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COOK COUNTY RECORDER

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## SUBORDINATION OF MANAGEMENT AGREEMENT

THIS SUBORDINATION OF MANAGEMENT AGREEMENT is made and delivered as of the 25th day of June, 1996, by H.P. Algonquin L.L.C., an Illinois limited liability company (hereinafter referred to as the "Manager"), to and for the benefit of NBD BANK, an Illinois banking corporation ("Lender").

### RECITALS:

A. 95 Algonquin L.L.C., an Illinois limited liability company ("Borrower"), owns title to the land and improvements legally described on Exhibit A attached hereto and the improvements thereon (collectively, the "Property"). Manager is a member of Borrower and is referred to in the Operating Agreement (the "Operating Agreement") dated May 22, 1995 of Borrower as the "Property Manager".

B. Pursuant to Section 5.7(b) of the Operating Agreement, 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. Although the Operating Agreement refers to a Property Management Agreement to be entered into between Borrower and Manager, no such Agreement has in fact been entered into by such parties.

C. Pursuant to 770 ILCS 60/1 et seq. (formerly 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.

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95 Algonquin Rd.

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D. Pursuant to a certain Loan Agreement (the "Loan Agreement") of even date herewith between Borrower and Lender, Lender has agreed to make a loan (the "Loan") to Borrower in an amount not to exceed the principal sum of \$7,000,000. The Loan is evidenced by a certain Mortgage Note (the "Note") of even date herewith made by Borrower and payable to the order of Lender in the original principal amount of \$7,000,000. The Note is secured by, among other things, a Mortgage and Security Agreement (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 Cook County, Illinois. Borrower has also executed certain other instruments and agreements as additional security for repayment of the Loan (collectively, with the Loan Agreement and the Mortgage, 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 Documents be paramount and prior to any and all obligations, expenses and indebtedness owing to the Manager which arise pursuant to Section 5.7(b) of the Operating Agreement or any property management agreement subsequently entered into between Borrower and Manager (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 Manager's right to act as the property manager of the Property without premium or penalty at any time on or after the date the Manager has been notified of a Senior Default.

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4. All notices, communications and waivers under this Agreement shall be in writing and shall be (i) delivered in person or (ii) mailed, postage prepaid, either by registered or certified mail, return receipt requested, or (iii) by overnight express carrier, addressed in each case as follows:

To Lender: NBD Bank  
c/o American National Bank and Trust  
Company of Chicago  
33 North LaSalle Street  
Chicago, Illinois 60690  
Attn: Priscilla Crawford

With copy to: Rudnick & Wolfe  
203 North LaSalle Street  
Suite 1800  
Chicago, Illinois 60601  
Attn: Merle T. Cowin

To Manager: c/o Hamilton Partners, Inc.  
300 Park Boulevard  
Itasca, Illinois 60143  
Attn: Ronald C. Lunt

or to any other address as to any of the parties hereto as such party shall designate in a written notice to the other party hereto. All notices sent pursuant to the terms of this Section shall be deemed received (i) if personally delivered, then on the date of delivery, (ii) if sent by overnight, express carrier, then on the next federal banking day immediately following the day sent, or (iii) if sent by registered or certified mail, then on the earlier of the third federal banking day following the day sent or when actually received.

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. In the event that any provision of this Agreement is deemed to be invalid by reason of the operation of law, or by reason of the interpretation placed thereon by any administrative agency or any court, the Manager and Lender shall negotiate an equitable adjustment in the provisions of the same in order to effect, to the maximum extent permitted by law, the purpose of this Agreement and the validity and enforceability of the remaining

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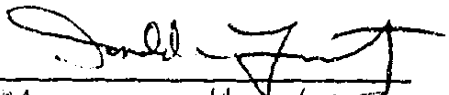
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provisions, or portions or applications thereof, shall not be affected thereby and shall remain in full force and effect.

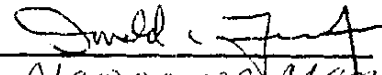
H.P. 95 Algonquin L.L.C.  
an Illinois limited liability company

By:   
Title: Managing Member

Agreed to this 25th day of June, 1996.

**95 ALGONQUIN L.L.C.**, an Illinois  
limited liability company

By: **H.P. 95 ALGONQUIN L.L.C.**, an  
Illinois limited liability company,  
its Manager

By:   
Title: Managing Member







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## EXHIBIT A

### PARCEL 1:

#### LOT 3

(EXCEPTING THEREFROM THAT PART OF LOT 3 DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID LOT 3; THENCE SOUTHEASTERLY ALONG A 2541.29 FOOT RADIUS CURVE, BEING ALSO THE NORTHERLY LINE OF SAID LOT 3, THE CENTER OF CIRCLE OF SAID CURVE BEARS ON AN ASSUMED BEARING OF NORTH 47 DEGREES 58 MINUTES 18 SECONDS EAST FROM SAID POINT, CENTRAL ANGLE 2 DEGREES 12 MINUTES 20 SECONDS, 97.82 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING SOUTHEASTERLY ALONG SAID CURVE CONCAVE TO THE NORTHEAST RADIUS 2541.29 FEET, CENTRAL ANGLE 11 DEGREES 26 MINUTES 54 SECONDS, 507.78 FEET TO A POINT OF REVERSE CURVATURE; THENCE SOUTHERLY ALONG A 30.00 FOOT RADIUS CURVE CONCAVE TO THE SOUTHWEST, CENTRAL ANGLE 55 DEGREES 04 MINUTES 09 SECONDS, 28.83 FEET TO A POINT ON A 2551.07 FOOT RADIUS CURVE, THE CENTER OF CIRCLE OF SAID CURVE BEARS NORTH 35 DEGREES 00 MINUTE 05 SECONDS EAST FROM SAID POINT; THENCE NORTHWESTERLY ALONG SAID CURVE, RADIUS 2551.07 FEET, CENTRAL ANGLE 8 DEGREES 26 MINUTES 03 SECONDS, 375.52 FEET TO A POINT ON A 2546.12 FOOT RADIUS CURVE, THE CENTER OF CIRCLE OF SAID CURVE BEARS NORTH 42 DEGREES 14 MINUTES 05 SECONDS EAST FROM SAID POINT; THENCE NORTHWESTERLY ALONG SAID CURVE, RADIUS 2546.12 FEET, CENTRAL ANGLE 2 DEGREES 18 MINUTES 00 SECOND, 162.21 FEET; THENCE NORTH 40 DEGREES 00 MINUTE 33 SECONDS WEST 56.36 FEET TO THE POINT OF BEGINNING),

IN ARLINGTON PLACE SUBDIVISION, BEING A SUBDIVISION IN SECTION 16, TOWNSHIP 41 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

### PARCEL 2:

EASEMENT FOR THE BENEFIT OF PARCEL 1 AS CREATED BY THE RECIPROCAL EASEMENT AGREEMENT BY AND BETWEEN URBS-SCHMITT AND KEPPEN INCORPORATED, AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, AS TRUSTEE UNDER TRUST AGREEMENT DATED JULY 3, 1979 AND KNOWN AS TRUST NUMBER 47050 AND OTHERS, DATED AUGUST 2, 1979 AND RECORDED OCTOBER 1, 1979 AS DOCUMENT 20171074 AND FILED OCTOBER 1, 1979 AS DOCUMENT LR. 3121973 AND AS AMENDED BY INSTRUMENT RECORDED JUNE 4, 1981 AS DOCUMENT 25893428 AND FILED AS DOCUMENT LR. 3218008 FOR INGRESS AND EGRESS IN PART OF ARLINGTON PLACE SUBDIVISION AND TEULICH'S SUBDIVISION AS DELINEATED IN SAID AGREEMENT, IN COOK COUNTY, ILLINOIS.

### PARCEL 3:

EASEMENT FOR THE BENEFIT OF PARCEL 1 AS CREATED BY AMENDED AND RESTATED EASEMENT AND OPERATING AGREEMENT AND GRANT OF EASEMENTS BY AND AMONG AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, AS TRUSTEE UNDER TRUST AGREEMENT NUMBER 45170, AND AS TRUSTEE UNDER TRUST AGREEMENT NUMBER 52304, SAID AGREEMENT BEING DATED FEBRUARY 1, 1983 AND RECORDED MARCH 7, 1983 AS DOCUMENT 26527048 AND FILED MARCH 7, 1983 AS DOCUMENT LR. 3296792, OVER, UPON AND ACROSS LOT 1 FOR THE PURPOSE OF USING AND GAINING ACCESS TO A SURFACE WATER DETENTION/RETENTION POND LOCATED IMMEDIATELY EAST OF THE WESTERNMOST LINE OF LOT 1 IN ARLINGTON PLACE SUBDIVISION AFORESAID, AS SHOWN ON DRAWING ATTACHED AS EXHIBIT "A" TO EASEMENT AND OPERATING AGREEMENT DATED DECEMBER 1, 1979 AND RECORDED JANUARY 4, 1980 AS DOCUMENT 25306989 AND FILED JANUARY 4, 1980 AS DOCUMENT LR. 3139276 AND ALSO OVER, UPON AND ACROSS LOT 2 IN ARLINGTON PLACE SUBDIVISION AFORESAID FOR THE PURPOSE OF GAINING ACCESS TO SAID POND LOCATED ON SAID LOT 1 AS SHOWN ON DRAWING ATTACHED AS EXHIBIT "A" TO THE AFORESAID AMENDED AND RESTATED EASEMENT AND OPERATING AGREEMENT AND GRANT OF EASEMENTS IDENTIFIED ABOVE, IN COOK COUNTY, ILLINOIS.

### PARCEL 4:

EASEMENT FOR THE BENEFIT OF PARCEL 1 AS CREATED BY GRANT OF EASEMENT DATED FEBRUARY 1, 1983 AND RECORDED MARCH 7, 1983 AS DOCUMENT 26527049 AND FILED MARCH 7, 1983 AS DOCUMENT LR. 3296793 BY AND BETWEEN AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, AS TRUSTEE UNDER TRUST AGREEMENT NUMBER 47050, AND AS TRUSTEE UNDER TRUST AGREEMENT NUMBER 52304, OVER, UPON AND ACROSS THAT PART OF LOT 2 IN ARLINGTON PLACE SUBDIVISION AFORESAID AS DEPICTED ON EXHIBIT "A", FOR CONSTRUCTING, RUNNING, MAINTAINING AND REPAIRING SANITARY SEWER LINES AND PIPES, IN COOK COUNTY, ILLINOIS.

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