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SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT, (the "Agreement") is made as of this 12th day of August, 1997, between Uptown Habitat for Humanity, Inc. and Success National Bank (collectively the "Senior Lender") and Liberty Federal Savings Bank (the "Subordinated Lender").

RECITALS:

A. Senior Lender is the owner and holder of a certain Promissory Note (the "Senior Note") dated as of July 24, 1997, in the original principal amount of Two Hundred Fifty Thousand Dollars (\$250,000) made by Uptown Habitat for Humanity, Inc. (the "Borrower") payable to the order of Senior Lender.

B. Senior Lender is also the owner and holder of the following documents securing the Senior Note:

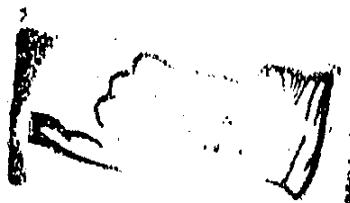
(i) a certain Mortgage (the "Senior Mortgage") made by Borrower dated as of July 24, 1997 and recorded with the Recorder of Deeds of Cook County, Illinois (the "Recorder") on ~~August~~ ^{October} 29, 1997, as Document No. 97776788 encumbering a portion of the property (the "Property"), located in Chicago, Illinois and legally described on Exhibit A attached hereto; and

(ii) those certain Collateral Assignments of Promissory Note and Mortgage, Assignment of Rents and Security Agreement and Collateral Assignments of Promissory Note and Mortgage (the "Collateral Assignment") made by Borrower dated as of July 24, 1997 as evidenced by those certain Memorandums of Collateral Assignments of Promissory Note and Mortgage, Assignment of Rents and Security Agreement and Collateral Assignments of Promissory Note and Mortgage of even date therewith recorded with the Recorder on ~~August~~ ^{October} 20, 1997, as Document Nos. _____ encumbering

the balance of the Property described on Exhibit A; and

THIS INSTRUMENT PREPARED BY
AND AFTER RECORDING RETURN
TO:

Warren P. Wenzloff, Esq.
Schiff Hardin & Waite
7200 Sears Tower
Chicago, Illinois 60606



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The Senior Note, Senior Mortgage and all of the foregoing documents and instruments, together with all of other documents and instruments evidencing and securing the Senior Note are hereinafter collectively referred to as the "Success Loan Documents."

C. Uptown Habitat for Humanity, Inc. has made certain loans to individual owners of certain portions of the Property as evidenced by the Promissory Notes and Mortgages described in the Collateral Assignment ("Habitat Loan Documents"). The Success Loan Documents and the Habitat Loan Documents hereinafter collectively referred to as the "Senior Loan Documents."

D. Subordinated Lender is the owner and holder of those certain Promissory Notes (the "Subordinated Notes") each in the original principal amount of Four Thousand Dollars (\$4,000) as described on and made by the individuals identified on Exhibit B attached hereto and made a part hereof payable to the order of Subordinated Lender and a Promissory Note in the original principal amount of Forty-eight Thousand Dollars (\$48,000) by Borrower as identified on Exhibit B.

E. Subordinated Lender is also the owner and holder of those certain Mortgages (the "Subordinated Mortgages") as described on Exhibit B hereof.

All documents evidencing and securing the Subordinated Note are hereinafter collectively referred to as the "Subordinated Loan Documents."

F. All obligations of Borrower to Senior Lender now existing or hereafter arising, due or to become due, under the Senior Note and the Senior Loan Documents are herein called the "Senior Liabilities."

G. All obligations of Borrower to Subordinated Lender now existing or hereafter arising, due or to become due, under the Subordinated Note and the Subordinated Loan Documents are herein called the "Subordinated Liabilities."

H. Borrower has pledged to Senior Lender those certain promissory notes and mortgages, as more specifically described in the Collateral Assignment, as security for repayment of the Senior Liabilities.

I. Senior Lender has agreed to make the loan evidenced by the Senior Note on the condition that Subordinated Lender enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and as an inducement to Senior Lender to make the loan evidenced by the Senior Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto represent, warrant and agree as follows:

1. Subordination of Liens. Subordinated Lender hereby agrees that the Subordinated Liabilities are and shall be subordinate to the Senior Liabilities and that the liens and security interests created by the Subordinated Loan Documents are and shall be subordinate to the liens and security interests created by the Senior Loan Documents and to any and all amendments, modifications, extensions, replacements or renewals of the Senior Loan Documents, and to any and all advances heretofore made or hereafter to be made under the Senior Loan Documents pursuant to the terms thereof.

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2. Subordination of Payment. Until such time as the earlier of the date on which the Senior Liabilities have been paid in full, the payment of the Subordinated Liabilities shall be postponed and subordinated to the payment of all of the Senior Liabilities, and Subordinated Lender shall accept no payments or other distributions whatsoever (including without limitation distributions of casualty insurance or condemnation proceeds) on account of the Subordinated Liabilities, nor shall any property or assets of Borrower be applied to the purchase or acquisition or retirement of any Subordinated Liabilities.

3. Waiver by Subordinated Lender. Subordinated Lender hereby waives (a) notice of the existence, creation or nonpayment of all or any of the Senior Liabilities; and (b) all diligence in collection, protection of or realization upon the Senior Liabilities or any security therefor.

4. Covenants of Subordinated Lender. Subordinated Lender shall not, without the prior written consent of Senior Lender, (a) modify, amend or consent to any modification or amendment of any document evidencing or securing the Subordinated Liabilities; (b) commence, or join with any other creditor in commencing, any bankruptcy, reorganization or insolvency proceedings with respect to Borrower; (c) seek to appoint a receiver for (i) the Property, (ii) any part thereof or (iii) Borrower, or seek to obtain possession of the Property, or seek any accounting from Senior Lender in respect to the proceeds of the Property; or (d) take any action affecting any lease of the Property in which Senior Lender claims a security interest (including without limitation any action to subordinate any such lease to the Subordinated Loan Documents, or any of them).

5. Bankruptcy of Borrower. In the event of any dissolution, winding-up, liquidation, readjustment, reorganization or other similar proceedings relating to Borrower, Borrower's creditors, or to Borrower's property (whether voluntary or involuntary, partial or complete, and whether in bankruptcy, insolvency or receivership, or upon an assignment to benefit creditors, or any other marshalling of the assets and liabilities of Borrower, or any sale of all or substantially all of the assets of Borrower, or otherwise), the Senior Liabilities shall first be paid in full before Subordinated Lender shall be entitled to receive and to retain any payment or distribution with respect to the Subordinated Liabilities.

6. Notices of Default. Subordinated Lender hereby agrees to give Senior Lender, contemporaneously with the giving thereof to the Borrower, copies of any notices given to Borrower regarding any default under the Subordinated Loan Documents or which notice would, following the passage of time and failure to cure, result in the occurrence of a "default" or "event of default" under the Subordinated Loan Documents.

7. Insurance Proceeds and Condemnation Awards. Subordinated Lender agrees that in the event of a casualty to the buildings or improvements constructed on the Property or a condemnation or taking under a power of eminent domain of the Property, the buildings or improvements thereon, or a threat of such a condemnation or taking, all adjustments of insurance claims, condemnation claims and settlements in anticipation of such a condemnation or taking shall be prosecuted, at Senior Lender's election, by Senior Lender and all payments and settlements of insurance claims or condemnation awards or payments in anticipation of condemnation or a taking shall be paid to Senior Lender. Subordinated Lender hereby irrevocably assigns to Senior Lender all of its interests in any such claims, settlements or awards (the "Award") and irrevocably grants to Senior Lender a power of attorney, coupled with an interest, to execute any and all documents on Subordinated Lender's behalf necessary in connection with the prosecution or settlement of the Award. In the event the amount of the Award is in excess of all

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amounts due under the Senior Liabilities, Senior Lender agrees that such excess Award shall be paid to or held for the benefit of Subordinated Lender.

8. Subrogation. Until such time as the Senior Liabilities have been paid in full, Subordinated Lender waives and releases any and all rights of subrogation which it has against the Property and which subrogation would result in Subordinated Lender obtaining a priority equal or superior to the priority of the Senior Loan Documents for any funds which Subordinated Lender may advance either to cure defaults under security instruments or pay liens encumbering the Property or otherwise protect the lien of the Subordinated Loan Documents or any of them.

9. Permitted Actions by Senior Lender. Senior Lender may, from time to time, in its sole discretion and without notice to Subordinated Lender, take any or all of the following actions: (a) retain or obtain a security interest in any property to secure any of the Senior Liabilities; (b) retain or obtain the primary or secondary obligation of any other obligor or obligors with respect to any of the Senior Liabilities; (c) extend or renew for one or more periods of time (whether or not longer than the original period), alter or modify any of the Senior Liabilities, or release or compromise any obligation of any nature of any obligor with respect to any of the Senior Liabilities; (d) release its security interest in, or surrender, release or permit any substitution or exchange for all or any part of the property securing any of the Senior Liabilities, or extend or renew for one or more periods of time (whether or not longer than the original period) or release, compromise, alter or modify any obligation of any nature of any obligor with respect to any such property; and (e) pursue any other foreclosure or lawful proceeding under the Senior Loan Documents.

10. Assignment. Senior Lender may, from time to time, without notice to Subordinated Lender, assign or transfer any or all of the Senior Liabilities or any interest therein; and notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Senior Liabilities shall be and remain Senior Liabilities for the purpose of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were Senior Lender; provided, however, that unless Senior Lender shall otherwise consent in writing, Senior Lender shall have the unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement for the benefit of Senior Lender as to those of the Senior Liabilities which Senior Lender has not assigned or transferred.

11. Successors and Assigns. This Agreement shall be binding upon Subordinated Lender and its respective successors and assigns whether immediate or remote.

12. No Waiver by Senior Lender. Senior Lender shall not be prejudiced in its rights under this Agreement by any act or failure to act by Borrower or Subordinated Lender, or any non-compliance of Borrower or Subordinated Lender, or any non-compliance of Borrower or Subordinated Lender with any agreement or obligation, regardless of any knowledge thereof which Senior Lender may have or with which Senior Lender may be charged; and no action of Senior Lender permitted hereunder shall in any way affect or impair the rights of Senior Lender and the obligations of Subordinated Lender under this Agreement. No delay on the part of Senior Lender in the exercise of any rights or remedies shall operate as a waiver thereof, and no single or partial exercise by Senior Lender of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any

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modification or waiver of any of the provisions of this Agreement be binding upon Senior Lender except as expressly set forth in a writing duly signed and delivered on behalf of Senior Lender.

13. Effect on Due on Sale Provisions. Subordinated Lender hereby waives any due on sale or due on refinancing provisions of the Subordinated Documents as they relate to the Senior Liabilities.

14. Notice. Any notice, demand or other communication which any party may desire or may be required to give to any other party shall be in writing, and shall be deemed given (i) if and when personally delivered, (ii) upon receipt if sent by a nationally recognized overnight courier addressed to a party at its address set forth below, or (iii) on the second (2d) business day after being deposited in United States registered or certified mail, postage prepaid, addressed to a party at its address set forth below:

If to Senior Lender: Success National Bank
One Marriott Drive
Lincolnshire, Illinois 60069
Attn: Marvin Schneider

If to Subordinated Lender: Liberty Federal Savings Bank
5700 North Lincoln Avenue
Chicago, Illinois 60659
Attn: Charles Wallis

15. Construction and Interpretation of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. Whenever possible each provision of this Agreement shall be interpreted in such a 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 to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

16. Termination. This Agreement shall terminate upon full and final payment of any and all amounts due under the Senior Liabilities, provided that all rights of Subordinated Lender hereunder shall automatically terminate at such time as the Subordinated Liabilities have been paid in full.

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

LIBERTY FEDERAL SAVINGS BANK

By: [Signature]
Name: Charles E. Waller
Title: Vice President

ATTEST:

By: [Signature]
Name: Gia M. Osmond
Title: Asst. Vice President

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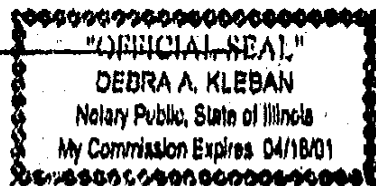
STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

I, Debra A. Kleban, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Charles Walker, personally known to me to be a Vice President of Liberty Federal Savings Bank, and Gia Ormond, personally known to me to be a Asst. Vice President of said bank, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they signed and delivered the said instrument as Vice President and Asst. Vice President, pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 12th day of August, 1997.

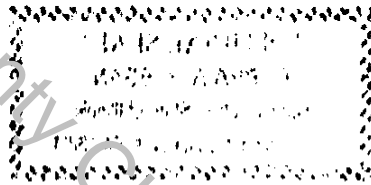
Debra A. Kleban
Notary Public

My Commission Expires:



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UNOFFICIAL COPY EXHIBIT A

LEGAL DESCRIPTION

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UNIT 7409-3, UNIT 7411-1 AND UNIT 7411-2 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN CORNERSTONE CONDOMINIUM AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NO. 95878700, IN SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: Unit 7409-3, 7409 North Ashland, Chicago, Cook County, Illinois
Unit 7411-1, 7411 North Ashland, Chicago, Cook County, Illinois
Unit 7411-2, 7411 North Ashland, Chicago, Cook County, Illinois

P.I.N.: 11-29-309-004-1012
11-29-309-004-1005
11-29-309-004-1009

UNIT 7405-3 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN CORNERSTONE CONDOMINIUM AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NO. 95878700, IN SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: Unit 7405-3, 7405 North Ashland, Chicago, Cook County, Illinois

P.I.N.: 11-29-309-004-1010

UNIT 7407-2 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN CORNERSTONE CONDOMINIUM AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NO. 95878700, IN SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: Unit 7407-2, 7407 North Ashland, Chicago, Cook County, Illinois

P.I.N.: 11-29-309-004-1007

UNIT 7405-2 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN CORNERSTONE CONDOMINIUM AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NO. 95878700, IN SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: Unit 7405-2, 7405 North Ashland, Chicago, Cook County, Illinois

P.I.N.: 11-29-309-004-1006

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UNIT 7409-2 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN CORNERSTONE CONDOMINIUM AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NO. 95878700, IN SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: Unit 7409-2, 7409 North Ashland, Chicago, Cook County, Illinois

UNIT 7407-3 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN CORNERSTONE CONDOMINIUM AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NO. 95878700, IN SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: Unit 7407-3, 7407 North Ashland, Chicago, Cook County, Illinois

P.I.N.: 11-29-309-004-1011

UNIT 7407-1 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN CORNERSTONE CONDOMINIUM AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NO. 95878700, IN SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: Unit 7407-1, 7407 North Ashland, Chicago, Cook County, Illinois

P.I.N.: 11-29-309-004-1003

UNIT 7409-1 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN CORNERSTONE CONDOMINIUM AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NO. 95878700, IN SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: Unit 7409-1, 7409 North Ashland, Chicago, Cook County, Illinois

P.I.N.: 11-29-309-004-1004

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UNIT 7405-G TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN CORNERSTONE CONDOMINIUM AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NO. 95878700, IN SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: Unit 7405-G, 7405 North Ashland, Chicago, Cook County, Illinois

P.I.N.: 11-29-309-004-1001

UNIT 7405-I TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN CORNERSTONE CONDOMINIUM AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NO. 95878700, IN SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: Unit 7405-I, 7405 North Ashland, Chicago, Cook County, Illinois

P.I.N.: 11-29-309-004-1002

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EXHIBIT B

List of Subordinated Mortgages

1. Mortgage dated December 19, 1995 by Aretha Card and Gregory Patterson in favor of Liberty Federal Savings Bank, securing a promissory note of even date therewith, encumbering the property commonly known as Unit 3, 7405 North Ashland Avenue, Chicago, Illinois, and recorded in the Recorder's Office as Document No. 96170238.
2. Mortgage dated December 19, 1995 by Kimberly Campos in favor of Liberty Federal Savings Bank, securing a promissory note of even date therewith, encumbering the property commonly known as Unit 2, 7407 North Ashland Avenue, Chicago, Illinois, and recorded in the Recorder's Office as Document No. 96041882.
3. Mortgage dated December 19, 1995 by Antonio Martinez in favor of Liberty Federal Savings Bank, securing a promissory note of even date therewith, encumbering the property commonly known as Unit 2, 7405 North Ashland Avenue, Chicago, Illinois, and recorded in the Recorder's Office as Document No. 96041878.
4. Mortgage dated July 16, 1997 by Glorin Alicen in favor of Liberty Federal Savings Bank, securing a promissory note of even date therewith, encumbering the property commonly known as Unit 2, 7409 North Ashland Avenue, Chicago, Illinois, and recorded in the Recorder's Office as Document No. _____.
5. Mortgage dated July 16, 1997 by Pamela Pal in favor of Liberty Federal Savings Bank, securing a promissory note of even date therewith, encumbering the property commonly known as Unit 3, 7407 North Ashland Avenue, Chicago, Illinois, and recorded in the Recorder's Office as Document No. _____.
6. Mortgage dated July 16, 1997 by Guirlone Celestin in favor of Liberty Federal Savings Bank, securing a promissory note of even date therewith, encumbering the property commonly known as Unit 1, 7407 North Ashland Avenue, Chicago, Illinois, and recorded in the Recorder's Office as Document No. _____.
7. Mortgage dated July 16, 1997 by James Larmie and Yolanda Larmie in favor of Liberty Federal Savings Bank, securing a promissory note of even date therewith, encumbering the property commonly known as Unit 1, 7409 North Ashland Avenue, Chicago, Illinois, and recorded in the Recorder's Office as Document No. _____.
8. Mortgage dated July 16, 1997 by Harriett Theresa North in favor of Liberty Federal Savings Bank, securing a promissory note of even date therewith, encumbering the property commonly known as Unit 3, 7405 North Ashland Avenue, Chicago, Illinois, and recorded in the Recorder's Office as Document No. _____.

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9. Mortgage dated July 16, 1997 by Daniel Paredes and Linda Paredes in favor of Liberty Federal Savings Bank, securing a promissory note of even date therewith, encumbering the property commonly known as Unit 1, 7405 North Ashland Avenue, Chicago, Illinois, and recorded in the Recorder's Office as Document No. _____.
10. Mortgage dated November 25, 1994 by Uptown Habitat for Humanity, Inc. in favor of Liberty Federal Savings Bank to secure an indebtedness of \$48,000 and recorded in the Recorder's Office as Document No. 04013142.

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