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Cook County Recorder 43.50



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This document prepared by  
and when recorded return to:  
Caleb A. Jewell, Esq.  
Office of Corporation Counsel  
City Hall, Room 600  
Chicago, Illinois 60602



**STANDSTILL AND SUBORDINATION AGREEMENT**

CX187869.A  
**THIS STANDSTILL AND SUBORDINATION AGREEMENT** (the "Agreement") is entered into this 24<sup>th</sup> day of August, 1999, by and between the City of Chicago, Illinois, an Illinois municipal corporation (the "City"), by and through its Department of Housing, with offices at 318 South Michigan Avenue, Chicago, Illinois 60604, Progressive Square Limited Partnership Phase I, an Illinois limited partnership (the "Partnership"), with offices at 56 East 48th Street, Chicago, Illinois 60615, Progressive Square, Inc., an Illinois corporation (the "General Partner") with offices at 56 East 48th Street, Chicago, Illinois 60615 and The National Progressive Institute for Community Development, an Illinois not-for-profit corporation ("Borrower"), with offices at 56 East 48th Street, Chicago, Illinois 60615.

## RECITALS

**WHEREAS**, as of the date hereof, the City is making a loan in the principal amount of \$762,180 (the "City Loan") to the Borrower to finance acquisition and construction costs in connection with a building to be located at 4746-52 South Wabash Avenue, in Chicago, Illinois, as more specifically described on Exhibit A attached hereto and hereby made a part hereof (the "Project"); and

**WHEREAS**, in connection with the City Loan, the Borrower has executed and delivered that certain promissory note dated as of the date hereof in the principal amount of \$762,180 payable to the City (the "City Note"); and

**WHEREAS**, as of the date hereof, the Borrower is loaning the proceeds of the City Loan to the Partnership in connection with the Project (the "Partnership Loan"); and

**WHEREAS**, in connection with the Partnership Loan, the Partnership has executed and delivered that certain promissory note dated as of the date hereof in the principal amount of \$762,180 payable to the Borrower (the "Borrower Note"); and

**WHEREAS**, as security for the Borrower Note, the Partnership has executed and delivered that certain Mortgage, Security Agreement and Financing Statement dated as of the date hereof in favor of the City with respect to the Project and recorded on the date hereof in the Office of the Cook County Recorder of Deeds (the "Mortgage"); and

**WHEREAS**, as security for the City Loan, the Borrower has assigned the Partnership Note and the Mortgage to the City pursuant to that certain Assignment of Mortgage and Documents dated as of the date hereof in favor of the City and recorded on the date hereof in the Office of the Cook County Recorder of Deeds (the "Assignment");

**WHEREAS**, the General Partner is the sole general partner of the Partnership and a wholly owned subsidiary of the Borrower; and

**WHEREAS**, the Borrower, the General Partner and the Partnership now desire to execute that certain Purchase Option and Right of First Refusal Agreement dated as of the date hereof (the "Option Agreement"), by and among said parties and consented to by National Equity Fund 1999 Limited Partnership; and

**WHEREAS**, Harris Trust and Savings Bank (the "Senior Lender") is making a loan to the Partnership in the amount of \$363,000 (the "Senior Loan") in connection with the Project; and

**WHEREAS**, in connection with the Senior Loan, the Partnership has executed and delivered that certain promissory note dated as of the date hereof in the principal amount of

\$363,000 payable to the Senior Lender (the "Senior Note"); and

**WHEREAS**, as security for the Senior Note, the Partnership has executed and delivered that certain Mortgage, Personal Property Security Agreement, Assignment of Leases and Rentals and Financing Statement dated as of the date hereof in favor of the Senior Lender with respect to the Project and recorded on the date hereof in the Office of the Cook County Recorder of Deeds (the "Senior Mortgage"); and

**WHEREAS**, as a condition to the making of the Senior Loan, the Senior Lender has required the Borrower, the General Partner and the Partnership to enter into that certain Subordination Agreement (Purchase Option) by and between the Borrower, the General Partner, the Partnership and the Senior Lender dated as of the date hereof pursuant to which the Purchase Option is subordinated to the Senior Mortgage; and

**WHEREAS**, the Borrower now requests the consent of the City to the execution, delivery and recording of the Option Agreement and the City hereby consents to the same, subject to the terms and conditions contained herein;

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

**SECTION 1.** The above recitals are hereby incorporated as if fully set forth herein.

**SECTION 2.** The Borrower agrees that until all of the terms and provisions of that certain Regulatory Agreement dated as of the date hereof between the City, the Partnership and the Borrower (the "Regulatory Agreement") shall no longer be in effect, Borrower will not exercise any right, power or option granted to Borrower under the Option Agreement (including without limitation any purchase option, right of first refusal or right to assign rights under the Option Agreement to any other entity) without the prior written consent of the City. Borrower acknowledges and agrees that the terms and provisions of this Agreement do not violate any terms or provisions of the Option Agreement or any other agreement, instrument or document executed by the Borrower, the General Partner or the Partnership, and/or in favor of the Borrower, the General Partner or the Partnership (collectively, the "Borrower Documents"), and that to the extent the terms and provisions of this Agreement are inconsistent with any Borrower Document, such Borrower Document shall be deemed to have been superseded by this Agreement.

**SECTION 3.** Borrower, General Partner and Partnership hereby agree and understand that the Option Agreement may not be modified or amended without the City's prior written consent.

**SECTION 4.** The Mortgage, as assigned to the City pursuant to the Assignment, and

any and all renewals, modifications, extensions or advances thereunder or secured thereby (including interest thereon, if any) is unconditionally and will remain at all times a lien, claim or charge on the Project prior and superior to the Purchase Option (although subordinate to the Senior Mortgage as long as it is outstanding) as long as the Regulatory Agreement is outstanding. Borrower, General Partner and Partnership hereby intentionally and unconditionally waive, relinquish, subject and subordinate the liens, interests, claims and charges of the Purchase Option in favor of the lien, claim and charge upon the Project of the Mortgage, as assigned to the City pursuant to the Assignment, and understand that in reliance upon, and in consideration of this waiver, relinquishment, subjection and subordination, the City Loan will be made and as part and parcel thereof, specific monetary and other obligations are being entered into that would not be made or entered into but for the City's reliance upon this waiver relinquishment, subjection and subordination.

**SECTION 5.** The City hereby consents to the execution, delivery and recording to the Option Agreement.

**SECTION 6.** Nothing contained in this Agreement, nor any act of the City, shall be deemed or construed by any of the parties hereof or by third persons, to create any relationship of third-party beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the City.

**SECTION 7.** Borrower, General Partner and Partnership hereby expressly agrees that no member, official, employee or agent of the City shall be individually or personally liable to Borrower, General Partner and/or Partnership, their successors or assigns in the event of any default or breach by the City under this Agreement.

**SECTION 8.** Borrower, General Partner and Partnership may not sell, assign or transfer this Agreement without the prior written consent of the City. Borrower, General Partner and Partnership consent to the City's sale, assignment, transfer or other disposition of this Agreement at any time in whole or in part.

**SECTION 9.** This Agreement may not be altered, modified or amended except by a written instrument signed by all the parties hereto.

**SECTION 10.** If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such provision shall be deemed severed from this Agreement to the extent of such invalidity or unenforceability, and the remainder hereof will not be affected thereby, each of the provisions hereof being severable in any such instance.

**SECTION 11.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois.

**SECTION 12.** Wherever in this Agreement provision is made for the approval or

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consent of the City, or any matter is to be to the City's satisfaction, or the like, unless specifically stated to the contrary, such approval, consent, satisfaction or the like shall be made, given or determined by the City in its sole discretion subject to review by Corporation Counsel.

**SECTION 13.** This Agreement shall be in full force and effect from the date hereof and shall continue in effect so long as any of the terms or provisions of the Regulatory Agreement, shall be in effect.

**SECTION 14.** This Agreement shall inure to the benefit of and shall be binding upon the City, Borrower, General Partner, Partnership and the City's successors and assigns. This Agreement is intended to be and is for the sole and exclusive benefit of the parties hereto and the successors and assigns of the City.

**SECTION 15.** The use of the singular form of any word herein shall also include the plural, and vice versa. The use of the masculine, feminine and neuter pronouns for any word herein shall be fully interchangeable.

**SECTION 16.** This Agreement may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the City, the Partnership, the General Partner and the Borrower have executed this Agreement by their duly authorized representatives, all as of the date first written hereinabove.

CITY OF CHICAGO, ILLINOIS, by and through its Department of Housing

By: [Signature]  
Its: Deputy Commissioner

THE NATIONAL PROGRESSIVE INSTITUTE FOR COMMUNITY DEVELOPMENT, an Illinois not-for-profit corporation

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

PROGRESSIVE SQUARE LIMITED PARTNERSHIP PHASE I, an Illinois limited partnership

By: Progressive Square, Inc., an Illinois corporation and its sole general partner

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

PROGRESSIVE SQUARE, INC., an Illinois

corporation

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

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IN WITNESS WHEREOF, the City, the Partnership, the General Partner and the Borrower have executed this Agreement by their duly authorized representatives, all as of the date first written hereinabove.

**CITY OF CHICAGO, ILLINOIS**, by and through its Department of Housing

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

**THE NATIONAL PROGRESSIVE INSTITUTE FOR COMMUNITY DEVELOPMENT**, an Illinois not-for-profit corporation

By: [Signature]  
Its: PRESIDENT

**PROGRESSIVE SQUARE LIMITED PARTNERSHIP PHASE I**, an Illinois limited partnership

By: Progressive Square, Inc., an Illinois corporation and its sole general partner

By: [Signature]  
Its: PRESIDENT

**PROGRESSIVE SQUARE, INC.**, an Illinois corporation

By: [Signature]  
Its: PRESIDENT

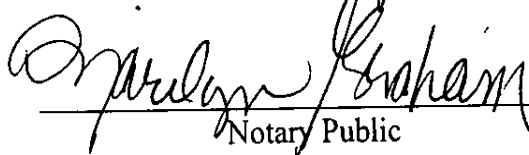
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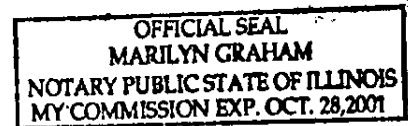
STATE OF ILLINOIS     )  
                                  ) SS  
COUNTY OF COOK     )

I, the undersigned, a notary public in and for the County and State aforesaid, DO HEREBY CERTIFY THAT David Saltzman, personally known to me to be the Deputy 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 Deputy 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 24<sup>th</sup> day of August, 1999.

  
\_\_\_\_\_  
Notary Public

(SEAL)





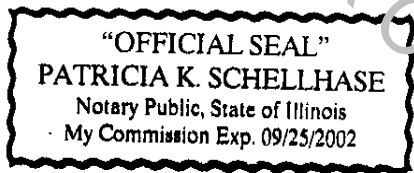
STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Steve Braxton, personally known to me to be the President of The National Progressive Institute for Community Development (the "Borrower"), an Illinois not-for-profit corporation and 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 President, (s)he signed and delivered the said instrument pursuant to authority given by the Board of Directors of the Borrower, and as his/her free and voluntary act and deed and as the free and voluntary act and deed of the Borrower for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 24<sup>th</sup> day of August, 1999.

Patricia K. Schellhase  
Notary Public

(SEAL)



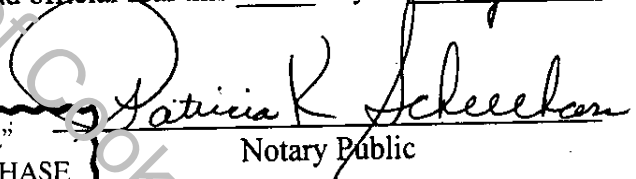
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STATE OF ILLINOIS     )  
  ) SS.  
COUNTY OF COOK     )

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Steve Braden, personally known to me to be the President of Progressive Square, Inc., an Illinois corporation and the sole general partner of Progressive Square Limited Partnership Phase I (the "Partnership"), an Illinois limited partnership and 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 President, (s)he signed and delivered the said instrument pursuant to authority given by the Board of Directors of the Partnership, and as his/her free and voluntary act and deed and as the free and voluntary act and deed of the Partnership for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 24<sup>th</sup> day of August, 1999.

  
Notary Public

**"OFFICIAL SEAL"**  
PATRICIA K. SCHELLHASE  
Notary Public, State of Illinois  
My Commission Exp. 09/25/2002

(SEAL)

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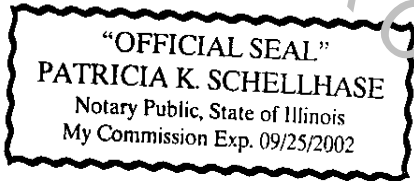
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STATE OF ILLINOIS        )  
                                      ) SS.  
COUNTY OF COOK        )

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Steve Braxton, personally known to me to be the President of Progressive Square, Inc. (the "General Partner"), an Illinois corporation and 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 President, (s)he signed and delivered the said instrument pursuant to authority given by the Board of Directors of the Borrower, and as his/her free and voluntary act and deed and as the free and voluntary act and deed of the General Partner for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 24<sup>th</sup> day of August, 1999.

Patricia K. Schellhase  
Notary Public



(SEAL)

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## EXHIBIT A

### LEGAL DESCRIPTION:

PARCEL 1: LOTS 11 AND 12 IN BLOCK 3 IN ANNA PRICE'S SUBDIVISION OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THAT PART TAKEN FOR STREET), IN COOK COUNTY, ILLINOIS.

PARCEL 2: LOT 10 IN BLOCK 3 IN ANNA PRICE'S SUBDIVISION OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THAT PART TAKEN FOR STREET) IN COOK COUNTY, ILLINOIS.

ADDRESS COMMONLY KNOWN AS: 4746-52 South Wabash Avenue  
Chicago, Illinois 60615

PERMANENT INDEX NO.: 20-10-100-034  
20-10-100-035  
20-10-100-036

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