

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is executed as of this 30th day of March 1998, between WEIDENHYER DEVELOPMENT COMPANY, an Illinois corporation, ("Junior Lender") and COSMOPOLITAN BANK AND TRUST, an Illinois banking association ("Senior Lender").

RECITALS

A. Junior Lender is the owner of that certain Trust Deed Second Mortgage of even date herewith made by Bank Note Place L.L.C., an Illinois limited liability company ("Borrower") to Junior Lender (the "Junior Mortgage") and which encumbers certain real property legally described on Exhibit A attached hereto and made a part hereof (the "Property"). Such Junior Mortgage secures a loan (the "Junior Loan") in the maximum principal sum of \$1,000,000 which was evidenced by the delivery of a promissory note (the "Junior Note").

B. Senior Lender has made a loan (the "Senior Loan") in the maximum principal amount of Six Million Four Hundred Eighty Thousand Dollars (\$6,480,000) to Borrower which Senior Loan will be secured by, among other things, (1) a Mortgage, Assignment of Leases and Rents, Financing Statement and Security Agreement, and (2) an Assignment of Leases and Rents. Said instruments shall be referred to collectively hereafter as the "Senior Mortgage." The Senior Loan will be evidenced by a Mortgage Note (the "Senior Note").

This Subordination Agreement was prepared by and after recording null to:

M. Randolph Sparks, Esq.,  
Lord, Bissell & Brook  
115 South LaSalle Street  
Chicago, Illinois 60603

Legal Description: See Exhibit A  
attached hereto  
Common address: 1910 South Indiana Avenue,  
Chicago, Illinois  
P.I.N.: 17-22-307-043  
17-22-307-044  
17-22-307-045

BOX 333-071

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C. Senior Lender is unwilling to make the Senior Loan unless the indebtedness of Borrower to Junior Lender is subordinated to the indebtedness under the Senior Mortgage and unless the lien of the Junior Mortgage, and all other liens securing repayment of the Junior Loan, is subordinated to the liens granted to Senior Lender, on terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Junior Note, together with all interest and all other sums due thereunder by virtue of future advances, and all items which come due under the terms of the Junior Mortgage, or any and all other documents executed and delivered in connection with the Junior Loan are referred to collectively as the "Junior Debt." The Senior Note, together with all interest and all other sums due thereunder by virtue of future advances, and all items which come due under the terms of the Senior Mortgage, or any and all other documents executed and delivered in connection with the Senior Loan are referred to collectively as the "Senior Debt."

2. Junior Lender hereby acknowledges that, as of the date first above written, the outstanding principal balance due under the Junior Note, together with interest and all other sums due Junior Lender thereunder is \$1,000,000.00.

3. Junior Lender hereby unconditionally subordinates the payment of the Junior Debt to the full payment of the Senior Debt. The Junior Debt shall continue to be so subordinate until repayment in full of the Senior Debt. If any payment(s) is (are) made to Junior Lender on account of the Junior Debt contrary to the express terms of this Agreement, each and every amount so paid shall be delivered to Senior Lender in the form received, endorsed or assigned as may be appropriate for application on account of, or as security for, the Senior Debt and until so delivered, shall be held for the Senior Lender as security for the Senior Debt.

4. Junior Lender hereby represents and warrants to Senior Lender that it is the owner of the Junior Debt and that it has not assigned, endorsed, encumbered or subordinated the Junior Debt, except for the subordination provided herein. Nothing contained in this Agreement shall bar or restrict Junior Lender's ability to make any endorsement, assignment or other transfer of the Junior Debt. Upon any endorsement of the Junior Note by Junior Lender, Junior Lender shall be liable only for its acts or obligations arising prior to the date of such transfer of the Junior Debt.

5. Junior Lender agrees that the Junior Mortgage and any and all other liens granted to Junior Lender to secure the Junior Debt shall be and at all times remain subject and subordinate to the lien of the Senior Mortgage and to any and all other liens granted to Senior Lender to secure the Senior Debt.

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6. Except as provided below, Junior Lender covenants and agrees for the benefit of Senior Lender that until the Senior Debt has been paid in full:

- (a) No payments of principal or interest shall be required from Borrower under the Junior Note or any of the Junior Debt; provided, however, that, upon express written consent of the Senior Lender, Junior Lender may receive payments of interest from the Borrower. Junior Lender hereby acknowledges and agrees that the immediately preceding sentence creates no obligation whatsoever on the part of the Senior Lender to grant the written consent referenced therein. Except as otherwise provided in this subsection (a), Junior Lender is hereby prohibited from collecting any such funds from Borrower and Borrower is hereby prohibited from making any payments of principal or interest on account of the Junior Debt. If any payment(s) is (are) made to Junior Lender on account of the Junior Debt contrary to the terms of this Agreement, each and every amount so paid shall be delivered to Senior Lender in the form received, endorsed or assigned as may be appropriate for application on account of, or as security for, the Senior Debt and until so delivered, shall be held in trust for Senior Lender as security for the Senior Debt.
- (b) Junior Lender is hereby prohibited from declaring any default under the Junior Debt or exercising any remedies available thereunder in consequence of a default including, without limitation, the acceleration of the Junior Debt, the seeking of default interest, the imposition of any late payment penalties, the sending of any default notice, the commencement of any suit concerning the Junior Debt or the taking of any other enforcement action against Borrower. Junior Lender agrees that, unless and until the Senior Debt has been retired in full, it cannot and will not institute any action to foreclose its Junior Mortgage or any other security interests or seek to have any receiver appointed over the Borrower. Notwithstanding the foregoing, Junior Lender may, solely in conjunction with a foreclosure of the Senior Mortgage, declare the Junior Loan in default and file a claim to foreclose the Junior Mortgage in Senior Lender's foreclosure proceeding. In such proceeding, Junior Lender shall have the right, and only the right, to receive proceeds from the foreclosure sale after payment in full of the Senior Lender. Under no circumstances whatever may Junior Lender appoint a receiver of the Property. Senior Lender retains the right to institute a consent foreclosure under Illinois law.
- (c) Junior Lender shall not change, alter, or amend, the terms, covenants or conditions of the Junior Debt in any manner without the express consent in writing of Senior Lender except nonmaterial changes which are not more burdensome to the Borrower. Anything herein contained to the contrary

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notwithstanding, Senior Lender shall not be bound by any amendment of the Junior Debt not approved in writing by Senior Lender (except to the limited extent permitted in the prior sentence).

- (d) In the event there is a foreclosure of the Senior Mortgage, all of the rents, issues and profits of the Property shall be held and applied by any receiver solely for the benefit of Senior Lender unless and until the Senior Debt has been paid in full. Junior Lender shall not be entitled to any such sums so long as there are any sums outstanding under the Senior Debt.
- (e) In the event that the Borrower offers to convey the Property to Senior Lender in lieu of foreclosure following an acceleration of the Senior Debt, Senior Lender shall so notify Junior Lender in writing. Junior Lender may, within fourteen (14) days of its receipt of such notice, purchase all of Senior Lender's rights in and to the Senior Debt for the full principal balance owing thereunder plus any and all accrued but unpaid interest or other indebtedness arising under the loan documents securing the Senior Debt (the "Outstanding Debt").

Should Junior Lender not tender such funds within the aforesaid fourteen (14) day period, Junior Lender shall deliver to Senior Lender, or a mutually acceptable escrowee, an executed release of the Junior Mortgage in recordable form. In the absence of such delivery, Junior Lender hereby irrevocably appoints Senior Lender its attorney-in-fact for the purposes of executing and recording such release of mortgage on behalf of Junior Lender. Such assignment is coupled with an interest. Such release shall not be recorded, nor deemed delivered, unless recorded in conjunction with the recordation of a deed-in-lieu of foreclosure from Borrower to Senior Lender.

- (f) Upon any distribution of the assets or readjustment of the indebtedness of Borrower, whether by reason of reorganization, liquidation, dissolution, bankruptcy, receivership, assignment for the benefit of Junior Lender, or any other action or proceeding involving the readjustment of all or any portion of the Junior Debt, or the application of assets of Borrower to the payment or liquidation thereof, either in whole or in part, (collectively, a "Reorganization Proceeding") Senior Lender shall be entitled to receive payment in full of all or any portion of the Senior Debt prior to the payment of all or any portion of the Junior Debt. In order to enable Senior Lender to assert and enforce Senior Lender's rights hereunder in any such action or proceeding, or upon the happening of any such event, Senior Lender is hereby irrevocably authorized and empowered, in Senior Lender's sole discretion, to make and present, for and on behalf of Junior

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Lender such proofs of claims against Borrower on account of all or any part of the Junior Debt. Further, in any such Reorganization Proceeding, Junior Lender hereby irrevocably appoints Senior Lender its attorney-in-fact and authorizes Senior Lender, on Junior Lender's behalf, to cast any and all votes on any proposed plans of reorganization, or proposed orders to lift the stay or use the Borrower's cash collateral. Such assignment is coupled with an interest.

- (g) Senior Lender may at any time in its discretion renew or extend the time of payment or otherwise modify the terms of all or any portion of the Senior Debt and/or waive any rights or release any collateral relative thereto at any time, and in reference thereto to make and enter into such agreements as Senior Lender may deem proper or desirable, without notice to or further assent of Junior Lender, all without impairing or affecting in any manner this Agreement or Senior Lender's rights hereunder.
- (h) Junior Lender waives all rights and options to retain and apply the proceeds of any insurance or condemnation award toward payment of the Junior Debt (or to insist on their application to the repair or restoration of the Property) except only to the extent that funds remain after satisfaction of the Senior Debt in full. Junior Lender agrees that, to the extent that condemnation or insurance proceeds are to be paid to the Senior Lender in accordance with the foregoing, Junior Lender shall not be deemed to be a loss payee with respect to such proceeds and hereby waives any rights contained in the Junior Mortgage so providing unless and until the Senior Debt has been paid in full. Junior Lender shall promptly endorse all checks payable to Junior Lender in such instances as reasonably directed by Senior Lender.
- (i) Junior Lender agrees that, to the extent that any covenants or obligations of the Borrower set forth in the Junior Mortgage including, without limitation, any standard for the operation of the Property conflict with the covenants or obligations of the Senior Mortgage, such covenants and obligations shall not be enforceable against Borrower without the prior consent of Senior Lender.
- (j) In the event that Senior Lender enters into a customary nondisturbance and attornment agreement with any tenant, Junior Lender shall, promptly after request by Senior Lender, enter into a nondisturbance and attornment agreement with such tenant on the same terms as the Senior Lender's agreement.

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- (k) Junior Lender agrees that, in the event Senior Lender executes any partial release of the Senior Mortgage, Junior Lender shall conclusively be deemed to have also partially released its Junior Mortgage, as to all property described in Senior Lender's partial release.

7. This is a continuing agreement and shall remain in full force and effect inure to the benefit of and be binding upon Junior Lender and Senior Lender and the respective heirs, legal representatives, successors or assigns of Senior Lender and Junior Lender, until the Senior Debt has been paid in full, or sooner upon receipt by Junior Lender of written notice from Senior Lender, or from any legal representative, successor or assign of Senior Lender, to the effect that this Agreement has been terminated or revoked. This Agreement is solely between Senior Lender and Junior Lender and creates no rights, estoppel or waiver in favor of Borrower. Junior Lender acknowledges that Senior Lender's remedies and damages will be difficult to ascertain or determine in the event that Junior Lender breaches the covenants contained herein and agrees that Senior Lender may compel specific performance of these covenants.

8. This Agreement shall be governed by the internal laws of the State of Illinois.

9. This Agreement may not be modified, amended, waived, extended, changed, discharged, or terminated orally or by any act or failure to act on the part of Junior Lender or Senior Lender, but only by an agreement in writing signed by the party against whom the enforcement of any such modification, amendment, waiver, extension, change, discharge or termination is sought.

10. This Agreement may be executed in several counterparts, each of which counterpart shall be deemed an original instrument and all of which together shall constitute a single agreement.

11. In the event any term or provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but rather shall be enforceable to the fullest extent permitted by law.

12. Senior Lender agrees, from time to time, to respond to written inquiries from Junior Lender as to the existence of an Event of Default under the Senior Debt. Senior Lender will have no liability for any responses unless such responses constitute willful misconduct by Senior Lender.

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IN WITNESS WHEREOF, the undersigned have executed this Subordination Agreement as of the day, month and year first above written.

### WEIDENHYER DEVELOPMENT COMPANY

By: *Thomas J. Gallagher*  
 Name: *Thomas J. Gallagher*  
 Title: *President*

### COSMOPOLITAN BANK AND TRUST

By: *Mark Shepland*  
 Name: *Mark Shepland*  
 Title: *Vice President*

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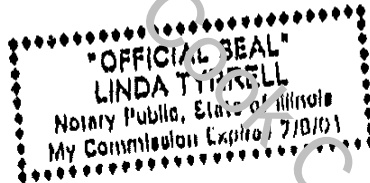


STATE OF ILLINOIS )  
 )SS  
COUNTY OF COOK )

I, undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Thomas D. Gallagher, personally known to me to be the President of Weidenhyer Development Company, an Illinois corporation and the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as such President as his own free and voluntary act and the free and voluntary act of said corporation for the uses and purposes therein set forth.

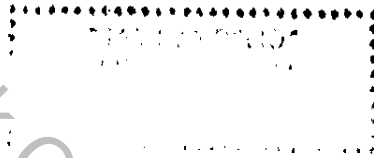
GIVEN under my hand and notarial seal this 30<sup>th</sup> day of March 1998.

Linda Tyrell  
Notary Public



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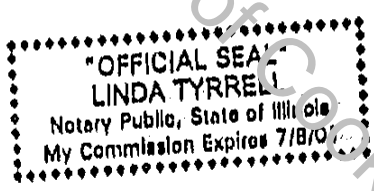


STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

I, UNDERSIGNED, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that MARK SIMPLAND, VICE PRESIDENT of Cosmopolitan bank and Trust, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such \_\_\_\_\_, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act, and as the free and voluntary act of said Bank, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 3<sup>rd</sup> day of MARCH 1998.

Linda Tyrrell  
Notary Public



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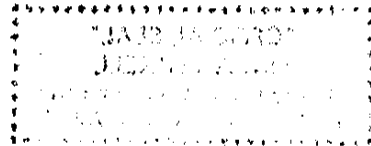


EXHIBIT A

Legal Description

PARCEL 1:

LOT 12 AND LOT 13 (EXCEPT THE NORTH 15-5/12 FEET OF (13) IN BLOCK THREE (3), IN WILLIAM JONES' ADDITION TO CHICAGO, BEING A SUBDIVISION OF LOT "A" IN PLAT OF PARTITION OF A 79 AND 34/100 ACRE TRACT AND OF LOT 7 IN PLAT OF PARTITION OF 49-90/100 ACRE TRACT, BOTH IN THE SOUTHWEST FRACTIONAL QUARTER (1/4) OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, BEING OF LOTS 53 AND 54 IN BLOCK 10; LOTS 59 AND 60 IN BLOCK 9; LOTS 65 AND 66 IN BLOCK 8; LOTS 71 AND 72 IN BLOCK 7; LOTS 77 AND 78 IN BLOCK 6; LOT 8 IN BLOCK 11; LOTS 1 AND 2 IN BLOCK 12; LOTS 1 AND 2 IN BLOCK 13; LOTS 1 AND 2 IN BLOCK 14; LOTS 1 AND 2 IN BLOCK 15 AND LOTS 1 AND 2 IN BLOCK 16, IN ASSESSOR'S DIVISION OF SAID SOUTHWEST FRACTIONAL QUARTER (1/4) OF AFORESAID, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOT 4, IN BLOCK 14, (EXCEPT SO MUCH AS HAS BEEN TAKEN FROM THE REAR THEREOF, FOR AN ALLEY) IN THE ASSESSOR'S DIVISION OF THE FRACTIONAL SOUTHWEST 1/4 OF FRACTIONAL SECTION 22, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOT 1 IN BLOCK 3 IN GEORGE SMITH'S ADDITION TO CHICAGO, IN THE FRACTIONAL SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N. 17-22-307-043  
17-22-307-044  
17-22-307-045

Common Address: 1910 South Indiana Avenue, Chicago, Illinois

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