , an Illinois corporation, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this day of ^{January} ~~December~~, 1992-1993.


Notary Public
State of Illinois

My Commission Expires:

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*Floyd M. Phillips & Co., Inc.

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EXHIBIT A

LEGAL DESCRIPTION

Lot 1 IN THE PROPOSED PLAT OF MAPLE AVENUE SUBDIVISION, BEING PART OF THE NORTH EAST 1/4 OF SECTION 32, TOWNSHIP 36 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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