

PREPARED BY AND WHEN
RECORDED RETURN TO:



99105816

David B. Solomon
Pedersen & Houpt
161 North Clark Street
Suite 3100
Chicago, Illinois 60601

7790476 02/01/99 29/3

SUBORDINATION AGREEMENT

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THIS SUBORDINATION AGREEMENT (the "Agreement") is made as of the 28th day of January, 1999, by and among First Bank, an Illinois banking corporation, 4565 W. Harrison, Hillside, Illinois, 60162 (the "Senior Creditor"), Gail A. Scott, an individual residing at 720 Rosedale Terrace, Crete, IL 60417 (the "Junior Creditor") and Calumet Armature and Electric, L.L.C., an Illinois Limited Liability Company (the "Debtor") with its principal place of business being 1050 West 134th Street, Riverdale, IL 60627.

WITNESSETH:

WHEREAS, Debtor has executed and delivered to Senior Creditor a note (the "Note"), of even date herewith, which Note is payable to the order of Senior Creditor in the aggregate principal amount of Four Hundred, Eighty Five Thousand and 00/100ths Dollars (\$485,000) to evidence a loan to Debtor of said principal amount ("Loan");

WHEREAS, pursuant to a Mortgage of even date herewith (the "Senior Mortgage"), Debtor has an interest in the real property legally described in Exhibit A attached hereto ("Premises") and the personal property located thereon, as more specifically described in the Mortgage (the "Collateral");

WHEREAS, Junior Creditor owns a Class C Membership Interest ("Class C Membership Interest") in Debtor and the redemption rights associated with such Class C Membership Interest is secured by a Mortgage on the Premises dated as of February 9, 1996, recorded with the Recorder of Deeds of Cook County, Illinois on February 9, 1996, as Document No. 96113465 (the "Junior Mortgage");

WHEREAS, the Junior Creditor has a direct financial interest in having Senior Creditor make the Loan;

WHEREAS, to induce the Senior Creditor to make the Loan, Junior Creditor has agreed to enter into this Agreement.

BOX 333-CT7

NOW, THEREFORE, in consideration of the foregoing and of Senior Creditor making the Loan, and other valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, Junior Creditor agrees as follows:

1. Subordination of Subordinated Note to Senior Debt and Senior Security Interest.

(a) Except as provided otherwise in paragraph (f) below, all distributions or other payments with respect to the Class C Membership Interest are hereby expressly subordinated to the prior payment of the obligations of Debtor to Senior Creditor pursuant to the Note, the Mortgage or any of the other Loan Documents described therein (collectively referred to herein as the "Senior Loan Documents") (the "Senior Obligations").

(b) Except as provided otherwise in paragraph (f) below, Debtor shall not make, and Junior Creditor shall not receive, accept or retain any distributions or other payments with respect to the Class C Membership Interest until the Senior Obligations shall have been paid in full.

(c) If, notwithstanding the provisions of this Agreement, any payment or distribution with respect to the Class C Membership Interest is received by Junior Creditor in contravention of the terms of this Agreement and before the Senior Obligations shall have been paid in full, such payment or distribution shall not be commingled with any asset of Junior Creditor and shall be held in trust by Junior Creditor for the benefit of Senior Creditor, and shall be paid over to the Senior Creditor or its representative for application to the payment of the Senior Obligations then remaining unpaid.

(d) In the event of any insolvency, bankruptcy, receivership, custodianship, liquidation, reorganization, assignment for the benefit of creditors, or any other proceeding for the liquidation, dissolution or other winding up of Debtor or the properties of Debtor:

- (i) Any remaining outstanding balance of the Senior Obligations shall be repaid in full before any payment or distribution shall be made in respect of the Class C Membership Interest;
- (ii) Any payment or distribution which, but for the terms hereof, otherwise would be payable in respect of the Class C Membership Interest shall be paid or delivered directly to Senior Creditor until all the Senior Obligations shall have been paid in full, and Junior Creditor irrevocably authorizes, empowers and directs (y) all receivers, trustees, liquidators, custodians, conservators and others having authority in the premises to effect all such payments and deliveries, and (z) Senior Creditor to demand, sue for, collect and receive every such payment or distribution described herein; and

(iii) Junior Creditor agrees to execute and deliver to Senior Creditor or its representative all such further instruments confirming the authorization referred to in the foregoing clause (ii) and agrees to take all such other actions as may be requested by Senior Creditor in order to enable Senior Creditor to enforce all claims upon or in respect of the Senior Obligations.

(e) In the event of any proposed sale, assignment, disposition or other transfer of all or any portion of the Class C Membership Interest, Junior Creditor, prior to the consummation of any such action, shall cause the transferee thereof to execute and deliver to Senior Creditor an agreement substantially identical with this Agreement, providing for the continued subordination of any distributions or other payments with respect to the Class C Membership Interest to the repayment of the Senior Obligations as provided herein and for the continued effectiveness of all of the rights of Senior Creditor arising under this Agreement. Notwithstanding the failure to execute and/or deliver any such agreement, the subordination effected hereby shall survive any sale, assignment, disposition or other transfer of all or any portion of the Class C Membership Interest, and the terms of this Agreement shall be binding upon the successors and assigns of Junior Creditor.

(f) Notwithstanding the foregoing, Debtor may make annual distributions with respect to the Class C Membership Interest in amounts not exceeding any federal income taxes on the earnings of Debtor attributed to the Class C Membership Interest unless Debtor is in default under any of the Senior Loan Documents.

2. Subordination of Collateral.

(a) The Senior Mortgage and the security interest granted by Debtor to Senior Creditor in the Collateral shall have priority to the extent of the Senior Obligations over the Junior Mortgage and any security interest or lien, however created or acquired, of Junior Creditor in or affecting the Premises, the Collateral or any part thereof.

(b) Junior Creditor acknowledges that Debtor has granted Senior Creditor a Senior Mortgage and a priority security interest in the Collateral. So long as the Senior Obligations or any portion thereof remains unpaid, Junior Creditor shall not cause or permit, without the prior written consent of Senior Creditor, Debtor to grant to Junior Creditor any lien or other security interest in the Premises or the Collateral as security for the redemption of the Class C Membership Interest owned by Junior Creditor except for the Junior Mortgage; provided, that the Junior Mortgage or any subsequent lien or security interest granted by Debtor to Junior Creditor shall be and are hereby subordinated to the rights and interests of Senior Creditor in the Premises and the Collateral and Junior Creditor shall not have any right to possess such Collateral, to foreclose upon the Junior Mortgage or to take any action under any other action with respect to the Premises or the Collateral unless and until the Senior Obligations shall have been paid in full.

(c) Upon the foreclosure or realization on or enforcement of rights against the Premises and/or the Collateral, the proceeds from the disposition of the Premises and/or the Collateral shall be applied first to the payment in full of the Senior Obligations and then to make any distributions or payments with respect to the Class C Membership Interest in accordance with the provisions of the Debtor's Operating Agreement.

(d) Unless and until all of the Senior Obligations are fully paid and discharged, Junior Creditor hereby agrees not to ask for, demand, sue for, take or receive payment on account of the Class C Membership Interest, take or receive security for the redemption of the Class C Membership Interest or to foreclose or realize upon the Junior Mortgage or any other security for the redemption of the Class C Membership Interest.

(e) Notwithstanding the date, manner or order of perfection of the Junior Mortgage and other liens and security interests granted to Junior Creditor by Debtor, with respect to priority and the distribution of the proceeds of the Premises and/or the Collateral, Junior Creditor hereby agrees that the Junior Mortgage and its liens and security interests in the Collateral or other property of Debtor shall be subordinate to the Senior Mortgage and the lien and security interest of Senior Creditor against the Collateral or other property of Debtor.

3. Continued Effectiveness of this Agreement.

This Agreement shall in all respects be a continuing agreement and shall remain in full force and effect (notwithstanding, without limitation, the death or incompetency of Junior Creditor) until all amounts owed by Debtor to Senior Creditor have been paid in full. The terms of this Agreement, the subordination effected hereby, and the rights and the obligations of each of Senior Creditor and Junior Creditor arising hereunder shall not be affected, modified or impaired in any manner or to any extent by: (i) any amendment or modification of or supplement to the Senior Loan Documents or Debtor's Operating Agreement, (ii) the validity or enforceability of any of such documents, or (iii) any exercise or non-exercise of any right, power or remedy under or in respect of the Senior Obligations or the Class C Membership Interest or any of the instruments or documents referred to in clause (i) above.

4. Miscellaneous.

(a) The provisions of this Agreement are solely for the purpose of defining the relative rights of Junior Creditor and Senior Creditor, and shall not be deemed to create any rights or priorities in any other person including, without limitation, Debtor.

(b) In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of Debtor's Operating Agreement or the Junior Mortgage, the provisions of this Agreement shall govern and be controlling.

(c) Any notices provided for hereunder shall be set forth in writing and delivered by hand against receipt, mailed, postage prepaid, either by certified mail, return receipt requested or by overnight, express carrier, or transmitted by telecopy with written confirmation of such transmittal. All such notices shall be addressed to the parties hereto at their respective addresses set forth on the signature page of this Agreement. Any party hereto may designate any other address to which any notices shall be given by notice duly given hereunder. Any notice hereunder shall be deemed given on the day delivered by hand or by telecopy, or on the earlier of actual receipt by the recipient or three business days after deposit in the mails, if sent by mail.

(d) This Agreement may be amended only by a written instrument, signed by the party against whom enforcement is sought. No waiver of any term or provision of this Agreement shall be effective unless it is in writing and signed by the party against whom such waiver is sought to be enforced. This Agreement shall be binding upon Junior Creditor, Senior Creditor, Debtor, and their respective estates, heirs, legal representatives, successors and assigns and shall inure to the benefit of Junior Creditor, Senior Creditor and their respective successors and assigns. This Agreement may be signed in one or more counterparts which, when taken together shall constitute one and the same document. This Agreement shall be governed by and construed in accordance with the laws and decisions of the State of Illinois.

(e) The parties hereto agree to execute and deliver all such other instruments and take all such other action as any party hereto reasonably may request in order to effectuate the provisions and purposes of this Agreement.

(f) If any provision of this Agreement shall be prohibited by or be invalid under applicable law, such provision shall be deemed ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(g) The paragraph headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.

(h) This Agreement shall terminate upon payment in full of the Senior Obligations.

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IN WITNESS WHEREOF, this Subordination Agreement has been made and delivered at Chicago, Illinois, this 28th day of January, 1999.

First Bank

By *Henry A. Studier*
Its *Vice President*

Calumet Armature and Electric, L.L.C.

By *[Signature]*
Its *MANAGER*

Gail A. Scott
Gail A. Scott

Property of Cook County Clerk's Office

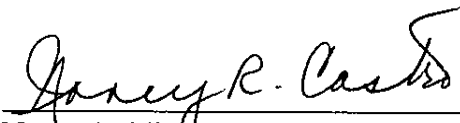
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99105816

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

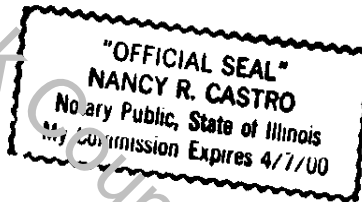
I, NANCY R. CASTRO, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Gene A. Guidici, personally known to me to be the Vice President of First Bank is the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act.

GIVEN under my hand and notarial seal, this 28th day of January, 1999.



Notary Public

My Commission Expires:



UNOFFICIAL COPY

99105816

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 Hugh S. Scott, personally known to me to be the MANAGER of CALUMET ARMATURE AND ELECTRIC L.L.C. is 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 his own free and voluntary act.

Given under my hand and Notarial Seal this 28th day of January, 1999.



Notary Public

My Commission Expires:

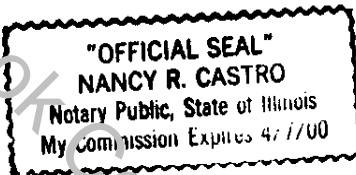


EXHIBIT A

LEGAL DESCRIPTION

Tract 1

That part of Lot 4 in the Subdivision of the Southwest 1/4 (North of the Indian Boundary Line) of Section 33 and the Southeast fractional 1/4 (North of the Indian Boundary Line) of Section 32, Township 37 North, Range 14 East of the Third Principal Meridian, described as follows: Beginning at a point on the Center Line of Re-located Riverdale Road at the Southeasterly line of said Lot 4; thence Southwesterly along the Southeasterly line of said Lot 4, 379.84 feet to a point that is 220.00 feet measured at right angles South of South line of re-located Riverdale Road; thence Westerly along a line which intersects the West line of said Lot 4 at a point 180.00 feet South of the South line of the Relocated Riverdale Road 160.46 feet; thence North along a line at right angles to said South line of Riverdale Road 263.05 feet more or less to the center line of said Riverdale Road; thence East 427.47 feet to the point of beginning all in Cook County, Illinois.

Tract 2

That part of Lot 4 lying South of the Center line of Re-located Riverdale Road and North of a line described as follows: Beginning at a point 180.00 feet South of the South line of Re-located Riverdale Road as measured on the West line of said Lot 4 and ending at a point on the Southeasterly line of Lot 4, 220.00 feet measured at right angles, South of the South line of Relocated Riverdale Road in the subdivision of the Southwest 1/4 (North of the Indian Boundary Line) of Section 32, Township 27 North, Range 14, East of the 3rd Principal Meridian, in Cook County, Illinois excepting therefrom the following described tract: Beginning at a point on the Center line of Re-located Riverdale Road at the Southeasterly line of said Lot 4; thence Southwesterly along the Southeasterly line of said Lot 4, 379.84 feet to a point that is 220.00 feet, measured at right angles, South of the South line of Re-located Riverdale Road; thence Westerly along a line which intersects the West line of said Lot 4 at a point 180.00 feet South of the South line of Re-located Riverdale Road, 160.46 feet; thence North along a line at right angles to the said South Line of Riverdale Road, 263.05 feet more or less to the Center Line of said Riverdale Road; thence East 427.47 feet to the point of beginning, all in Cook County, Illinois.

Property Address: 1050 West 134th Street
Riverdale, Illinois

Permanent Index Number: 25-32-401-019-0000