

THIS INSTRUMENT PREPARED BY,
AND AFTER RECORDING MAIL TO:
Bennett L. Cohen, Esq.
Cohen, Cohen & Salk, P.C.
630 Dundee Road - Suite 120
Northbrook, Illinois 60062

COOK COUNTY, ILLINOIS
FILED FOR RECORD

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INTERCREDITOR AGREEMENT

THIS INTERCREDITOR AGREEMENT (this "Agreement") is dated June 29th, 1994 and is by and among UPTOWN NATIONAL BANK OF CHICAGO ("Senior Lender"), PURITAN FINANCE CORPORATION ("Junior Lender"), AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally, but solely as Trustee under Trust Agreement dated June 22, 1994 and known as Trust No. 118422-00 ("Trustee"), and STERLING ASHLAND PARTNERS, L.P. ("Beneficiary").

RECITALS:

A. Pursuant to the terms of that certain Construction Loan Agreement dated as of June 24, 1994 (the "Senior Loan Agreement") by and between the Trustee, Beneficiary and Senior Lender, the Senior Lender has agreed to make a loan in the principal sum of One Million Fifteen Thousand and no/100 (\$1,015,000.00) Dollars (the "Senior Loan").

B. The Senior Loan is evidenced by a Promissory Note dated June 24, 1994 in the principal sum of One Million Fifteen Thousand and no/100 (\$1,015,000.00) Dollars made by the Trustee and Beneficiary and payable to the order of Senior Lender in installments and with interest as therein described, with a final balloon payment due on July 1, 1999 (the "Senior Note").

C. The Senior Note is secured, in part, by a Mortgage and Assignment of Rents each dated June 24, 1994 granted by the Trustee in favor of the Senior Lender (collectively, the "Senior Mortgage") which is a lien upon the real property legally described in Exhibit A attached hereto and made a part hereof (the "Property"). The Senior Note, the Senior Loan Agreement, the Senior Mortgage, together with all such agreements, loan agreements, security agreements, assignments, certificates, indemnifications, documents, notes, guarantees, pledges, consents, contracts, notices, financing statements, collateral assignments, assignments and instruments given to evidence or secure the indebtedness evidenced by the Senior Note and all amendments, modifications, supplements, extensions, restatements and refinancings thereof and thereto, and all agreements, notes, documents or instruments delivered in substitution therefor or in lieu thereof, whether heretofore, now or hereafter executed by or on behalf of Beneficiary, Trustee, any guarantor or any other person or entity, delivered to Senior Lender, with respect to the Senior Loan are collectively referred to herein as the "Senior Loan Documents".

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D. The Senior Loan Documents create a security interest in the Property, fixtures, leases, contracts, and other personal property, all as more fully described in the Senior Mortgage (collectively referred to herein as the "Real Property Collateral").

E. All liabilities, obligations and indebtedness evidenced or secured by the Senior Loan Documents are referred to collectively herein as the "Senior Obligations".

F. In connection with a certain \$275,000.00 mortgage loan made by Junior Lender to Trustee and Beneficiary, Trustee and Beneficiary have executed and delivered to Junior Lender two promissory notes described as follows: (i) a Promissory Note dated June 29, 1994 in the principal sum of \$275,000.00 payable to the order of Junior Lender in installments and with interest as therein described, and (ii) a Cash Flow/Sale Participating Promissory Note dated June 29, 1994 payable to the order of Junior Lender as therein described (collectively, the "Junior Notes").

G. The Junior Notes are secured, in part, by a Junior Mortgage and Security Agreement and a Junior Assignment of Rents and of Lessor's Interest in Leases each dated June 29, 1994 between Trustee (and Beneficiary where applicable) and Junior Lender (collectively, the "Junior Mortgage"), which is a lien upon the Real Property Collateral.

H. The Junior Notes, the Junior Mortgage, together with all such agreements, loan agreements, security agreements, assignments, certificates, indemnifications, documents, notes, guarantees, pledges, consents, contracts, notices, financing statements, collateral assignments, assignments and instruments given to evidence or secure the indebtedness evidenced by the Junior Notes, and all amendments, modifications, extensions, refinancings and restatements thereof and thereto, and all agreements, notes, documents or instruments delivered in substitution therefor or in lieu thereof, whether heretofore, now or hereafter executed by or on behalf of Beneficiary, Trustee, any guarantor or any other person or entity, delivered to Junior Lender, with respect to the Junior Loan are collectively referred to herein as the "Junior Loan Documents". All liabilities, obligations and indebtedness evidenced or secured by the Junior Loan Documents are referred to collectively herein as the "Junior Obligations".

I. Junior Lender has agreed to subordinate the liens created by the Junior Loan Documents to the liens in the Real Property Collateral created by the Senior Loan Documents, in accordance with the terms hereof.

J. Junior Lender and Senior Lender have agreed to allocate the proceeds of any foreclosure sale or collateral liquidation proceeding as set forth herein and deem it to be in their best interest to set forth their mutual agreement relating to the loans and the collateral described herein.

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NOW, THEREFORE, in consideration of the foregoing Recitals, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Subordination Documents.

(a) Junior Lender and Senior Lender hereby covenant and agree that, subject to the provisions of Section 1(b) hereof, the Senior Obligations are and shall be superior indebtedness to the Junior Obligations and that the liens created by or granted pursuant to the Junior Loan Documents are junior and subordinate to the liens created by or granted pursuant to the Senior Loan Documents regardless of the order of recording or filing of the Senior Mortgage and the Junior Mortgage or any UCC financing statement or other agreement or instrument between Trustee (and/or Beneficiary) and Senior Lender or between Trustee (and/or Beneficiary) and Junior Lender evidencing or securing the Senior Obligations or the Junior Obligations.

(b) Notwithstanding anything to the contrary contained in Section 1(a) hereof, Senior Lender and Junior Lender hereby agree that the lien of the Junior Mortgage shall be subordinated only to the unpaid principal balance of the Senior Note, plus interest and all other fees, penalties, costs and expenses due under the Senior Note. Senior Lender hereby covenants and agrees that the lien of the Senior Mortgage, as to any other indebtedness secured by the Real Property Collateral, shall be junior and subordinate to the lien of the Junior Mortgage.

2. Allocation of Payments. In the event a foreclosure proceeding with respect to the Real Property Collateral is commenced, a judgment entered and a sale held thereon, the proceeds of such sale shall be allocated between Senior Lender and Junior Lender as follows:

- (a) First to Senior Lender in an amount equal to the unpaid principal balance of the Senior Note, plus interest and all other fees, penalties, sums, costs and expenses due under the Senior Note,
- (b) then to the Junior Lender in an amount equal to the unpaid principal balance of the Junior Notes, plus interest and all other fees, penalties, sums, costs and expenses due under the Junior Notes,
- (c) then to the Senior Lender in an amount equal to the unpaid Senior Obligations,
- (d) then to the Junior Lender in an amount equal to the unpaid Junior Obligations,
- (e) then to Beneficiary.

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3. No Readvances Permitted. Senior Lender covenants to Junior Lender that Senior Lender will not make any readvances to the Trustee or Beneficiary under the Senior Loan Documents. A "readvance" is defined as a reloading of principal paid on the Senior Note.

4. Purpose. The provisions of this Agreement:

- (a) are solely for the purpose and shall have the sole effect of defining the relative rights of the parties hereto, and shall be deemed to govern and supersede any rights at law or equity;
- (b) may not be relied upon or enforced by any other creditor of Trustee, Beneficiary or any guarantor, other than participants, co-lenders, or assigns of Senior Lender and Junior Lender;
- (c) shall not impair, as between Trustee, Beneficiary, any guarantor or obligor and the Junior Lender, the obligations of Trustee, Beneficiary or any guarantor or obligor under the Junior Loan Documents, which obligations are unconditional and absolute to pay all indebtedness in accordance with its terms and to comply with all terms of the Junior Loan Documents;
- (c) shall not impair, as between Trustee, Beneficiary, any guarantor or obligor and the Senior Lender, the obligations of Trustee, Beneficiary or any guarantor or obligor under the Senior Loan Documents, which obligations are unconditional and absolute to pay all indebtedness in accordance with its terms and to comply with all terms of the Senior Loan Documents;
- (d) shall not impair the right of either Senior Lender or Junior Lender to bid the unpaid indebtedness under its respective loan documents, or any part thereof, at any foreclosure sale.

5. Miscellaneous.

(a) Senior Lender Consent. Senior Lender consents and agrees to the making of the Junior Loan and the execution and delivery of the Junior Loan Documents, and agrees that neither the extension of the Junior Loan nor the execution and delivery of the Junior Loan Documents shall be deemed an event of default under the Senior Loan Documents, anything therein to the contrary notwithstanding.

(b) Notice by Senior Lender. Senior Lender shall use reasonable commercial efforts to give Junior Lender a copy of any and all notices of default sent under the terms of the Senior Loan Documents, provided that Senior Lender's failure to send such notice shall not be deemed to affect or impair in any manner whatsoever Senior Lender's rights under the terms of the Senior

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Loan Documents or the provisions of Sections 1 and 2 hereof.

(c) Notice by Junior Lender. Junior Lender shall use reasonable commercial efforts to give Senior Lender a copy of any and all notices of default sent under the terms of the Junior Loan Documents, provided that Junior Lender's failure to send such notice shall not be deemed to affect or impair in any manner whatsoever Junior Lender's rights under the terms of the Junior Loan Documents or the provisions of Sections 1 and 2 hereof.

(d) Binding Agreement. This Agreement shall benefit and bind the parties hereto and their respective successors and assigns. This Agreement may be executed in any number of counterparts. The headings in this Agreement are solely for ease of reference and shall not alter or otherwise affect the meaning hereof. The words "hereof" and herein" and words of similar import, when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) Future Actions. Beneficiary shall (or cause Trustee to) execute and deliver such future documents and take such future actions as Senior Lender and/or Junior Lender may reasonably request in order to carry out the provisions and intent hereof, all at the expense of Beneficiary in each case.

(f) Notices. All notices, demands, requests and other communications under this Agreement shall be in writing and shall be deemed properly served when delivered if delivered by hand to the party to whose attention it is directed or within three (3) days following deposit in the U.S. mail if sent postage prepaid, by registered or certified mail, return receipt requested, addressed as follows:

If to Beneficiary: Sterling Ashland Partners, L.P.
3715 W. Fullerton
Chicago, Illinois
Attn: Craig Golden & Scott Goodman

If to Senior Lender: Uptown National Bank of Chicago
4753 N. Broadway
Chicago, Illinois 60640
Attn: Steve Olson

If to Junior Lender: Puritan Finance Corporation
55 West Monroe Street
Chicago, Illinois 60603
Attn: James McDonough

If to Trustee: American National Bank and Trust
Company of Chicago, as Trustee
under Trust No. 118422-00
33 N. LaSalle Street
Chicago, Illinois 60690

or to such other address or to such other party which any party

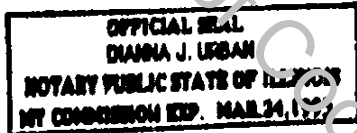
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BENEFICIARY'S ACKNOWLEDGEMENT

STATE OF ILLINOIS)
COUNTY OF COOK)

I, Dianna J. Luban, a Notary Public in and for the state and county aforesaid do hereby certify that before me this day personally appeared Craig Golden and Scott L. Goodman, personally known to me to be the sole members of Sterling Bay L.L.C., an Illinois limited liability company, and acknowledged to me that they executed and delivered this Agreement as their own free and voluntary acts, and as the free and voluntary act of Sterling Bay L.L.C. on behalf of Sterling Ashland Partners, L.P., for the use set forth above.

Given under my hand and official seal this 29th day of June, 1994.



Dianna J. Luban
Notary Public

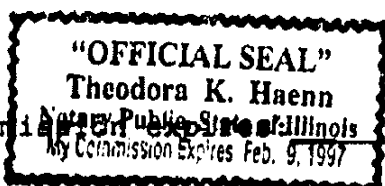
My commission expires: 3/24/97

SENIOR LENDER'S ACKNOWLEDGEMENT

STATE OF ILLINOIS)
COUNTY OF COOK)

I, the undersigned, a notary public in and for the State and County aforesaid, do hereby certify that STEVEN D. OLSON, the Vice President of Uptown National Bank of Chicago, 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, as such officer, he signed and delivered the said instrument as his own free and voluntary act, and as the free and voluntary act of said bank, for the uses and purposes therein set forth.

Given under my hand and official seal this 30 day of June, 1994.



Theodora K. Haenn
Notary Public

My commission expires: _____

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COOK COUNTY CLERK'S OFFICE
1100 N. LAKE ST. CHICAGO, IL 60610
TEL: (773) 399-3000 FAX: (773) 399-3001
WWW.COOKCOUNTYCLERK.COM

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EXHIBIT "A"

Legal Description Rider

PARCEL 1:

THE EAST 163.8 FEET LYING WEST OF THE WEST LINE OF ASHLAND AVENUE OF THE SOUTH 110.66 FEET OF THE NORTH 442.66 FEET OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT FROM SAID PREMISES THAT PART LYING EAST OF A LINE 50 FEET WEST OF AND PARALLEL TO THE EAST LINE OF SECTION 30 AFORESAID AS CONDEMNED BY AND CONVEYED TO CITY OF CHICAGO FOR WIDENING OF ASHLAND AVENUE), IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THE SOUTH 56 FEET OF THE NORTH 332 FEET OF THE WEST 163.8 FEET OF THE EAST 196.8 FEET OF THE NORTH 2 ACRES OF THE EAST 3 ACRES OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THAT PART TAKEN FOR ASHLAND AVENUE), IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THE SOUTH 33 FEET OF THE NORTH 276 FEET OF THE EAST 3 ACRES OF THE NORTH 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THAT PART TAKEN FOR ASHLAND AVENUE), IN COOK COUNTY, ILLINOIS.

PIN: 14-30-204-033, 14-30-204-050, 14-30-204-051,
and 14-30-204-052

ADDRESS: 3128 North Ashland Avenue, Chicago, Illinois

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