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## SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is made as of the 16th day of February, 1994  
by and between Junior Lender (described below) and Senior Lender (described below).

### Identification of Parties and Instruments:

Junior Lender—Name and Address:

The First National Bank of Chicago  
1825 W. Lawrence Avenue  
Chicago, Illinois 60616

Senior Lender—Name and Address:

Canada Life Insurance Co.  
c/o Mid North Financial Services, Inc  
205 W. Wacker Dr. Suite 202  
Chicago, IL 60606

Borrower—Name and Address:

Ballard Partners  
9300 Ballard Road  
Des Plaines, IL 60016

Junior Note:

Amount: \_\_\_\_\_  
Dated: \_\_\_\_\_

Junior Mortgage—Date and Recording Information:

Dated: \_\_\_\_\_  
Recorded: \_\_\_\_\_, 19\_\_\_\_  
as Document No. \_\_\_\_\_

Senior Note:

Amount: \_\_\_\_\_  
Date: \_\_\_\_\_

Senior Mortgage—Date and Recording Information:

Dated: \_\_\_\_\_  
Recorded: \_\_\_\_\_, 19\_\_\_\_  
as Document No. \_\_\_\_\_

THIS INSTRUMENT PREPARED BY AND  
AFTER RECORDING RETURN TO:

GAIL ALPERT  
MID-NORTH FINANCIAL SERVICES, INC.  
205 W. WACKER DRIVE SUITE 202  
CHICAGO, ILLINOIS 60606

COMMON ADDRESS OF PROPERTY:

9300 Ballard Road  
Des Plaines, IL 60016

Real Estate Tax Index Number:  
09-15-303-013

(REV 7/1/88)

**BOX 333-CTI**

# APOO 912 - D2

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## RECITALS:

A. Borrower has executed and delivered the Junior Note made payable to the order of the Junior Lender. The Junior Note is secured by: (1) the Junior Mortgage, made by Borrower in favor of Junior Lender and encumbering the real estate legally described in Exhibit A attached hereto and by this reference made a part hereof (the "Property"); and (2) certain other documents and instruments, if any, listed in Exhibit B attached hereto and by this reference made a part hereof (the "Other Junior Documents"); (the Junior Note, Junior Mortgage and the Other Junior Documents are collectively referred to as the "Junior Loan Documents").

B. Borrower has executed and delivered the Senior Note made payable to the order of Senior Lender. The Senior Note is secured by: (1) the Senior Mortgage encumbering the Property; and (2) certain other documents and instruments, if any, listed in Exhibit C attached hereto and by this reference made a part hereof (the "Other Senior Documents"); (the Senior Note, Senior Mortgage and the Other Senior Documents are collectively referred to as the "Senior Loan Documents").

C. Without the execution and delivery of this Agreement, the execution, delivering and recording of the Junior Loan Documents constitutes a default under the Senior Loan Documents, and Senior Lender will consent to the execution, delivering and recording of the Junior Loan Documents only upon execution and delivery of this Agreement by Junior Lender.

NOW, THEREFORE, to induce Senior Lender to consent to the execution, delivering and recording of the Junior Loan Documents and for the payment of TEN DOLLARS and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Junior Lender and Senior Lender hereby agree that until the obligations evidenced and secured by the Senior Loan Documents have been paid and satisfied in full:

1. **Subordination of Lien of Junior Loan Documents.** The Junior Mortgage and Junior Loan Documents and the lien thereof are and shall continue to be expressly subject and subordinate to any and all advances, in whatever amount and whenever made, with interest thereon, and to any and all expenses, charges and fees incurred by the Senior Lender pursuant to the terms of the Senior Loan Documents, including but without limitation any and all such advances, interest, expenses, charges and fees which may increase the indebtedness secured by the Senior Loan Documents above the original principal amount thereof, provided the same is advanced or incurred under any of the express provisions of the Senior Loan Documents or any extension, consolidation, modification or supplement thereto. The modifications, consolidations, and supplements herein referred to shall not be deemed to include any modification, consolidation or supplement which expands the rights of the holder of the Senior Loan Documents to advance additional indebtedness beyond those rights provided in the Senior Loan Documents.

2. **Insurance Proceeds and Claims.** Junior Lender shall have no right to participate in the adjustment or settlement of insurance losses or condemnation claims, provided, however, Senior Lender shall endeavor (but shall not be obligated) to give notice to Junior Lender of the occurrence of any casualty and/or condemnation and the settlement thereof. The Junior Lender hereby agrees, upon the request and at the direction of Senior Lender, to endorse in favor of Senior Lender any and all checks payable to the Junior Lender which represent insurance and condemnation proceeds paid for claims relating to the Property in any way. The Junior Lender hereby appoints Senior Lender as its attorney-in-fact, in its place and stead, to settle all insurance and/or condemnation claims relating to the Property and to receive all payments and endorse all checks with regard thereto to the full extent of all amounts secured by the Senior Loan Documents. Furthermore, Senior Lender shall remit to Junior Lender any portion of the insurance proceeds and/or condemnation awards remaining after payment in full of the indebtedness secured by the Senior Loan Documents, as provided in the Senior Mortgage.

3. **Amendment and Modification.** Junior Lender shall not materially amend or materially modify or consent to the material amendment or material modification of any of the Junior Loan Documents without the prior written approval of Senior Lender. For the purposes of this Section 3 and other provisions of this Agreement, "material" shall mean any change in the rate of interest, amount of payments, term of or principal amount of the Junior Note.

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**4. Waiver of Notices, Defenses, Etc.** The Junior Lender hereby waives: (i) notice of the non-payment of all or any of the amounts due under the Senior Loan Documents (the "Senior Payments"); and (ii) all diligence by Senior Lender in collection or protection of or realization upon the Senior Loan Documents; and (iii) any protest, defense, claim or objection to or in any way relating to any amendment, modification, renewal or extension of the terms and provisions of any of the Senior Loan Documents, including, without limitation, any increase in or extension of time for the Senior Payments evidenced or secured thereby.

**5. Commencement of Bankruptcy Proceedings.** The Junior Lender agrees not to commence, or join with any other creditor in commencing, any bankruptcy, reorganization or insolvency proceedings with respect to Borrower (or Borrower's beneficiary or any party comprising Borrower or its beneficiary), without first obtaining Senior Lender's prior written consent, provided, however, the foregoing shall not prohibit Junior Lender from participating in any proceeding commenced by Borrower, Senior Lender or other unrelated third party.

**6. Commencement of Collateral Proceedings.** The Junior Lender agrees not to commence, or join with any other creditor in commencing, any actions affecting any Management Agreement, Personal Property Lease, Conditional Sales Agreement, Executory Contract or Lease of the Property (collectively the "Leases"), or take any action to subordinate any such Lease to the Junior Loan Documents, or any of them, until such time as the Senior Payments have been paid and satisfied in full, provided however, Junior Lender may take action not otherwise precluded hereby to enforce its rights under any junior collateral assignment of leases or other Junior Loan Document, so long as such action does not have the effect of terminating any such Lease.

**7. Action Taken by Senior Lender.** Senior Lender may, from time to time, whether before or after any discontinuance of this Agreement, at its sole discretion and without notice to the Junior Lender, take any or all of the following actions: (i) retain or obtain a security interest in the Property or any other property to secure any of the obligations or liabilities created by or associated with the Senior Loan Documents; (ii) retain or obtain the primary or secondary obligation of any other obligor or obligors with respect to any of the obligations or liabilities created by or associated with the Senior Loan Documents; and (iii) extend or renew (for one or more periods) or release, compromise, alter or exchange any obligations of a "material" nature of any obligor with respect to any such property.

**8. Remedies Upon Default.** Junior Lender hereby covenants and agrees that upon the occurrence of a default under the Senior Loan Documents, Senior Lender may, at its sole discretion, without notice to Junior Lender: (i) with or without releasing and extinguishing the Senior Mortgage or the liens or security interests created by the Senior Loan Documents, cause title in and to all or any portion of the Property (or any interest of any kind therein, including, without limitation, a beneficial interest in a land trust) to be transferred, assigned or conveyed to a nominee for Senior Lender, subject to the lien of the Junior Loan Documents; and/or (ii) take possession of the Property and take all actions necessary to operate and maintain the Property, including, without limitation, the right to complete construction of the improvements located on the Property and the right to lease or sell all or any portion of the Property or any interest in the Property without Senior Lender's having any obligation to commence a foreclosure proceeding or have a receiver appointed. The Junior Lender hereby waives the right to assert any and all claims and defenses against Senior Lender relating to or arising from any action taken by Lender pursuant to the preceding sentence, including, without limitation, the right to assert that the Senior Mortgage was merged into any deed or instrument of conveyance to a nominee for Senior Lender.

**9. Assignment by Senior Lender.** Senior Lender may, from time to time, whether before or after any discontinuance of this Agreement, at its discretion and without notice to the Junior Lender, assign or transfer any or all of the Senior Payments or any interest therein and/or any or all of the Senior Loan Documents, or any interest therein, and notwithstanding any such assignment or transfer or subsequent assignment or transfer thereof, the Senior Payments and Senior Loan Documents shall be and remain Senior Payments and Senior Loan Documents for the purposes of this Agreement.

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**10. Notice to Senior Lender and Right to Cure.** The Junior Lender shall not, without giving Senior Lender fifteen (15) days' prior written notice in the event of a monetary default and thirty (30) days' prior written notice in the event of a non-monetary default and an opportunity to cure (within the aforementioned periods) the default of Borrower specified in such notice, take any action of any kind (including, without limitation, the initiation of any proceeding seeking or contemplating foreclosure or the appointment of a receiver or a trustee in bankruptcy) to enforce any right or remedy against Borrower. Provided, however, nothing contained in this Paragraph 10 shall be construed as obligating Senior Lender to cure a default of any nature.

**11. Notice to Junior Lender and Right to Cure.** Senior Lender grants to Junior Lender the right to cure (within any applicable period of grace under the Senior Loan Documents) any default of Borrower under the Senior Loan Documents arising from a non-payment of any sum due under the Senior Loan Documents. Senior Lender shall endeavor (but not be obligated) to give Junior Lender notice of any default under the Senior Loan Documents or of any action of Senior Lender to enforce any right or remedy granted to it under the Senior Loan Documents.

**12. Notices.** Any notices which may be given hereunder shall be in writing and deemed given when personally delivered and receipted for, three days after being deposited in the United States certified or registered mail, postage prepaid, return receipt requested, or upon the next business day after timely and proper deposit, charges paid, with any overnight carrier with respect to next day service, properly addressed to the respective address set forth on the first page of this Agreement, with copies to the following parties:

If to Senior Lender:

Canada Life Insurance Co.

Attn: Mortgage Department

330 University Avenue

Toronto, Ontario M5G 1R8

and

Mid-North Financial Services, Inc.

205 West Wacker Drive

Suite 202

Chicago, Illinois 60606-1296

Attn: \_\_\_\_\_

If to Borrower:

Mark Pick

Ballard Partners

9300 Ballard Road

Des Plaines, IL 60016

If to Junior Lender:

The First National Bank of Chicago

1825 W. Lawrence Avenue

Chicago, Illinois 60640

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13. **Waiver of Right of Subrogation.** If the Junior Lender desires to advance funds respecting the Property for any purpose expressly permitted under the Junior Loan Documents, Junior Lender shall notify Senior Lender pursuant to Paragraph 12 hereof of the amount of any proposed advance and the purpose of which the advance is being made. If, within fifteen (15) days after receipt by the Senior Lender of the aforesaid notice, the Senior Lender notifies the Junior Lender that such proposed advance should not be made, then if the Junior Lender makes said advance, Junior Lender shall have no right or claim of subrogation respecting the funds so advanced thereby. If the Senior Lender (a) consents to the advance, or (b) fails to respond within said fifteen (15) day period, the Junior Lender shall be subrogated to the rights of Senior Lender with respect to the funds so advanced thereby.

14. **Governing Law, Etc.** This Agreement shall be construed in accordance with and governed by the laws of the state in which the Property is located. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. The captions herein are for purposes of convenience only.

15. **Binding Effect.** This Agreement shall be binding upon Junior Lender and Senior Lender and their respective heirs, legatees, legal representatives, successors and assigns, including any owner or holder of any of the Junior Loan Documents or Senior Loan Documents, and shall inure to the benefit of Senior Lender, its successors and assigns, including any subsequent owner or holder of any of the Senior Loan Documents.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by Junior Lender and Senior Lender as of the day and year first above written.

## JUNIOR LENDER:

The First National Bank of Chicago

ATTEST:

By: 

Name: Joseph Keller

Title: Vice President

By: 

Name: Wayne Wilczak

Title: Vice President

## SENIOR LENDER:

Canada Life Insurance Company of America

by: 

Name: Edward Ovsenny

Title: Assistant Treasurer

ATTEST:

By: 

Name: Ruth Davison

Title: SECRETARY

By: 

Name: D.N. Rattray

Title: Assistant Treasurer

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## BORROWER'S ACKNOWLEDGMENT

The undersigned acknowledges receipt of a copy of the foregoing Subordination Agreement, and agrees to be bound by the terms and provisions thereof, to mark its books and records so as to clearly indicate that the Junior Loan Documents are subordinated to the Senior Loan Documents in accordance with the terms of such Subordination Agreement, to make no payments or distributions contrary to the terms and provisions thereof, and to do every other act and thing necessary or appropriate to carry out such terms and provisions. In the event of any violation of any of the terms and provisions of the foregoing Subordination Agreement by reason of any act or omission within the direct or indirect control of Borrower, then, at the election of Senior Lender, any and all obligations of the undersigned to Senior Lender shall forthwith become due and payable and any and all agreements of Senior Lender to make loans to the undersigned shall forthwith terminate.

Date: \_\_\_\_\_, 19\_\_\_\_

BORROWER:

Ballard Partners

ATTEST:

By: Robert Schwartz

Name: ROBERTA SCHWARTZ

Title: Dir of Financial Accts

By: Mark Pick

Name: MARK PICK

Title: GENERAL PARTNER

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STATE OF ILLINOIS  
COUNTY OF

} ss.

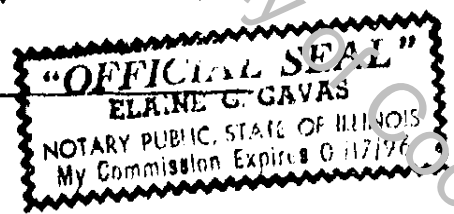
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I, Elaine G. Gavvas, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY that Wayne Wilczak and Joseph Keller, who ~~is~~ are personally known to me to be the same person(s) whose name(s) is/are subscribed to the foregoing instruments as Vice President and Vice President of The First National Bank of Chicago, appeared before me this day in person and acknowledged that he/she/they signed and delivered the said instrument as his/her/their own, free and voluntary act and as the free and voluntary act of \_\_\_\_\_ for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 16 day of February, 19 94.

Elaine G. Gavvas  
Notary Public

My Commission Expires



Province of Ontario  
~~State of Ontario~~  
COUNTY OF York } ss.

I, Barbara Franklin, a Notary Public, in and for the ~~County~~ Province and State aforesaid, DO HEREBY CERTIFY that Edward O'senny and D.N. Rattray, who ~~is~~ are personally known to me to be the same person(s) whose name(s) is/are subscribed to the foregoing instruments as Assistant Treasurer and Assistant Treasurer of Canada Life Insurance Company of America appeared before me this day in person and acknowledged that he/she/they signed and delivered the said instrument as his/her/their own, free and voluntary act and as the free and voluntary act of Canada Life Insurance Company of America for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 4th day of March, 19 94.

B. Franklin  
Notary Public  
in and for the Province of Ontario

My Commission Expires:  
is for Life  
\_\_\_\_\_

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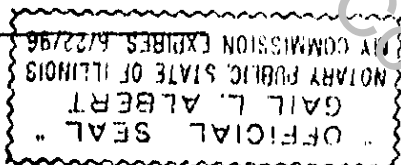
STATE OF ILLINOIS } ss.:  
COUNTY OF COOK }

I, GAIL L. ALBERT, a Notary Public, in and for the County  
and State aforesaid, DO HEREBY CERTIFY that Mark Pige  
and \_\_\_\_\_, who is are personally known to me to  
be the same person(s) whose name(s) is/are subscribed to the foregoing instruments as  
General Partner and \_\_\_\_\_ of  
Holland Partners, appeared before me this day in person and acknowl-  
edged that he/she/they signed and delivered the said instrument as his/her/their own, free and voluntary  
act and as the free and voluntary act of Holland Partners for the uses  
and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 28 day of March, 1994

Gail L. Albert  
Notary Public

My Commission Expires:



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## EXHIBIT A (LEGAL DESCRIPTION)

THAT PART OF THE NORTH 197 FEET OF THE SOUTH 230.0 FEET (AS MEASURED AT RIGHT ANGLES TO THE SOUTH LINE THEREOF) OF LOT 6 IN FREDERICK MEINHAUSENS DIVISION OF LANDS IN SECTIONS 15 AND 16, TOWNSHIP 41 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF THE WEST 534.02 FEET (AS MEASURED ALONG THE SOUTH LINE THEREOF) OF SAID LOT 6, IN COOK COUNTY, ILLINOIS

PERMANENT TAX I. D.: 09-15-303-013

PROPERTY ADDRESS: 9300 BALLARD RD., DES PLAINES, IL.

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## EXHIBIT B

### OTHER JUNIOR DOCUMENTS

#### [LIST OF ADDITIONAL JUNIOR LOAN DOCUMENTS]

1. Promissory Note
2. Leasehold Mortgage
3. Mortgage
4. Agreement, Consent and Acknowledgement
5. Subordination, Nondisturbance and Attornment Agreement
6. Assignment Under Land Trust
7. Assignment of Rents
8. Security Agreement
9. Assignment of Plans, Specifications, Construction and Service Contracts.
10. Certificate of Representation
11. Certificate and Indemnity Regarding Hazardous Substances
12. Guaranty Agreement
13. Construction Loan Agreement
14. Construction Loan Payor Trust
15. Uniform Commercial Code-Financing Statement- UCC-1 (3 sets)
16. Uniform Commercial Code-Financing Statement - UCC-2
17. Loan Agreement

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EXHIBIT C

## OTHER SENIOR DOCUMENTS

1. Assignment of Rents and Leases dated \_\_\_\_\_, 19\_\_\_\_ from Borrower, as assignor, to Senior Lender, as assignee, recorded with the \_\_\_\_\_ County, Illinois Recorder of Deeds (the "Recorder") on \_\_\_\_\_, 19\_\_\_\_, as Document No. \_\_\_\_\_
2. Security Interest of Senior Lender pursuant to financing statement from Borrower, as debtor, recorded with the Recorder on \_\_\_\_\_, 19\_\_\_\_, as Document No. \_\_\_\_\_
3. Security Interest of Senior Lender pursuant to financing statement from \_\_\_\_\_, beneficiary of Borrower, as debtor, recorded with the Recorder on \_\_\_\_\_, 19\_\_\_\_, as Document No. \_\_\_\_\_

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Ref: 7 PAM 834.3(a)

Canada )  
Province of Ontario )  
City of Toronto )  
Consulate General of the )  
United States of America )

SS: CERTIFICATE OF AUTHENTICATION  
(Notary Public)

I, the undersigned, Vice Consul of the United States of  
America at Toronto, Ontario, Canada, duly commissioned and qualified,  
do hereby certify that ----- Barbara Louise Franklin -----

whose name is subscribed to the annexed document, was at the time of  
subscribing the same a Notary Public of the Province of Ontario,  
Canada.

For the contents of the annexed document, I assume no  
responsibility.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal  
of the Consulate General of the United States of America at Toronto,  
Canada, this 4th day of March 19 94.

(SEAL)

*W. Wheeler*  
Wendy Wheeler

Vice Consul of the United States  
of America

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