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MERCURY TITLE COMPANY

MERCURY TITLE COMPANY

Susan M. Atce

FOR RECORDER'S USE ONLY

December 23, 1997

LaSalle Bank FSB ("Lender")
8303 West Higgins Road
Sixth Floor
Chicago, IL 60631-2941
Attention: Mr. James Pape

This Subordination Agreement is made and entered into to and in favor of Lender by the hereinafter defined Creditor and Borrower.

Dearborn Ridge, L.L.C., an Illinois limited liability company ("Borrower"), presently is indebted to the undersigned, Frank J. Johnsen, Sr. and Mildred R. Johnsen (collectively, "Creditor"), in the current principal amount not in excess of \$280,000.00 under the terms of that certain promissory note and other agreements attached hereto as Exhibit A (collectively, with all

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This instrument prepared by and after recordation should be returned to:

David M. Lesser & Associates
2105 North Southport Avenue
Suite 201
Chicago, Illinois 60614-4044
Attention: David M. Lesser, Esq.
Ddgsbord2December 23, 1997

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amendments, modifications and supplements thereto, and all renewals, extensions and restatements thereof, being hereinafter called the "Subordinated Agreements"). Creditor understands Lender is providing and has agreed to continue to provide certain financing to Borrower pursuant to that certain Construction Loan Agreement, dated as of December 23, 1997 (as the same may be amended, modified, supplemented and renewed from time to time, the "Loan Agreement" and, together with and all other instruments and documents delivered by Borrower to Lender pursuant thereto, all other financing agreements now or hereafter existing between Lender and Borrower, all amendments, modifications and supplements to any one or more of the foregoing and all renewals, extensions and restatements of any one or more of the foregoing, the "Senior Loan Agreement"). The proceeds of the financing arrangements have been and will continue to be made available to Borrower in connection with the acquisition, development and construction of certain real property (the "Property") legally described on Exhibit B appended to this Subordination Agreement that, simultaneously with the execution and delivery of the Subordinated agreements the Creditor is selling to Borrower and for other purposes permitted under the Senior Loan Agreement, so long as Creditor executes and delivers this Subordination Agreement to Lender and the other conditions provided for in the Senior Loan Agreement are satisfied. In order to satisfy such condition precedent, Creditor agrees to the following terms and conditions.

1. Creditor hereby agrees to subordinate and does hereby (a) subordinate payment by Borrower of all or any part of Borrower's obligations, liabilities and indebtedness which may now or hereafter be owing by Borrower to Creditor, including, without limitation, the outstanding balance of principal and accrued interest from time to time owing by Borrower to Creditor pursuant to the Subordinated Agreements or otherwise and all costs and expenses (including attorneys' fees) owing by Borrower to Creditor (all of the obligations, liabilities and indebtedness described or to which reference is made in this clause (a) hereinafter being called the "Subordinated Debt") to the payment in full of the "Senior Debt" (as defined below) and (b) subordinate all security interests, mortgages and liens now or hereafter securing the Subordinated Debt to all security interests, mortgages and liens now or hereafter securing the Senior Debt, including, without limitation, all rights and interests with respect to insurance proceeds and condemnation awards. For purposes hereof, "Senior Debt" means all obligations, including, without limitation (i) principal and interest on loans, advances, accommodations or other extensions of credit by Lender or any one or more of Lender's affiliates, successors and assigns now or hereafter made and howsoever evidenced to or on behalf of Borrower (including Borrower operating as a Debtor or Debtor-in-Possession under the United States Bankruptcy Code and Borrower's successors and assigns), (ii) amounts owing by reason of guarantees by Lender or any one or more of Lender affiliates, successors and assigns of Borrower's indebtedness to others unrelated to Lender, (iii) accrued interest, attorneys' fees and expenses incurred by Lender in enforcing Lender's rights in the event of breach, default or other nonperformance by Borrower under its obligations to Lender, (iv) all other indebtedness for which Borrower is now or at any time hereafter liable to Lender in any manner, whether primarily or secondarily, absolutely or contingently, directly or indirectly, jointly, severally or jointly and severally, and whether matured or unmatured, including all indebtedness arising directly out of transactions between Borrower and Lender or acquired by Lender outright, conditionally or as collateral security from another person or entity and (v) all other "Obligations," as that term is defined in the Loan Agreement (and, in the case of all of the foregoing, any and all renewals and extensions of all or any part thereof). Regardless of whether a default or an event of default

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(however defined) exists under any one or more of the Subordinated Agreements, Creditor further agrees not to (i) accept, retain, request or take any security for the Subordinated Debt without Lender's prior written consent, (ii) amend or modify the Subordinated Agreements, or increase or forgive any of the Subordinated Debt, without Lender's prior written consent, (iii) accept payment of, demand payment of, sue for or receive all or any part of the Subordinated Debt, or (iv) take any action to enforce its rights in any collateral securing payment thereof, unless or until all Senior Debt indefeasibly shall have been paid in full.

Notwithstanding anything to the contrary herein contained, Borrower shall not make any payments of principal or interest pursuant to the terms of the Subordinated Agreements.

2. Upon the maturity of the Senior Debt (or a portion thereof) by lapse of time, acceleration or otherwise, all amounts due or to become due in connection therewith shall first be paid in full in cash before any payment is made by Borrower or any person acting on behalf of Borrower on account of any Subordinated Debt. Upon a distribution of the assets or readjustment of the indebtedness of Borrower by reason of liquidation, composition, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding involving the readjustments of all or any of the debts of Borrower, or the application of the assets of Borrower to the payment or liquidation thereof, Creditor acknowledges that the payment and satisfaction of the Senior Debt and the Senior Loan Agreement shall have priority over the payment and satisfaction of the Subordinated Debt and the Subordinated Agreements. If the Borrower shall become subject to a proceeding under the United States Bankruptcy Code and Lender shall desire to permit the use of cash collateral by the Borrower or to provide financing to the Borrower under either Section 363 or 364 of the United States Bankruptcy Code, with or without obtaining a priority lien under Section 364(d) thereof, Creditor hereby agrees as follows: (a) adequate notice to Creditor shall have been given for such financing if Creditor receives notice thereof at least two business days prior to the entry of the order approving such financing; and (b) no objection shall be raised by Creditor to any such financing on the grounds of failure to provide "adequate protection" of Creditor's junior lien position, if any, subject to Lender's senior lien position in the property and assets of the Borrower. For purposes hereof, notice of a proposed financing or use of cash collateral shall be deemed received by Creditor upon the sending of notice by overnight delivery service, telecopy or hand delivery to Creditor otherwise in accordance with established court procedures. Lender irrevocably is authorized and empowered to receive and collect any and all dividends, payments and distributions made on account of any proof of claim relating to the Subordinated Debt in whatever form the same may be paid or issued until the Senior Debt is paid or satisfied. Creditor agrees to file a proof of claim in respect of the Subordinated Debt and to execute and deliver to Lender such assignments or other instruments as Lender may require to enable Lender to collect all dividends, payments and distributions which may be made at any time on account of the Subordinated Debt until the Senior Debt is paid or satisfied.

3. Creditor shall not, without Lender's prior consent, (i) take any action to foreclose or otherwise enforce its liens on any of Borrower's assets, (ii) commence or join with any other creditor or creditors of Borrower in commencing any bankruptcy, reorganization, receivership or insolvency proceeding against Borrower, (iii) exercise any other rights or remedies it may have under the Subordinated Agreements, the Uniform Commercial Code, the Illinois Mortgage Foreclosure Law

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or any other applicable law with respect to Borrower's assets or (iv) take or permit any action prejudicial to or inconsistent with Lender's priority position over Creditor that is created by this Subordination Agreement.

4. In the event Borrower defaults on its obligations to Lender and, as a result, Lender undertakes to enforce its security interests and liens in Borrower's assets, Creditor agrees that Creditor will not hinder, delay or otherwise prevent Lender from taking any and all action which Lender deems necessary to enforce its security interests and liens in Borrower's assets and to realize thereon.

5. If any payment on account of or any collateral for any part of the Subordinated Debt is received by Creditor, such payment or collateral shall be delivered forthwith by Creditor to Lender for application to the Senior Debt, in the form received except for the addition of any endorsement or assignment necessary to effect a transfer of all rights therein to Lender. Lender irrevocably is authorized to supply any required endorsement or assignment which may have been omitted. Until so delivered any such payment or collateral required to be delivered by Creditor to Lender under this paragraph 5 shall be held by Creditor in trust for Lender and shall not be commingled with other funds or property of Creditor.

6. Creditor represents, warrants and covenants to Lender that:

(a) Creditor has not relied and will not rely on any representations or information of any nature made by or received from Lender relating to Borrower in deciding to execute this Subordination Agreement;

(b) As of the date hereof, the total principal amount of the Subordinated Debt does not exceed \$280,000.00;

(c) Creditor has delivered to Lender a true and correct copy of the Subordinated Documents listed in Exhibit A hereto and, as of the date hereof, no documents or agreement evidencing or otherwise relating to any Subordinated Debt exist except as set forth in Exhibit A hereto;

(d) Creditor is the lawful owner of the Subordinated Debt free and clear of all liens and encumbrances, and it has not subordinated, encumbered, assigned or transferred, and agrees that it shall not subordinate, encumber, assign or transfer at any time while this Subordination Agreement remains in effect, any right, claim or interest of any kind in or to the Subordinated Debt. Any subordination, assignment or transfer in violation of this sub-paragraph shall be null and void;

(e) Creditor has received all consents and approvals required in order for it to execute and deliver this Subordination Agreement; and

(f) Creditor acknowledges that Borrower has assigned to Lender for collateral purposes Borrower's rights in, to and under the Real Estate Purchase Contract, dated may

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23, 1997, as amended, by and between Frank Johnsen and Trust No. 70 L 127, as sellers, consents to such assignment and reaffirms the representations and warranties of such sellers thereunder.

7. Lender at any time or times, in its sole discretion, may (i) renew, extend or otherwise modify the rate of interest on, the time and/or terms of payment of, and/or any other of the terms and provisions relative to the Senior Debt or any of the other provisions of the Senior Loan Agreement, (ii) lend additional monies, extend additional credit and make other financial accommodations to or for the account of Borrower, provided that Lender believes, in its reasonable discretion, that the use of such monies, credit or accommodations will preserve or enhance the value of the Property, (iii) waive or release any collateral or guaranties which may be held as security for all or any part of the Senior Debt, and/or (iv) renew, extend, modify, amend, supplement and/or restate any and all of Lender's agreements with Borrower, including the Senior Loan Agreement, in any manner, in each case, without necessity of consent from or notice to Creditor and without impairing or affecting this Security Agreement or any of its rights hereunder. Without limiting Lenders's right to consent thereto, Creditor shall provide Lender with copies of any modifications or amendments to the Subordinated Agreements promptly upon the execution thereof.

8. Creditor hereby waives any rights it has or may have in the future to require Lender to marshal Lender's collateral, and agrees that Lender may, in addition to Lender's other rights hereunder, proceed against Lender's collateral in any order that Lender deems appropriate in the exercise of its absolute discretion. Creditor also waives any right to be subrogated to the Senior Debt unless and until the Senior Debt is indefeasibly paid in full.

9. Without limiting the restrictions on transfer of the Subordinated Debt set forth above, Creditor agrees that it will advise each future holder of all or any part of the Subordinated Debt that the Subordinated Debt is subordinated to the Senior Debt in the manner and to the extent set forth herein. To that end, Creditor hereby agrees (and is hereby so authorized by Borrower) to endorse upon each instrument and document evidencing all or any part of the Subordinated Debt the following legend:

"The payment of the indebtedness evidenced by this instrument is subordinated to the payment of the "Senior Debt" defined and described in the Subordination Agreement, dated December 23, 1997, among Dearborn Ridge, L.L.C., Frank J. Johnsen, Sr., Mildred R. Johnson and LaSalle Bank FSB and reference is made to such Agreement for a full statement of the terms and conditions of such subordination."

Creditor further agrees to indemnify Lender against any losses, damages, costs and expenses incurred or suffered by Lender by reason of Creditor's failure to so notify any future holder of the Subordinated Debt, or any part thereof. Debtor hereby authorizes Lender to file such notices of record as Lender from time to time may deem appropriate to evidence or give notice of this Subordination Agreement.

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10. Creditor agrees that it shall not at any time directly or indirectly contest the validity, perfection, priority or enforceability of any lien, security interest, encumbrance or claim granted to Lender in or on the assets of the Borrower, and hereby agrees not to hinder Lender or take a position adverse to Lender in the defense of any action contesting the validity, perfection, priority or enforceability of any such liens, security interests, encumbrances or claims. Creditor further agrees that the provisions of this Subordination Agreement shall remain in full force and effect notwithstanding a successful challenge to the validity, perfection, priority or enforceability of all or any of the Senior Debt or the liens and security interests securing the Senior Debt.

11. (a) This Subordination Agreement shall be governed by Illinois law. This Subordination Agreement contains the entire agreement between Creditor and Lender with respect to this subject, and may only be modified by a writing signed by both Creditor and Lender.

(b) Lender's failure to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any other time and from time to time thereafter, and such rights shall be cumulative and not exclusive.

(c) The knowledge by Lender of any breach or other non-observance by Creditor of the terms of this Subordination Agreement shall not constitute a waiver thereof or of any obligations to be performed by Creditor.

(d) Wherever possible, each provision of this Subordination Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Subordination Agreement shall be prohibited by or invalid under applicable 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 Subordination Agreement.

(e) This Subordination Agreement shall continue in full force and effect until payment in full of the Senior Debt and shall be binding upon Creditor and its successors and permitted assigns, including, without limitation, any future holder of all or any part of the Subordinated Debt, and shall inure to the benefit of Lender and its successors and assigns, including, without limitation, any future holder of all or any part of the Senior Debt, it being expressly acknowledged that Lender's rights under this Subordination Agreement may be assigned by Lender in connection with any assignment or transfer of all or any portion of Senior Debt and that each holder of any portion of Senior Debt shall be equally and ratably entitled to the benefits of this Subordination Agreement. References herein to Borrower shall include any successor to, or assign of, the Borrower, including without limitation any debtor-in-possession or trustee for the Borrower in any proceeding under the United States Bankruptcy Code. If any obligation comprising all or any portion of the Senior Debt is paid or performed by any one or more of the Borrower and the other obligors therefor and thereafter is avoided, rescinded, unwound or otherwise required to be disgorged by Lender for any reason whatsoever (including, without limitation, as a result of the insolvency of or any proceeding under any insolvency, receivership, trustee, moratorium law or other law applicable generally to creditors' rights or debtors' obligations), any obligation automatically and immediately shall be restored as if such payment or performance never had been made and any obligations under the

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Subordinated Agreements that have been paid in the interim shall be deemed payments received by Creditor under Section 5 of this Subordination Agreement.

(f) This Subordination Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original hereof and admissible in evidence and all of which together shall be deemed to be a single instrument.

IN WITNESS WHEREOF, Creditor has executed this Subordination Agreement as of the date first written above.

Frank J. Johnson
Frank J. Johnson, Sr.

Mildred R. Johnson
Mildred R. Johnson,

Attorney
in fact. Frank Johnson

ACCEPTED AND AGREED TO AS OF
THE DATE FIRST ABOVE WRITTEN:

LaSalle Bank FSB

By: Patrick E. Ahern
Name: PATRICK E. AHERN
Title: A.V.P.

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CONSENT

The undersigned Borrower acknowledges receipt of a copy of the foregoing Subordination Agreement, consents to all of the terms and conditions thereof, and agrees that it shall not pay any Subordinated Debt, except as provided therein. In the event of any breach of the provisions of this Subordination Agreement, Borrower agrees that, in addition to any other rights and remedies which Lender may have under the documents, agreements and instruments evidencing our financing arrangements, all of the Senior Debt shall, without notice or demand, become immediately due and payable unless Lender shall otherwise elect. Borrower agrees to mark its records to reflect the subordination of the Subordinated Debt.

Dearborn Ridge, L.L.C., an Illinois limited liability company

By: Sotocole, Inc., an Illinois corporation

By: [Signature]
Name: Adel T. Sotolongo
Title: VP

By: Christopher F. Coleman
Name: Christopher F. Coleman
Title: VP/Sec

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EXHIBIT A

SUBORDINATED AGREEMENTS

1. Mortgage Note, Dated December, 23, 1997, made by Borrower and payable to the order of Creditor, in the principal amount of \$280,000.00
2. Junior Mortgage, dated December 23, 1997, executed by Borrower to and in favor of Creditor

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EXHIBIT B

LEGAL DESCRIPTION

LOTS 1 THROUGH 9 BOTH INCLUSIVE IN BLOCK 1, IN IRA BROWN'S ADDITION TO PARK RIDGE, SAID ADDITION BEING A SUBDIVISION OF THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF SECTION 26, TOWNSHIP 41 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF THE RIGHT OF WAY OF THE CHICAGO AND NORTHWESTERN RAILWAY.

THE WEST 1/2 OF THE NORTH AND SOUTH 14.3 FOOT PUBLIC ALLEY (NOW VACATED) EAST OF AND ADJOINING LOS 6, 7, 8 AND 9 IN SAID BLOCK 1, NORTH OF THE SOUTH LINE OF SAID LOT 6 AFORESAID PROJECTED EAST AND SOUTH OF THE NORTH LINE OF SAID LOT 9 AFORESAID, PROJECTED EAST.

THE EAST 1/2 OF THE NORTH AND SOUTH 14.2 FOOT PUBLIC ALLEY (NOW VACATED) WEST OF AND ADJOINING LOT 5 IN BLOCK 1 AFORESAID AND SOUTH OF THE NORTHEASTERLY LINE OF SAID LOT 5 PROJECTED NORTHWESTERLY AND NORTH OF THE SOUTH LINE OF SAID LOT 5 PROJECTED WESTERLY.

THE NORTHWESTERLY AND SOUTHEASTERLY 20 FOOT PUBLIC ALLEY (NOW VACATED) NORTHEAST OF AND ADJOINING LOTS 1 THROUGH 5 BOTH INCLUSIVE, IN BLOCK 1 AFORESAID, NORTH OF THE SOUTH LINE OF SAID LOTS 1 THROUGH 5 BOTH INCLUSIVE, AS PROJECTED EAST AND SOUTHEAST OF THE CENTER LINE OF THE NORTH AND SOUTH PUBLIC ALLEY (NOW VACATED) IN SAID BLOCK 1, PROJECTED NORTH.

Commonly known as: Northwest corner of the intersection of Cedar Street and Grace Avenue, Park Ridge, IL

Permanent Tax Identification No(s): 09-26-315-006-0000; 09-26-315-007-0000; 09-26-315-008-0000.

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

ACKNOWLEDGMENT

I Katharine Barr Tyler a Notary Public, in and for said County, in the State aforesaid. DO HEREBY CERTIFY, that Frank J. Johnsen, Sr. and ~~Mildred R. Johnsen~~, 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 set forth therein.

GIVEN under my hand and Notarial seal this 24 day of December 1997

Katharine Barr Tyler
Notary Public

My commission expires:
_____, 19____

OFFICIAL SEAL
KATHARINE BARR TYLER
NOTARY PUBLIC STATE OF ILLINOIS
COMMISSION EXPIRES 5/98

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