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COOK COUNTY RECORDER

SUBORDINATION AGREEMENT OF RICHARD GARVIN

This document was prepared by
Mary Ellen Rosemeyer, 1616 N.
Damen Ave Suite 100 Chicago, IL
60647, and after recording, mail to:
First American Bank, 1650 Louis
Avenue, Elk Grove Village, IL
60007

Permanent Index No.:
14-33-206-037-0000

Legal Description: see attached.

Street Address: 2120 Lincoln Park West, Chicago, IL 60614

98631509

SUBORDINATION AGREEMENT

WHEREAS

- (a) Warren Baker, individually (hereinafter referred to as "Baker"), and American National Bank and Trust Company of Chicago, not personally but solely as Trustee under Trust Agreement dated December 1, 1995 and known as Trust Number 121128-01 (hereinafter referred to as the "Land Trustee"), is or may from time to time become indebted to the undersigned, Richard Garvin, which indebtedness is secured by that certain Mortgage dated January 8, 1998 and recorded as document number 98120168 with the Cook County Recorder of Deeds;
- (b) Lincoln Park West Associates, L.L.C., an Illinois limited liability company (hereinafter referred to as the "Obligor") has requested, and may from time to time hereafter request First American Bank (herein, together with its successors and assigns, called the "Lender"), to make certain construction loans to the Obligor pursuant to that certain Construction Loan Agreement dated as of July __, 1998 between Obligor and the Lender (herein, as it may at any time be amended or modified and in effect, called the "Loan Agreement"); and
- (c) Baker is the sole beneficiary of the Land Trustee and the sole Manager of the Obligor, and the undersigned has agreed to subordinate its obligations owed by Baker and the Land Trustee to the obligations owed by Obligor to Lender, as provided herein.

NOW, THEREFORE, to induce the Lender from time to time to advance credit (including, without limitation, renewals or extensions of any loans heretofore or hereafter made) to the Obligor under or in connection with the loan Agreement, and for other valuable consideration, receipt whereof is hereby acknowledged, the undersigned agrees as follows:

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§1 Defined Terms, Etc.

- (a) Unless otherwise defined herein, terms used herein have the meanings assigned in the Loan Agreement.
- (b) All Liabilities of Baker and the Land Trustee owed to the undersigned, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due, are herein collectively called the "Junior Liabilities".
- (c) All Liabilities to the Lender or the holder of the Note under the Loan Agreement (other than any arising solely by reason of any pledge or assignment made to the Lender pursuant to §2(c) hereof are herein collectively called the "Senior Liabilities."
- (d) It is expressly understood and agreed that the term "Senior Liabilities" shall include, without limitation, any and all interest accruing on any of the Senior Liabilities after any commencement of proceedings referred to in §4 hereof notwithstanding any provision or rule of law which might restrict the rights of the Lender or any holder of the Note, as against the Obligor or any other person or entity, to collect such interest.

§2 Notice of Junior Liabilities, Etc.

The undersigned will at all times and from time to time:

- (a) promptly notify the Lender of the creation of any Junior Liabilities and the issuance of any promissory note or other instrument to evidence any Junior Liabilities;
- (b) upon request by the Lender, cause any Junior Liabilities which are not evidenced by a promissory note or other instrument of the Obligor to be so evidenced; and
- (c) upon request by the Lender, and as collateral security for all Senior Liabilities, endorse, deliver and pledge to the Lender any or all promissory notes or other instruments evidencing Junior Liabilities and otherwise assign to the Lender any or all Junior Liabilities and any or all security therefor and guaranties thereof, all in a manner satisfactory to the Lender.

§3 Agreement to Subordinate.

Except as herein in this Agreement expressly otherwise provided, or as the Lender may hereafter otherwise expressly consent in writing, the payment of all Junior Liabilities shall be postponed and subordinated to the payment in full of all Senior Liabilities, and no payments or other distributions whatsoever in respect of any Junior Liabilities shall be made, and no property or assets of the Obligor shall be applied to the purchase or other acquisition or retirement of any Junior Liabilities.

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§4 Bankruptcy, Insolvency, Etc

In the event of any dissolution, winding up, liquidation, readjustment, reorganization or other similar proceedings relating to the Obligor or its creditors (as such) or to the Obligor's property (whether such proceedings are voluntary or involuntary, partial or complete, and whether such proceedings are in bankruptcy, insolvency or receivership, or upon an assignment for the benefit of creditors, or constitute or involve any other marshalling of the assets and liabilities of the Obligor, or any sale of all or substantially all of the assets of the Obligor, or otherwise), the Senior Liabilities shall first be paid in full before the undersigned shall be entitled to receive or to retain any payment or distribution in respect of the Junior liabilities and, in order to implement the foregoing:

(a) all payments and distributions of any kind or character in respect of the Junior Liabilities to which the undersigned would be entitled if the Junior Liabilities were not subordinated, or subordinated and pledged or assigned pursuant to this Agreement, shall be made directly to the Lender.

(b) the undersigned shall promptly file a claim or claims, in the form required in such proceedings, for the full outstanding amount of the Junior Liabilities, and shall cause said claim or claims to be approved and all payments and other distributions in respect thereof to be made directly to the Lender; and

(c) the undersigned hereby irrevocably agrees that the Lender may, in its sole discretion, in the name of the undersigned or otherwise, demand, sue for, collect, receive and receipt for any and all such payments or distributions, and file, prove and vote or consent in any such proceedings with respect to any and all claims of the undersigned relating to the Junior Liabilities.

§5 Payments Held in Trust.

(a) If the undersigned receives any payment or other distribution of any kind or character from the Obligor, or from any other source whatsoever, in respect of any of the Junior Liabilities, other than as expressly permitted by the terms of this Agreement, such payment or other distribution shall be received in trust for the Lender and promptly turned over by the undersigned to the Lender.

(b) The undersigned will mark its books and records, and cause the Obligor to mark its books and records, so as clearly to indicate that the Junior Liabilities are subordinated in accordance with the terms of this Agreement, and will cause to be clearly inserted in any promissory note or other instrument which at any time evidences any of the Junior Liabilities a statement to the effect that the payment thereof is subordinated in accordance with the terms of this Agreement.

(c) The undersigned will execute such further documents or instruments and take such further action as the Lender may reasonably from time to time request to carry out the intent of this Agreement.

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§6 Application of Payments; No Subrogation.

(a) All payments and distributions received by the Lender in respect of the Junior Liabilities, to the extent received in or converted into cash, may be applied by the Lender first to the payment of any and all expenses (including attorneys' fees and legal expenses) paid or incurred by the Lender in enforcing this Agreement, or in endeavoring to collect or realize upon any of the Junior Liabilities or any security therefor, and any balance thereof shall, solely as between the undersigned and the Lender, be applied by the Lender, in such order of application as the Lender may from time to time select, toward the payment of the Senior Liabilities remaining unpaid; but, as between the Obligor and its creditors, no such payments or distributions of any kind or character shall be deemed to be payments or distributions in respect of the Senior Liabilities.

(b) Notwithstanding any such payments or distributions received by the Lender in respect of the Junior Liabilities and so applied by the Lender toward the payment of the Senior Liabilities, the undersigned shall be subrogated to the then existing rights of the Lender, if any, in respect of the Senior Liabilities, only at such time as this Agreement shall have been discontinued and the Lender shall have received payment of the full amount of the Senior Liabilities as provided for in §9 hereof.

§7 Waivers by the Undersigned. The undersigned hereby waives:

- (a) notice of acceptance by the Lender or any holder of a Note of this Agreement;
- (b) notice of the existence, creation or nonpayment of all or any of the Senior Liabilities; and
- (c) all diligence in collection or protection of, or realization upon, the Senior Liabilities, or any thereof, or any security therefor

§8 Obligations of the Undersigned

The undersigned will not, without prior written consent of the Lender

- (a) cancel, waive, forgive, transfer or assign, or attempt to enforce or collect, or subordinate to any Liabilities other than the Senior Liabilities, any Junior Liabilities or any rights in respect thereof;
- (b) take any collateral security for any Junior Liabilities;
- (c) convert any Junior Liabilities into stock of the Obligor; or
- (d) commence, or join with any other creditor in commencing, any bankruptcy, reorganization or insolvency proceedings with respect to the Obligor.

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§9 Continuing Subordination

This Agreement shall in all respects be a continuing agreement and remain in full force and effect (notwithstanding, without limitation, the dissolution of the undersigned or that, at any time or from time to time, all Senior Liabilities may have been paid in full), subject to discontinuance only upon receipt by the Lender of written notice from the undersigned, or any person duly authorized and acting on behalf of the undersigned, of the discontinuance hereof; provided, however, that no such notice of discontinuance shall affect or impair any of the agreements and obligations of the undersigned hereunder with respect to any and all Senior Liabilities existing prior to the time of receipt of such notice by the Lender, any and all Senior Liabilities created or acquired thereafter pursuant to any previous commitments made by the Lender under or in connection with the Loan Agreement, any and all extensions or renewals of any of the foregoing, any and all interest accruing on any of the foregoing, and any and all expenses paid or incurred by any Lender or any holder of the Note in endeavoring to collect or realize upon any of the foregoing, or any security therefor; and all of the agreements and obligations of the undersigned under this Agreement shall, notwithstanding any such notice of discontinuance, remain fully in effect until all such Senior Liabilities (including any extensions or renewals of any thereof and all such interest and expenses) shall have been paid in full.

§10 Certain Rights of the Lender

The Lender or the holder of the Note may, from time to time, whether before or after any discontinuance of this Agreement, at its sole discretion and without notice to the undersigned, 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 obligations of any other obligor or obligors with respect to any of the Senior Liabilities;
- (c) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange 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; and
- (d) release its security interest in, or surrender, release or permit any substitution or exchange for all or any part of any property securing any of the Senior Liabilities, or extend or renew for one or more periods (whether or not longer than the original period), or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property

§11 Transfer of Senior Liabilities

The Lender may from time to time, whether before or after any discontinuance of this Agreement, without notice to the undersigned, 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 purposes 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 the Lender; provided, however, that, unless the Lender shall otherwise consent in writing, the transferring Lender shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement, for the benefit of the transferring Lender, as to those of the Senior Liabilities which the transferring Lender has not assigned or transferred.

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§12 Certain General Matters.

(a) Neither the Lender nor any holder of the Note shall be prejudiced in its rights under this Agreement by any act or failure to act of the Obligor or the undersigned, or any noncompliance of the Obligor or the undersigned with any agreement or obligation, regardless of any knowledge thereof which the Lender or any holder of the Note may have, or with which the Lender or such holder may be charged; and no action permitted hereunder of the Lender or any holder of the Note shall in any way affect or impair the rights of the Lender or any holder of the Note and the obligations of the undersigned under this Agreement.

(b) No delay on the part of the Lender or any holder of the Note in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by any Lender or any holder of the Note of any right or remedy shall preclude either or further exercise thereof, or the exercise of any other right or remedy, nor shall any modification or waiver of any of the provisions of this Agreement be binding upon the Lender or any holder of the Note, except as expressly set forth in a writing duly signed and delivered on behalf of the Lender. For the purposes of this Agreement, Senior Liabilities shall include all obligations of the Obligor under or in connection with the Loan Agreement, notwithstanding any right or power of the Obligor or anyone else to assert any claim or defense as to the invalidity or unenforceability of any such obligation, and no such claim or defense shall affect or impair the agreements and obligations of the undersigned hereunder.

§13 Notices.

All notices, demands, instructions and other communications required or permitted to be given to or made upon the undersigned, or any other person, shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by prepaid Telex, or telegram (with messenger delivery specified in the case of a telegram) or by telecopier, and shall be deemed to be given, for purposes of this Agreement, on the day that such writing is delivered or sent to the intended recipient thereof, in accordance with the provisions of this Section. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section, notices, demands, instructions and other communications shall be given to or made upon the undersigned at its address (or to its Telex or telecopier number) indicated below:

Richard Garvin
650 California Street, 4th Floor
San Francisco, CA 94108
Fax No. _____

Unless otherwise specified in a notice sent or delivered in accordance with the provisions of the Loan Agreement, notices, demands, instructions and other communications in writing shall be given to or made upon the Lender at its address as indicated below:

First American Bank
1650 Louis
Elk Grove Village, IL 60007
Fax No. 847/290-8040

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§14 Lender Appointed Attorney-in-Fact.

The undersigned hereby appoints the Lender the undersigned's attorney-in-fact, with full power of substitution, for the purpose of taking such action and executing agreements, instruments and other documents in the name of the undersigned, or otherwise, as the Lender may deem necessary or advisable to accomplish the purposes hereof, which appointment is coupled with an interest and is irrevocable.

§15 Binding Effect.

This Agreement shall be binding upon the undersigned, and upon the successors and assigns of the undersigned; and all references herein to the Obligor and to the undersigned, respectively, shall be deemed to include any successor or successors, whether immediate or remote, to the Obligor and to the undersigned.

§16 Governing Law; Severability of Provisions.

This Agreement has been delivered at Chicago, Illinois, and shall be construed in accordance with and governed by the internal 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 to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

IN WITNESS WHEREOF, this Agreement has been made and delivered at Chicago, Illinois, as of July 22, 1998

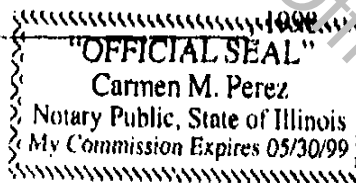

Richard Garvin

STATE OF ^{Illinois} ~~CA~~ IL
COUNTY OF Cook) SS.

I, the undersigned, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Richard Garvin, 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 he signed, sealed and delivered the said instrument as his and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this 22nd day of July 1998


NOTARY PUBLIC



98631509

ACKNOWLEDGMENT AND AGREEMENT

The undersigned Obligor hereby acknowledges receipt of a copy of the foregoing Subordination Agreement, waives notice of acceptance thereof by the Lender or any holder of the Note, and agrees to be bound by the terms and provisions thereof, 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 provisions of the foregoing Subordination Agreement, then, at the election of the Lender, any and all obligations of the undersigned Obligor under or in connection with the Loan Agreement shall forthwith become due and payable, and any and all agreements of the Lender to make loans to the undersigned Obligor under or in

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connection with the Loan Agreement shall forthwith terminate, notwithstanding any provisions thereof to the contrary.

DATED at Chicago, Illinois: July 17, 1998

LINCOLN PARK WEST ASSOCIATES, L.L.C., an Illinois limited liability company

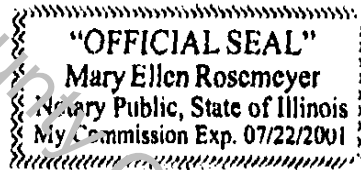
By: [Signature]
Warren Baker, Manager

STATE OF ILLINOIS)
COUNTY OF Cook) SS.

I, the undersigned, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Warren Baker, personally known to me to be the Manager of Lincoln Park West Associates, L.L.C., an Illinois limited liability company, appeared before me this day in person, and acknowledged that he signed, sealed and delivered the said instrument in his capacity as such Manager, as the free and voluntary act of said company, for the uses and purposes therein set forth

Given under my hand and official seal, this 17 day of July, 1998.

[Signature]
NOTARY PUBLIC



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LEGAL DESCRIPTION

SUBLOT 4 IN MCNALLY'S SUBDIVISION OF PART OF LOT A IN SUBDIVISION OF LOTS 30 TO 44 BOTH INCLUSIVE IN THAT PART OF LOT 29 SOUTH OF NEW ALLEY, ALSO FORMER ALLEY EAST OF AND ADJOINING LOTS 29 TO 35 BOTH INCLUSIVE IN ROBINSON'S SUBDIVISION OF BLOCK 19 IN CANAL TRUSTEES SUBDIVISION IN SECTION 33, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS

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