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**DECLARATION OF SUBORDINATION**

This Declaration of Subordination (the "Declaration") is made as of the 30th day of December, 1996, by HC-Belvidere Holdings, Inc., an Illinois corporation ("Declarant").

**WITNESSETH**

WHEREAS, Declarant presently is the owner and holder of the lender's interest in certain indebtedness (the "Existing Loan") which is evidenced by that certain Promissory Note (the "Note") dated December 15, 1987, executed by Harris Trust & Savings Bank, not personally, but solely as Trustee under Trust Agreement No. 44099 dated July 27, 1987 (the "Borrower") in the original principal amount of \$13,500,000.

WHEREAS, the Existing Loan is secured by certain loan documents (the "Existing Loan Documents") which include, but are not limited to, the documents described on Exhibit A attached hereto which encumber the property (the "Property") described on Exhibit B attached hereto.

WHEREAS, Advance Bank, s.b. (the "Bank") intends to extend a loan (the "New Loan") to Borrower in the original principal amount of \$6,100,000.

WHEREAS, the New Loan will be secured by certain documents (the "New Loan Documents") including, but not limited to, the following documents encumbering the Property:

a. Mortgage recorded on 11/09/97, 1996 (the "Recordation Date") as Document No. 97021780

b. Assignment of Rents and Leases recorded on the Recordation Date as Document No. 97021781; and

c. UCC Financing Statement recorded on the Recordation Date as Document No. 97-400447.

WHEREAS, as a condition to funding the New Loan, the Bank has required that Declarant subordinate the lien of the Existing Loan Documents to the lien of the New Loan Documents.

**AGREEMENT**

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, Declarant hereby covenants and agrees as follows:

1. Preambles. The preambles hereto are incorporated herein by reference as the understanding and agreement of Declarant as fully and with the same and effect as if each and every term,

N9601515 CREK 4 of 4

2950  
2600  
5500

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\$26.00

DEPT-10 PENALTY

COOK COUNTY RECORDER

47535 LF \*-97-021783

14004 TRAN 2243 01/09/97 15:00:00

\$29.50

DEPT-01 RECORDING

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provision and condition thereof was specifically recited herein at length.

2. Subordination. Declarant hereby acknowledges and agrees that the lien of the Existing Loan Documents shall be subject and subordinate to the rights, liens and interests of the Bank created under the New Loan Documents.

3. Enforcement. Until such time as the indebtedness evidenced by the New Loan Documents is paid in full, the holder of the Existing Loan Documents shall not (a) initiate foreclosure of its mortgage nor exercise any other rights granted to the mortgagee thereunder against the collateral, nor (b) look to the Property to satisfy any obligations under the Existing Loan Documents.

4. No Waiver. Except as may be specifically set forth herein, nothing shall be deemed to be a waiver by Declarant of any of the rights or remedies granted to Declarant under the documents evidencing or securing the indebtedness of Borrower to Declarant.

5. Successors and Assigns. This Declaration shall be binding upon and inure to the benefit of Declarant and its successors and assigns.

IN WITNESS WHEREOF, the Declarant has caused this agreement to be executed as of the day and date first stated above.

HC-Elvidere Holdings, Inc., an  
Illinois corporation

By: *R. M. [Signature]* V.P.

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## EXHIBIT A

- a. That certain Mortgage dated December 15, 1987 and recorded February 2, 1988 in the Recorder's Office of Cook County in the State of Illinois (the "Recorder's Office") as Document No. 88049399 and modified by Document Nos. 91212619, 91244230 and 92063797, and as otherwise amended, and
- b. That certain Assignment of Leases and Rents dated July 27, 1987 and recorded February 2, 1988 in the Recorder's Office as Document No. 88049400, as amended, and
- c. That certain Specific Assignment of Lease of Land and Building dated December 15, 1987 and recorded February 2, 1988 in the Recorder's Office as Document No. 88049401, as amended, and
- d. That certain Specific Assignment of Leases and Rents dated December 15, 1987 and recorded February 2, 1988 in the Recorder's Office as Document No. 88049402, as amended.
- e. That certain Financing Statement filed February 2, 1988 as Document Number 88U2486.

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STATE OF ILLINOIS )  
 ) ss.  
COUNTY OF COOK )

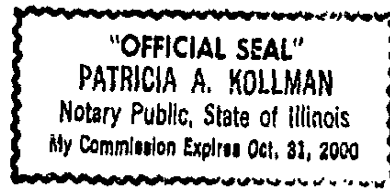
41C-Belvedere Holdings, Inc.

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that Laurence ~~W. A. Shaw~~, the Vice President of Normandy Acquisitions, Inc., an Illinois corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer of said corporation, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and the free and voluntary acts of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 30th day of December, 1996.

Patricia A. Kollman  
Notary Public

My Commission Expires:  
10/31/2000



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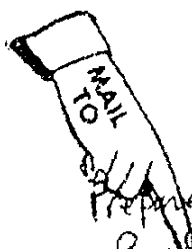
## EXHIBIT B

Lots 16 to 22, inclusive, in Block 7 of Fort Dearborn Addition to Chicago, the whole Southwest fractional 1/4 of Section 10, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N. 17-10-303-016

200 N. Michigan Ave.  
Chicago, Ill 60601

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Prepared By: When Recorded Return To:  
Rosenthal & Schonfeld  
55 E. Monroe St.  
46th fl.  
Chicago, Ill 60603  
Attn: Michael B. Vinn, Esq.

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