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RECORDATION REQUESTED BY:

Heritage Bank
11900 South Pulaski Road
Alsip, IL 60658

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RECORDED MAIL TO:

Heritage Bank
11900 South Pulaski Road
Alsip, IL 60658

09/12/96

COOK COUNTY
RECORDER
JESSE WHITE
MARKHAM OFFICE

FOR RECORDER'S USE ONLY

This Subordination Agreement prepared by: Heritage Bank, Paulette Minarcik
11900 South Pulaski Road
Alsip, Illinois 60658



Heritage Bank

SUBORDINATION AGREEMENT - MORTGAGE

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT dated August 30, 1996 is entered into among Lighthouse Development Corporation, an Illinois Corporation ("Borrower"), Alma Alberts Sempert ("Mortgagee") and Heritage Bank ("Lender").

SUBORDINATED INDEBTEDNESS. Mortgagee has extended the following described financial accommodations (the "Subordinated Indebtedness") to Lighthouse Development Corporation ("Mortgagor"):

a Note in the sum of \$1,013,000.00 dated June 26, 1995 in favor of Alma Alberts Sempert.

SUBORDINATED MORTGAGE. The Subordinated Indebtedness is secured by a mortgage dated 06-26-1995 from Mortgagor to Mortgagee (the "Subordinated Mortgage") recorded in Cook County, State of Illinois as follows:

Mortgage recorded June 27, 1995 as document number 95414315

REAL PROPERTY DESCRIPTION. The Subordinated Mortgage covers the following described real property (the "Real Property") located in Cook County, State of Illinois:

See Legal Description Attached.

The Real Property or its address is commonly known as South Pointe Subdivision, Phase II, Tinley Park, IL 14477.

REQUESTED FINANCIAL ACCOMMODATIONS. Borrower, who may or may not be the same entity as Mortgagor, and Mortgagee each want Lender to provide financial accommodations to Borrower (the "Superior Indebtedness") in the form of (a) new credit or loan advances, (b) an extension of time to pay or other compromises regarding all or part of Borrower's present indebtedness to Lender, or (c) other benefits to Borrower. Now, therefore, Borrower and Now, therefore, Borrower and Mortgagee each represent and acknowledge to Lender that Mortgagee will

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Attorneys' Fees; Expenses. Mortgage and Borrower agree to pay upon demand all of Lender's costs and made in writing and signed by Lender, Borrower, and Mortgage.

Amendments. This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless made in writing and signed by Lender, Borrower, and Mortgage.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Application Law. This Agreement has been delivered to Lender and accepted by Lender in the State of Illinois. If there is a lawsuit, Mortgage and Borrower agree upon Lender's request to submit to the jurisdiction of the courts of Cook County, State of Illinois. Lender, Mortgage and Borrower hereby waive the right to any jury trial in any action, proceeding, or claim brought by either Lender, Mortgage or Borrower against the other. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. No provision contained in this Agreement shall be construed (a) as requiring Lender to grant to Borrower or to Mortgage any financial assistance or other accommodations, or (b) as limiting or precluding Lender from the exercise of Lender's own judgment and discretion about amounts and times of payment in making loans or extending accommodations to Borrower.

DEFAULT BY BORROWER. If Borrower becomes insolvent or bankrupt, this Agreement shall remain in full force and effect. In the event of a corporate reorganization or corporate arrangement of Borrower under the provisions of the Bankruptcy Code, as amended, this Agreement shall remain in full force and effect and the court having jurisdiction over the reorganization or arrangement is hereby authorized to preserve such priority and subordination in applying any such plan of reorganization or arrangement. Any default by Borrower under the terms of the Subordinated Indebtedness also shall be a default under the terms of the Superior Indebtedness to Lender.

LENDER'S RIGHTS. Lender may take or omit any and all action with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Agreement. In particular, without limitation, Lender may, without notice of any kind to Mortgage, (a) make one or more additional secured or unsecured loans to Borrower; (b) repeatedly alter, compound, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part thereof, including increases and decreases of the rate of interest on the Superior Indebtedness extensions may be repeated and may be for longer than the original loan term; (c) take and hold collateral for the payment of the Superior Indebtedness, and exchange, amend, waive, and release any such collateral, with or without the substitution of new collateral; (d) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any term or manner Lender chooses; (e) determine how, when, and what application of payments and credits shall be made on the Superior Indebtedness; (f) apply such security and direct the order or manner of sale thereof, as Lender in its discretion may determine; and (g) assign this Agreement in whole or in part.

MORTGAGEE'S WAIVERS. Mortgage waives any right to require Lender: (a) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (b) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or inaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional Indebtedness; (c) to sue for payment or to proceed directly or at once against any person, including Borrower; (d) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (e) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (f) to pursue any other remedy within Lender's power; or (g) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

MORTGAGEE'S REPRESENTATIONS AND WARRANTIES. Mortgage represents and warrants to Lender that: (a) no representations or agreements of any kind have been made to Mortgage which would limit or qualify in any way the terms of this Agreement; (b) this Agreement is executed at Borrower's request and not at the request of Lender; (c) Lender has made no representation to Mortgage as to the creditworthiness of Borrower; and (d) Mortgage has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Mortgage agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Mortgage's risks under this Agreement, and Mortgage further agrees that Lender shall have no obligation to disclose to Mortgage information or material acquired by Lender in the course of its relationship with Borrower.

NOW THE FOREORE THE PARTIES TO THIS AGREEMENT HEREBY AGREE AS FOLLOWS:

LENDER'S LIEN. As a condition to the granting of the requested financial accommodations, Lender has required that its mortgage or other lien on the Real Property ("Lender's Lien") be and remain superior to the Subordinated Mortgage. As a result of these financial accommodations from Lender to Borrower, and Mortgage acknowledges receipt of a valid consideration for entering into this Agreement.

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SUBORDINATION AGREEMENT - MORTGAGE

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(Continued)

expenses, including attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may pay someone else to help enforce this Agreement, and Mortgagee and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Mortgagee and Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Successors. This Agreement shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Agreement, and the covenants of Borrower and Mortgagee herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

Waiver. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Mortgagee, shall constitute a waiver of any of Lender's rights or of any of Mortgagee's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

EACH PARTY TO THIS SUBORDINATION AGREEMENT - MORTGAGE ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT, AND EACH PARTY AGREES TO ITS TERMS.

BORROWER:

Lighthouse Development Corporation

By: Donald Bettelhausen
Donald Bettelhausen, President

By: John Connelly
John Connelly, VICE President

By: Scott Bogard
Scott Bogard, Secretary

MORTGAGEE:

X Alma Alberts Sempert
Alma Alberts Sempert

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OFFICIAL SEAL
ELLEN J MATUSIAK
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. NOV. 24, 1997

My commission expires Nov. 24, 1997
Notary Public in and for the State of Illinois
By Ellen J. Matusiak
Residing at 1700 S Oak Park Ave
Chicago, Ill. 60647
Given under my hand and official seal this 9th day of Sept, 1996.
On this day before me, I, undersigned Notary Public, personally appeared Alma Alberts Semper, known to be the individual described in and who executed the Subordination Agreement, and acknowledged that he or she signed the Agreement as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

STATE OF Illinois
COUNTY OF Cook
)
(ss)

INDIVIDUAL ACKNOWLEDGMENT

OFFICIAL SEAL
ELLEN J MATUSIAK
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. NOV. 24, 1997

My commission expires Nov. 24, 1997
Notary Public in and for the State of Illinois
By Ellen J. Matusiak
Residing at 1700 S Oak Park Ave
Chicago, Ill. 60647
On this 9th day of Sept, 1996, before me, the undersigned Notary Public, personally appeared Donald Betterthum, President; John Connelly, Vice President; and Scott Bogard, Secretary of Lighthouse Development Corporation, and known to me to be authorized agents of the corporation that executed the Subordination Agreement and acknowledged the Agreement to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Agreement and in fact executed the Agreement on behalf of the corporation.

STATE OF Illinois
COUNTY OF Cook
)
(ss)

CORPORATE ACKNOWLEDGMENT

LENDER:
Heritage Bank
By: [Signature]
Authorized Officer

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SUBORDINATION AGREEMENT - MORTGAGE 96700157 Page 5

(Continued)

LENDER ACKNOWLEDGMENT

STATE OF Illinois)

) ss

COUNTY OF Cook)

On this 30th day of August, 1996, before me, the undersigned Notary Public, personally appeared William Maderson and known to me to be the Senior Vice President, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By Paulette L. Minar

Residing at Blue Island

Notary Public in and for the State of Illinois

OFFICIAL SEAL

My commission expires 1-13-97

Paulette L. Minar
Notary Public, State of Illinois
My Commission Expires Jan. 13, 1997

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LEGAL DESCRIPTION

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That part of the Northeast 1/4 and the Northwest 1/4 of Section 6, Township 35 North, Range 13, East of the Third Principal Meridian, bounded and described as follows:

BEGINNING at the Southeast corner of Lot 5 in South Pointe Phase 1, being a subdivision in the Northeast 1/4 and the Northwest 1/4 of said Section 6; thence South $54^{\circ}-28'-07''$ West, 160.48 feet, to the most Southerly corner of said Lot 5; thence North $10^{\circ}-55'-23''$ West along the Southerly line of Lot 4 in said South Pointe Phase 1, 219.14 feet, to the Southwest corner of said Lot 4; thence South $24^{\circ}-59'-21''$ West along the Easterly line of Lot 28 in said South Pointe Phase 1, 90.93 feet, to the most Southerly corner of said Lot 28; thence South $114^{\circ}-18'-48''$ West 89.38 feet, to the most Easterly corner of Lot 15 in said South Pointe Phase 1; thence South $41^{\circ}-54'-26''$ West 135.79 feet, to the most Southerly corner of said Lot 15; thence South $24^{\circ}-55'-31''$ West 149.34 feet; thence South $00^{\circ}-03'-31''$ West 284.34 feet, to the South line of the Northwest 1/4 of the Northeast 1/4 of said Section 6; thence South $89^{\circ}-51'-05''$ East along said South line 694.42 feet, to a point which is 100.00 feet West of the Northeast corner of the Southwest 1/4 of the Northeast 1/4 of said Section 6; thence South $63^{\circ}-18'-51''$ East 447.55 feet, to the East line of said Southwest 1/4 of the Northeast 1/4 of Section 6; thence North $10^{\circ}-00'-35''$ East, 200.90 feet, to said Northeast corner of the Southwest 1/4 of the Northeast 1/4; thence North $89^{\circ}-51'-05''$ West along said South line of the Northwest 1/4 of the Northeast 1/4 of Section 6, 236.00 feet; thence North $00^{\circ}-00'-35''$ East, 182.92 feet, to the Southerly line of 66th Avenue as dedicated in Alber's Subdivision of part of said Northwest 1/4 of the Northeast 1/4 of Section 6, per Document No. 20184189; thence Northwesterly 114.81 feet along the Southwesterly line of said 66th Avenue, being the arc of a circle of 60.00 feet radius concave Northeast having a central angle of $109^{\circ}-38'-15''$ and chord bearing North $32^{\circ}-18'-19''$ West; thence North $89^{\circ}-55'-26''$ West 177.78 feet; thence North $00^{\circ}-00'-35''$ East 407.00 feet, to the herein designated POINT OF BEGINNING, in Cook County, Illinois.

Property Address: 181th and Oak Park Avenue, Tinley Park, IL 60497

PIN: 31-06-200-03: 21Q&OP

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