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SUBORDINATION AGREEMENT

97283085

THIS SUBORDINATION AGREEMENT ("AGREEMENT") IS MADE AND ENTERED INTO THIS 29th DAY OF MARCH, 1997, BY AND BETWEEN THE DEPARTMENT OF PUBLIC AID OF THE STATE OF ILLINOIS ("DEPARTMENT OF PUBLIC AID") AND AUSTIN BANK OF CHICAGO, AN ILLINOIS BANKING ASSOCIATION, ("BANK").

WITNESSETH:

WHEREAS, the Department of Public Aid claims a lien (the "Lien") against the real estate legally described in Exhibit "A" attached hereto and made a part hereof ("Property") in the amount of Fifty Four Thousand Nine Hundred Seventy Six and 85/100ths (\$54,976 85) Dollars, which lien has been perfected by a claim for lien recorded on July 10, 1992 in the Office of the Recorder of Deeds of Cook County as Document Number 92504531, and

WHEREAS, the Property is now owned by Margie Mitchell who has requested that the Bank loan her and Ricky Brown, a potential co-maker, the sum of Thirty Four Thousand Fifty-Nine and 76/100 Dollars (\$34,059 76) (the "Loan") which sum will be secured by a first mortgage on the Property. Said sum includes the payoff of a first mortgage on the Property in the amount of Two Thousand Three Hundred Sixty-Seven and 76/100 Dollars (\$2,367 76) and

WHEREAS, the Department of Public Aid has agreed that it will subordinate its claim for lien to the first mortgage of the Bank in the aforementioned sum provided that it is contemporaneously paid the consideration hereinafter specified (the mortgage, note which it secures and any other instruments evidencing or securing the Loan may be referred to herein as the "Loan Documents"), and

WHEREAS, without the execution and delivery of this Agreement, the Bank will not make the loan to Margie Mitchell and Ricky Brown and the Department of Public Aid will not, in the

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DEPT-01 RECORDING 433.00
140001 TRAN 8967 04/28/97 09:00:00
4515 FRC *-97-283085
COOK COUNTY RECORDER
DEPT-19 PENALTY 430.00

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absence of payment of the specified consideration, subordinate its lien to that of the Bank's mortgage

NOW, THEREFORE, the parties agree to the following

1 **SUBORDINATION OF INSTRUMENTS.** The Lien of the Department of Public Aid recorded as Document Number 92504531 on July 10, 1992 in the Office of the Recorder of Deeds of Cook County and any interest and penalties thereon, is hereby subordinated to the Loan Documents (and every amendment, modification, renewal and extension thereof).

2 **SUBORDINATION OF PAYMENTS** The payment of all amounts due and owing or coming due under the Department of Public Aid Lien, including any penalties and interest, are hereby and shall be subordinate to the payment in full of all amounts due and owing or coming due under the Loan Documents specifically including, without limitation, payments of interest and principal penalties, insurance proceeds and condemnation, eminent domain or similar awards to be paid to or for the benefit of the Bank under the terms of the Loan Documents.

3 **CONSIDERATION FOR SUBORDINATION** Bank will pay the Department of Public Aid the sum of Five Thousand (\$5,000.00) Dollars from the proceeds of the Loan contemporaneous upon delivery of an executed counterpart of this Agreement, in full payment for subordination of its Lien to the mortgage

4 **INSURANCE PROCEEDS AND CLAIMS.** The Department of Public Aid shall have no right to participate in the adjustment or settlement of insurance losses and/or condemnation claims. The Department of Public Aid hereby agrees, upon the request and at the direction of the Bank, to endorse in favor of the Bank any and all checks payable to the Bank, which represent insurance or condemnation proceeds paid for claims relating to the Property in any way. The Department of Public Aid hereby appoints the Bank as its attorney in fact, in its place and

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settle all insurance and condemnation relating to the Property and to receive all payments and endorse all checks with regard thereto to the full extent of all amounts secured by the Loan Documents

5 **ACTION TAKEN BY BANK.** Bank may, from time to time, whether before or after any discontinuance of this Agreement, at its sole discretion and without notice to the Department of Public Aid, take any or all of the following actions (i) retain or obtain a security interest in the Property or any other property to secure any of the obligations or liabilities created by or associated with the Loan Documents; and (ii) retain or obtain the primary or secondary obligation of any other obligor or obligors with respect to any of the obligations or liabilities created by or associated with the Loan Documents

6 **ASSIGNMENT BY BANK.** Bank may, from time to time, whether before or after any discontinuance of this Agreement, at its discretion and without notice to the Department of Public Aid, assign or transfer any or all of the payments or any interest therein and/or any or all of the Loan Documents, or any interest therein, and notwithstanding any such assignment or transfer or subsequent assignment or transfer thereof, the payments and Loan Documents shall be and remain senior to the lien of the Department of Public Aid

7 **NOTICES.** Any notices which may be given hereunder shall be in writing and shall be mailed or delivered to the intended recipient thereof at its address hereinbelow set forth, or at such other address as such intended recipient may, from time to time, by notice in writing, designate to the sender pursuant hereto. Any such notice shall be deemed to have been delivered two (2) business days after mailing by United States registered or certified mail, return receipt requested, postage prepaid addressed to a party at its address set forth below or such other address as the parties who

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receive such notice may have designated to all other parties by notice in accordance herewith or when delivered in person

If to Bank

Austin Bank of Chicago
5645 West Lake Street
Chicago, Illinois 60644-1997
Attn. Sam Scott

with a copy to

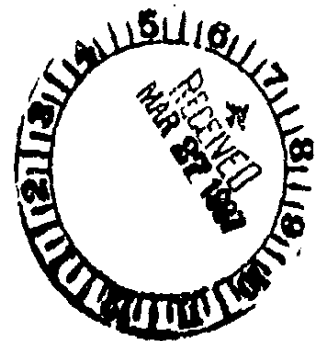
Robbins, Salomon & Patt, Ltd
25 East Washington Street, Suite 1000
Chicago, Illinois 60602
Attn Edward S Salomon

If to Department of Public Aid of the State of Illinois

Technical Recoveries Unit
17 North State Street (13th Floor)
Chicago, IL 60602

with a copy to

Attorney General - State of Illinois
Welfare Litigation Bureau
150 North LaSalle Street (Suite N-1000)
Chicago, IL 60601-3103



8 **GOVERNING LAW, ETC.** This Agreement shall be construed in accordance with and governed by the laws of the State of Illinois. Wherever possible, each provision of this Agreement shall be interpreted in such 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 only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. The captions herein are for purposes of convenience only.

9 **BINDING EFFECT.** This Agreement shall be binding upon the State of Illinois Department of Public Aid and its heirs, legatees, legal representatives, successors and assigns, including any owner or holder of any of the Loan Documents, and shall inure to the benefit of Bank

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and its successors and assigns, including any subsequent owner or holder of any of the Loan Documents

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

STATE OF ILLINOIS DEPARTMENT
OF PUBLIC AID

By Clarence Holder
Its Representative

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This Instrument Prepared by and
After Recording Return to

EDWARD S. SALOMON, ESQ
ROBBINS, SALOMON & PATT, LTD
25 East Washington Street, Suite 1000
Chicago, Illinois 60602



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ACKNOWLEDGMENT

The undersigned acknowledge receipt of a copy of the foregoing Subordination Agreement, waive notice of acceptance thereof by Bank and agree to be bound by the terms and provisions thereof, to mark their books and records so as to clearly indicate that the Public Aid Lien is subordinated to the payments and the Loan Documents in accordance with the terms of such Subordination Agreement, to make no payments or distributions contrary to the terms and provisions thereof, and to do every other act and thing necessary or appropriate to carry out such terms and provisions. In the event of any violation of any of the terms and provision of the foregoing Subordination Agreement or this Acknowledgment by reason of any act or omission within the direct or indirect control of the undersigned, then, at the election of the Bank, any and all obligations of the undersigned to Bank shall forthwith become due and payable and any and all agreements of Bank to make loans to the undersigned shall forthwith terminate.

Dated

4/5/97

BORROWER

Margie Mitchell

 MARGIE MITCHELL

Ricky Brown

 RICKY BROWN

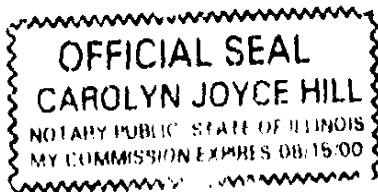
STATE OF ILLINOIS)

) ss.

COUNTY OF COOK)

I, the undersigned, a Notary Public, in and for the County and State aforesaid, **DO HEREBY CERTIFY** that Margie Mitchell and Ricky Brown, who are 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 acknowledged that they signed and delivered the said instrument as their own free and voluntary act for the uses and purposes therein set forth

GIVEN under my hand and notarial seal this 4/6 day of March, 1997.



Carolyn Joyce Hill

 NOTARY PUBLIC

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EXHIBIT "A"

LEGAL DESCRIPTION

Lot 3 in Danier's Subdivision of Lots 1 to 13 and 20 foot alley south of and adjoining in Block 1 in Wilson and St. Clair's Resubdivision of Block 3 in Merrick's Subdivision of the West Half of the Northwest Quarter of Section 9, Township 39 North, Range 13, East of the Third Principal Meridian

Permanent Index Number: 16-09-109-031

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