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COOK COUNTY RECORDER

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## SUBORDINATION AGREEMENT

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### NOTICE

**THIS SUBORDINATION AGREEMENT RESULTS IN ONE LENDER'S SECURITY INTEREST BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER LENDER'S SECURITY INSTRUMENT.**

This Subordination Agreement ("**Agreement**") is made by the parties on the dates set forth below their executions, but effective as of May 1, 1995, by and between CITY OF CHICAGO, DEPARTMENT OF HOUSING, a municipal corporation ("**DOH**"), and BANK OF AMERICA ILLINOIS, an Illinois banking corporation ("**BAI**"), with reference to the following facts.

### RECITALS:

A. On or about May 1, 1986, COMMUNITY INVESTMENT CORPORATION, an Illinois not-for-profit corporation ("**Original Lender**") made a Three Hundred Twenty Thousand and No/100 Dollar (\$320,000.00) loan to Trust No. 67241 ("**Loan No. 1**") and a Three Hundred Sixty-eight Thousand and No/100 Dollar (\$368,000.00) loan ("**Loan No. 2**") to AMERICAN NATIONAL BANK AND TRUST COMPANY, not personally, but as Trustee under Trust Agreement dated May 1, 1986 and known as Trust Number 67240 ("**Trust No. 67240**").

B. Loan No. 1 is evidenced by that certain Adjustable Rate Construction Loan Note in the principal amount of Three Hundred Twenty Thousand and No/100 Dollars (\$320,000.00) payable to the order of Original Lender and dated as of May 1, 1986 ("**Note No. 1**"), and is secured by that certain Construction Loan Mortgage and Security Agreement with Collateral Assignment of Leases and Rents dated May 1, 1986, and filed May 27, 1986, with the Registrar of Titles as Document LR 3517845 ("**Mortgage No. 1**"). Mortgage No. 1 encumbers the real property and improvements commonly known as 7041-47 South Merrill, situated in the City of Chicago, Cook County, Illinois and legally

**BOX 333-CT1**

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described on **Exhibit A** and the personal property relating thereto (collectively, "**Property No. 1**").

C. Loan No. 2 is evidenced by that certain Adjustable Rate Construction Loan Note in the principal amount of Three Hundred Sixty-eight Thousand and No/100 Dollars (\$368,000.00) payable to the order of Original Lender and dated as of May 1, 1986 ("**Note No. 2**"), and is secured by that certain Construction Loan Mortgage and Security Agreement with Collateral Assignment of Leases and Rents dated May 1, 1986, and filed May 27, 1986, with the Registrar of Titles as Document LR 3517847 ("**Mortgage No. 2**"). Mortgage No. 2 encumbers the real property and improvements commonly known as 7031-37 South Merrill, situated in the City of Chicago, Cook County, Illinois and legally described on **Exhibit B** and the personal property relating thereto (collectively, "**Property No. 2**") (Loan No. 1 and Loan No. 2 are hereinafter collectively referred to as the "**Loans**". Note No. 1 and Note No. 2 are hereinafter collectively referred to as the "**Notes**". Mortgage No. 1 and Mortgage No. 2 are hereinafter collectively referred to as the "**Mortgages**". Property No. 1 and Property No. 2 are hereinafter collectively referred to as the "**Property**").

D. On or about May 1, 1986, (i) Trust No. 67241 and THE NEIGHBORHOOD INSTITUTE, an Illinois non-profit corporation ("**TNI**"), executed and delivered to Original Lender that certain Construction Loan Agreement in connection with the making of Loan No. 1 ("**Loan Agreement No. 1**") and (ii) Trust 67240 and TNI executed and delivered to Original Lender that certain Construction Loan Agreement in connection with the making of Loan No. 2 ("**Loan Agreement No. 2**"). (Loan Agreement No. 1 and Loan Agreement No. 2 are hereinafter collectively referred to as the "**Loan Agreements**").

E. As further security for Trust No. 67241's performance under Note No. 1, TNI executed and delivered to Original Lender that certain Security Agreement and Assignment Interest in Land Trust, dated as of May 1, 1986 ("**Assignment No. 1**"). As further security for Trust No. 67240's performance under Note No. 2, TNI executed and delivered to Original Lender that certain Security Agreement and Assignment Interest in Land Trust, dated as of May 1, 1986 ("**Assignment No. 2**"). (Assignment No. 1 and Assignment No. 2 are hereinafter collectively referred to as the "**Assignments**").

F. At the time the Loans, Notes, Mortgages, Loan Agreements and Assignments were executed, TNI was the owner of one hundred percent (100%) of the beneficial interest of both Trust No. 67241 and Trust No. 67240 with power of direction.

G. On or about December 1, 1986, the CITY OF CHICAGO, DEPARTMENT OF HOUSING, a Municipal corporation ("**DOH**"), made (i) a Four Hundred Eleven Thousand Five Hundred Seventy and No/100 Dollar (\$411,570.00) loan to Trust No. 67241 ("**DOH Loan No. 1**") and (ii) a Four Hundred Sixty-six Thousand Seven Hundred Forty-eight and No/100 Dollar (\$466,748.00) loan to Trust No. 67240 ("**DOH Loan No. 2**"). (DOH Loan No. 1 and DOH Loan No. 2 are hereinafter collectively referred to as the "**DOH Loans**"). At

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all relevant times, the DOH Loans were, and still are, subordinate to the Loans. Any and all documents and instruments executed in connection with the DOH Loans are hereinafter collectively referred to as the "DOH Loan Documents".

H. On or about June 16, 1987, TNI executed and delivered to American National Bank and Trust Company, a national banking association, those certain Assignments in favor of Merrill Associates, whereby all of TNI's interest, including the power of direction in, to and under Trust No. 67241 and Trust No. 67240 was assigned to Merrill Associates.

I. At the time TNI assigned its interest, including the power of direction in, to and under Trust No. 67241 and Trust No. 67240 to Merrill Associates, TNI DEVELOPMENT CORPORATION, an Illinois corporation ("TNIDC"), was the sole general partner of Merrill Associates. TNIDC owned one percent (1%) of the partnership interest of Merrill Associates. CHICAGO EQUITY FUND 1986 PARTNERSHIP, an Illinois general partnership ("CEF"), is the sole limited partner of Merrill Associates and owns ninety-nine percent (99%) of the partnership interest of Merrill Associates.

J. On or about March 1, 1988, (i) Original Lender and Trust No. 67241 executed that certain Loan Modification Agreement ("**Loan Modification No. 1**") in which Trust No. 67241 requested, and Original Lender granted, an extension of time for which the first payment was due under Note No. 1 and (ii) Original Lender and Trust No. 67240 executed that certain Loan Modification Agreement ("**Loan Modification No. 2**") in which Trust No. 67240 requested, and Original Lender granted, an extension of time for which the first payment was due under Note No. 2. (Loan Modification No. 1 and Loan Modification No. 2 are hereinafter referred to collectively as the "**First Loan Modification**").

K. On or about June 28, 1989, Original Lender executed and delivered: (i) that certain Assignment of Collateral Assignment of Beneficial Interest in, to and under Trust No. 67241 in favor of Continental Bank, N.A. ("**Continental**"); (ii) that certain Assignment of Collateral Assignment of Beneficial Interest in, to and under Trust No. 67240 in favor of Continental; (iii) that certain Assignment of Mortgage for Mortgage No. 1 in favor of Continental; and (iv) that certain Assignment of Mortgage for Mortgage No. 2 in favor of Continental.

L. On or about July 13, 1989, Original Lender and Continental entered into (i) that certain Agreement Regarding Subsidy Agreement which assigned Original's Lender's rights under the Subsidy Agreement referenced therein to Continental whereby Original Lender agreed to make certain subsidies available to Trust No. 67241 ("**Subsidy Agreement No. 1**") and (ii) that certain Agreement Regarding Subsidy Agreement which assigned Original's Lender's rights under the Subsidy Agreement referenced therein to Continental in which Original Lender agreed to make certain subsidies available to Trust No. 67240 ("**Subsidy Agreement No. 2**"). (Subsidy Agreement No. 1 and Subsidy Agreement No. 2 are hereinafter collectively referred to as the "**Subsidy Agreements**"). (The Notes, the Mortgages, the Loan Agreements, the Assignments, the First Loan

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Modification, the Subsidy Agreements and any other documents and instruments relating to the Loans may hereinafter be referred to collectively as the "Loan Documents"). This Agreement is a Loan Document.

M. On or about September 1, 1994, BAI succeeded to the interest of Continental under the Loan Documents.

N. On or about February 7, 1996, INVESTMENT MANAGEMENT CORPORATION, an Illinois not-for-profit corporation ("IMC"), TNIDC and CEF entered into that certain First Amendment to Articles and Certificate of Limited Partnership Establishing 7031-7047 Merrill Associates (the "First Amendment") whereby, inter alia: (i) IMC was admitted to Merrill Associates as a general partner and was invested with the sole and exclusive authority and responsibility as general partner for controlling and managing the business and affairs of Merrill Associates; and (ii) TNIDC transferred and assigned fifty percent (50%) of its interest in Merrill Associates to IMC (thus, TNIDC and IMC each own one-half (1/2) of one percent (1%) of Merrill Associates).

O. On or about March 27, 1997, and in connection with the execution and delivery of the Second Loan Modification Agreement, as hereinafter defined, and this Agreement: (i) Trust No. 67240 executed and delivered that certain Trustee's Deed in favor of Trust No. 67241 whereby all of the property held in Trust No. 67240 was conveyed to Trust No. 67241 (the "Trustee's Deed"); (Trust No. 67241 and Trust No. 67240 are hereinafter collectively referred to as "Borrower"); (ii) BAI executed and delivered that certain Release of Collateral Assignment of Beneficial Interest In Land Trust in, to and under Trust No. 67240; (iii) DOH executed and delivered that certain Release of Collateral Assignment of Beneficial Interest In Land Trust in, to and under Trust No. 67240; (iv) Borrower executed that certain Collateral Assignment of Beneficial Interest In Land Trust in, to and under Trust No. 67241 in favor of BAI covering all of the property originally held in Trust No. 67241 and that property conveyed into Trust 67241 by means of the Trustee's Deed (the "Collateral Assignment"); and (v) Borrower executed that certain Collateral Assignment of Beneficial Interest In Land Trust in, to and under Trust No. 67241 in favor of DOH covering all of the property originally held in Trust No. 67241 and that property conveyed into Trust 67241 by means of the Trustee's Deed (the "DOH Collateral Assignment"). The Collateral Assignment is a Loan Document and the DOH Collateral Assignment is a DOH Loan Document.

P. At the time of the execution and delivery of the Trustee's Deed, Merrill Associates was the sole beneficiary of both Trust No. 67241 and Trust No. 67240 and no longer felt it necessary or desirable to maintain both Trusts. As a result, Merrill Associates elected to convey the property held under Trust No. 67240 to Trust No. 67241. The intent of such conveyance was not to impair or disadvantage the subordinate security interests of any other creditor of Trust No. 67240, but was done at the request of Borrower and for the sole purpose of convenience to Borrower. Merrill Associates is still the sole beneficiary of Trust No. 67241 which now holds fee simple title to the Property.

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Q. The lien of the Loan Documents is prior and superior to the lien of the DOH Loan Documents.

R. Borrower has requested that BAI modify the Loan Documents upon the terms and conditions as set forth in that certain Second Loan Modification Agreement dated \_\_\_\_\_, 1997, but effective as of May 1, 1995, made by and among, Borrower, Merrill Associates and BAI (the "**Second Loan Modification**"). BAI has agreed to make such modifications to the Loan Documents; provided that, among other things, the lien evidenced and secured by the Loan Documents, including but not limited to, the Mortgages shall be and remain a lien or charge upon the Property prior and superior to the lien of (a) the DOH Loan Documents, and (b) the lien of each and every other defect, lien or encumbrance affecting the Property, except those which were prior and superior to the lien of the Loan Documents at the time of the original recording thereof. It is to the mutual benefit of the parties hereto that BAI so modify the Loan Documents, and DOH, as holder of the DOH Loan Documents is willing to subordinate the DOH Loan Documents so that the Loan Documents, as modified by the Second Loan Modification, shall constitute liens or charges upon the Property prior and superior to the liens or charges of the DOH Loan Documents.

(All filed documents referenced in this Agreement were filed in the Office of the Registrar of Titles, Cook County, Illinois and all recorded documents referenced in this Agreement were recorded in the Recorder's Office of Cook County, Illinois).

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce BAI to modify the Loan Documents, it is hereby declared and agreed as follows:

1. The parties to this Agreement acknowledge that the Recitals set forth above and the Exhibits attached hereto are true and correct and are incorporated into this Agreement by this reference as if they were fully set forth herein.

2. The Loan Documents, as modified by the terms and conditions of the Second Loan Modification, are and shall unconditionally be and remain at all times a lien or charge upon the Property prior and superior to the lien or charge of the DOH Loan Documents.

3. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the DOH Loan Documents to the lien or charge of the Loan Documents and shall supersede and cancel, but only insofar as would affect the priority between the DOH Loan Documents and the Loan Documents, any prior agreements as to such subordination.

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IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below their executions, but effective as of May 1, 1995.

BAI:

BANK OF AMERICA ILLINOIS,  
an Illinois banking corporation

By: [Signature]  
Its: Senior Vice President  
Dated: April 1, 1997

Attest:

By: [Signature]  
Its: Asst. Vice President

DOH:

CITY OF CHICAGO, DEPARTMENT OF  
HOUSING, a Municipal corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_, 19\_\_\_\_

Attest:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below their executions, but effective as of May 1, 1995.

**BAI:**

BANK OF AMERICA ILLINOIS,  
an Illinois banking corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_\_\_

Attest:

By: \_\_\_\_\_

Its: \_\_\_\_\_

**DOH:**

CITY OF CHICAGO, DEPARTMENT OF  
HOUSING, a Municipal corporation

By: Maura Carroll

Its: Commissioner

Dated: March 21, 1997

Attest:

By: \_\_\_\_\_

Its: \_\_\_\_\_

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State of Illinois )  
 ) SS:  
County of Cook )

I, PEGGY A. BIGECK, a Notary Public in and for the County and State aforesaid, do hereby certify that Mary T. White, Senior Vice President of BANK OF AMERICA ILLINOIS, a(n) \_\_\_\_\_ corporation, and Daniel C. Sioback, \_\_\_\_\_ Secretary of said corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Senior Vice President and Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary acts and as the free and voluntary act of said corporation for the uses and purposes therein set forth; and said Senior Vice Secretary did then and there acknowledge that he, as custodian of the corporate seal of said corporation, did affix the corporate seal of said corporation, to said instrument as his own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

1997 GIVEN under my hand and notarial seal this 1st day of April,

Peggy A. Bigeck  
Notary Public

My Commission Expires:

"OFFICIAL SEAL"  
PEGGY A. BIGECK  
Notary Public, State of Illinois  
My Commission Expires 6-21-2000

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STATE OF ILLINOIS    )  
                                  ) SS  
COUNTY OF COOK     )

I, the undersigned, a notary public in and for the County and State aforesaid, DO HEREBY CERTIFY THAT Nancy Carratt, personally known to me to be the \_\_\_\_\_ Commissioner of the Department of Housing of the City of Chicago, Illinois (the "City") and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such \_\_\_\_\_ Commissioner, (s)he signed and delivered the said instrument pursuant to authority, as his/her free and voluntary act, and as the free and voluntary act and deed of said City, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 21st day of March, 1997.

Clarice Hall  
Notary Public

(SEAL)

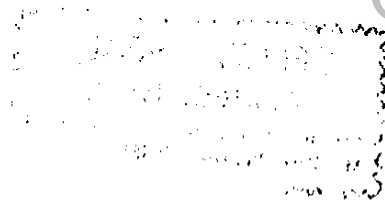


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## EXHIBIT A

### Legal Description of Property No. 1

LOT 9 AND 10 IN E.L. SOMMER'S SUBDIVISION OF THE WEST ½ OF BLOCK 4 IN COMMISSIONER'S PARTITION, A SUBDIVISION OF THE SOUTH ½ OF THE SOUTHWEST ¼ OF THE SOUTH EAST ¼ OF SECTION 24, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.: 20-24-424-006-0000

Common Address: 7011-47 South Merrill  
Chicago, Illinois

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## EXHIBIT B

### Legal Description of Property No. 2

LOT 7 AND 8 IN E.L. SOMMER'S SUBDIVISION OF THE WEST ½ OF BLOCK 4 IN COMMISSIONER'S PARTITION, A SUBDIVISION OF THE SOUTH ½ OF THE SOUTHWEST ¼ OF THE SOUTH EAST ¼ OF SECTION 24, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.: 20-24-424-005-0000

Common Address: 7031-37 South Merrill  
Chicago, Illinois

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