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SETTLEMENT AGREEMENT

WHEREAS, the County of Cook, a body politic corporate of the State of Illinois (the "County"), receives a grant each year from the United States Department of Housing and Urban Development for the Rental Rehabilitation Program; and

WHEREAS, Washington Gardens, Ltd. ("WGL"), ACRG Management, Inc., now known as Vanguard Management Corporation, and Mark S. Friedman, collectively known as the "Debtors" obtained a loan of One Hundred Eighty Thousand Dollars (\$180,000.00) ("loan amount") for the rehabilitation of seventy-two (72) rental units at 12230-60 Washington Street, Blue Island, Illinois 60406; and

WHEREAS, the Debtors executed a Junior Mortgage Note for the loan amount, which Note is secured by a Junior Mortgage executed by WGL and recorded as document number 87048761, as well as a Rental Rehabilitation Grant Agreement ("loan documents"); and
* AND REGISTERED AS DOCUMENT NO. 3992971

WHEREAS, the Debtors repaid Fourteen Thousand Seven Hundred Nineteen and 50/100 Dollars (\$14,719.50) after an audit of the project by the United States Department of Housing and Urban Development, reducing the remaining loan amount to One Hundred Sixty-Five Thousand Two Hundred Eighty and 50/100 Dollars (\$165,280.50) ("remaining principal amount"); and

WHEREAS, the parcels described in Exhibit A, which is attached hereto and made a part hereof, consisting of four (4) buildings containing a total of twenty-four (24) rental units (the "Non-Foreclosed Properties") are not a part of the mortgage foreclosure case filed by Federal Home Loan Mortgage Corporation ("FHLMC"); and

WHEREAS, the holder of the first mortgage, FHLMC, has filed a mortgage foreclosure suit on eight (8) (the "Foreclosed Properties") of the twelve properties in which the County holds an interest, including the County and the Debtors as parties to the suit; and

WHEREAS, a default in the mortgage held by FHLMC is a default in the Junior Mortgage held by the County; and

WHEREAS, the County and the Debtors have determined that the following settlement is a reasonable resolution to this matter.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

1. That the foregoing recitals are incorporated herein by reference and made a part hereof and that the parties hereto acknowledge the accuracy of the foregoing recitals.
2. That the Debtors acknowledge the default in the loan documents; acknowledge the debt claimed by the County; acknowledge the validity of the County's lien; and acknowledge the adequacy of the consideration for this Settlement Agreement.
3. The County and the Debtors agree that the obligations underlying this Settlement Agreement derive from all the loan documents and that all parties thereto remain liable thereunder under the terms of each of them.

NOTE - Amount on Junior Mortgage is affected by reduction upon full payment of principal conditions in Paragraphs A-E, B

Resolution Attached

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4. That the County and the Debtors agree that the Junior Mortgage Note and Junior Mortgage remain in place, remain secured by the parcels listed in Exhibit A, the Non-Foreclosed Properties, and secure the remaining principal amount.
5. That, in consideration for the County's settling its Counterclaim in the case of Federal Home Loan Mortgage Corporation vs. Standring, et al., 89-C-5675, permitting FHLMC to proceed to foreclose its first mortgage on the Foreclosed Properties, the Debtors and the County agree as follows:
 - A. the amount of One Hundred Ten Thousand One Hundred Eighty Seven Dollars (\$110,187.00) shall be designated the prime amount and the amount of Fifty-five Thousand Ninety Three and 50/100 Dollars (\$55,093.50) shall be designated the junior amount;
 - B. that the Debtors will pay to the County interest at the rate of eight percent (8%) per annum in the amount of Eight Thousand Eight Hundred Fourteen and 90/100 Dollars per year (\$8,814.96) on the prime amount for two (2) years in quarterly payments of Two Thousand Two Hundred Three and 74/100 Dollars (\$2,203.74) on or before the last day of each calendar quarter beginning March 31, 1990 and ending December 31, 1991;
 - C. the Debtors will pay the prime amount to the County on or before December 31, 1991;
 - D. that each of the payments referred to in paragraphs B and C above shall be made by certified check, payable to the "Cook County Treasurer", and directed to the attention of Thomas Hinchy, Assistant Director of the Cook County Community Development Block Grant - Rental Rehabilitation Program or his successor; and
 - E. that, upon payment of all interest pursuant to paragraph B. above and the entire prime amount due pursuant to paragraph C. above, the amount secured by the Junior Mortgage Note and Junior Mortgage shall be reduced to the junior amount; and thereafter the Junior amount shall be subject to the terms and conditions of the original loan documents as though no default had occurred.
6. That, in consideration for this Settlement Agreement, the Debtors shall execute a duplicate original junior mortgage and provide to the County an owner's duplicate certificate or an affidavit of lost owner's duplicate certificate for the Non-Foreclosed Properties on or before February 15, 1990 for registration with the Torrens Office of the County.
7. That a default in this Settlement Agreement or any of the loan documents is a default in all of them and the County may pursue any and all remedies available under them cumulatively or separately.
8. That, although this Settlement Agreement is entered into in relation to an action in federal court, the County and Debtors agree that this Settlement Agreement may be enforced in the courts of the State of Illinois.
9. That the County acknowledges that the parcel listed as Parcel 8 in Exhibit A attached to the Junior Mortgage should not have been included in the County's Junior Mortgage as none of the loan amount was used to renovate the twenty (20) rental units on parcel 8 and that the County will execute a release as to Parcel 8 for the Debtors to record and register, upon debtor's request.

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EXHIBIT A

Common Address: 12231 S. Washington
Blue Island, Illinois

12237 S. Washington
Blue Island, Illinois

P.I.N.: 25-30-135-011

25-30-135-013

Legal Description:

PARCEL 1:

A TRACT OF LAND COMPRISING PART OF LOT 7 IN BLOCK 8 IN SOUTH WASHINGTON HEIGHTS, A SUBDIVISION OF THE NORTH WEST 1/4 OF SECTION 30, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, SAID TRACT OF LAND BEING DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEASTERLY CORNER OF SAID LOT 7 AND RUNNING THENCE WEST ALONG THE NORTH LINE OF SAID LOT, A DISTANCE OF 109.25 FEET TO A POINT 127.67 FEET EAST OF THE NORTHWESTERLY CORNER OF SAID LOT, AND RUNNING THENCE SOUTHWESTERLY ALONG A STRAIGHT LINE (THE EXTENSION OF SAID STRAIGHT LINE PASSING THROUGH A POINT ON THE SOUTH LINE OF LOT 9 IN SAID BLOCK 8, SAID POINT BEING 183.83 FEET EAST OF THE SOUTHWESTERLY CORNER OF SAID LOT 9, A DISTANCE OF 55.47 FEET TO AN INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND 27.76 FEET SOUTH OF

(MEASURED AT RIGHT ANGLES THERETO) SAID NORTH LINE OF LOT 7, THENCE EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 109 FEET TO THE EASTERLY LINE OF SAID LOT 7; THENCE NORTHEASTERLY ALONG SAID EASTERLY LINE, A DISTANCE OF 55.50 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS

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PARCEL 2:

A TRACT OF LAND COMPRISING PART OF LOTS 7 AND 8, IN BLOCK 8 IN SOUTH WASHINGTON HEIGHTS, A SUBDIVISION OF THE NORTH WEST 1/4 OF SECTION 30, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID TRACT OF LAND BEING DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE EASTERLY LINE OF SAID LOT 7 WITH A LINE DRAWN PARALLEL WITH AND 54.76 FEET SOUTH OF (MEASURED AT RIGHT ANGLES THERETO) THE NORTH LINE OF SAID LOT 7 AND RUNNING THENCE WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 109 FEET TO A INTERSECTION WITH A STRAIGHT LINE DRAWN FROM A POINT ON THE NORTH LINE OF SAID LOT 7, SAID POINT BEING 127.67 FEET EAST OF THE NORTHWESTERLY CORNER OF SAID LOT 7, TO A POINT ON THE SOUTH LINE OF LOT 9 IN SAID BLOCK 8, SAID POINT BEING 183.83 FEET EAST OF THE SOUTHWESTERLY CORNER OF SAID LOT 9, THENCE SOUTHWESTERLY ALONG SAID STRAIGHT LINE, A DISTANCE OF 50.31 FEET TO AN INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND 5.15 FEET SOUTH OF (MEASURED AT RIGHT ANGLES THERETO) THE NORTH LINE OF SAID LOT 8 THENCE EAST ALONG LAST DESCRIBED PARALLEL LINE, A DISTANCE OF 108.78 FEET TO THE EASTERLY LINE OF SAID LOT 8, THENCE NORTH EASTERLY ALONG SAID EASTERLY LINE OF LOTS 7 AND 8, A DISTANCE OF 50.35 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS

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EXHIBIT A

Common Address: 12244 S. Washington
Blue Island, Illinois

P.I.N.: 25-30-135-014

Legal Description:

A TRACT OF LAND COMPRISING PART OF LOT 8 IN BLOCK 8 IN SOUTH WASHINGTON HEIGHTS, A SUBDIVISION OF THE NORTH WEST 1/4 OF SECTION 30, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID TRACT OF LAND BEING DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE WESTERLY LINE OF SAID LOT 8 WITH A LINE DRAWN PARALLEL WITH AND 54.82 FEET SOUTH OF (MEASURED AT RIGHT ANGLES THERETO) THE NORTH LINE OF SAID LOT 8, AND RUNNING THENCE EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 156.48 FEET TO AN INTERSECTION WITH A STRAIGHT LINE DRAWN FROM A POINT ON THE SOUTH LINE OF LOT 9 IN SAID BLOCK 8; SAID POINT BEING 163.57 FEET EAST OF THE SOUTHWESTERLY CORNER OF SAID LOT, TO A POINT ON THE NORTH LINE OF LOT 7 IN SAID BLOCK 8, SAID POINT BEING 107.41 FEET EAST OF THE NORTHWESTERLY CORNER OF SAID LOT 7; THENCE NORTHEASTERLY ALONG SAID STRAIGHT LINE, A DISTANCE OF 50.31 FEET TO AN INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND 5.15

FEET SOUTH OF (MEASURED AT RIGHT ANGLES THERETO) SAID NORTH LINE OF LOT 8; THENCE WEST ALONG LAST DESCRIBED PARALLEL LINE, A DISTANCE OF 127.12 FEET TO SAID WESTERLY LINE OF LOT 8 THENCE SOUTHWESTERLY ALONG SAID WESTERLY LINE, A DISTANCE OF 52.62 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS

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EXHIBIT A

Common Address: 12243 S. Washington
Blue Island, Illinois

P.I.N.: 25-30-135-015

Legal Description:

A TRACT OF LAND COMPRISING PART OF LOT 8 IN BLOCK 8 IN SOUTH WASHINGTON HEIGHTS, A SUBDIVISION OF THE NORTH WEST 1/4 OF SECTION 30, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, SAID TRACT OF LAND BEING DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE EASTERLY LINE OF LOT 8 WITH A LINE DRAWN PARALLEL WITH AND 5.25 FEET SOUTH OF (MEASURED AT RIGHT ANGLES THERETO) THE NORTH LINE OF SAID LOT 8 AND RUNNING THENCE WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 108.78 FEET TO AN INTERSECTION WITH A STRAIGHT LINE DRAWN FROM A POINT ON THE NORTH LINE OF LOT 7 IN SAID BLOCK 8, SAID POINT BEING 127.67 FEET EAST OF THE NORTHWESTERLY CORNER OF SAID LOT 7 TO A POINT ON THE SOUTH LINE OF LOT 9 IN SAID BLOCK 8, (SAID POINT BEING 183.83 FEET EAST OF THE SOUTHWESTERLY CORNER OF SAID LOT 9;) THENCE SOUTHWESTERLY ALONG SAID STRAIGHT LINE,

A DISTANCE OF 50.31 FEET TO AN INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND 54.82 FEET SOUTH OF (MEASURED AT RIGHT ANGLES THERETO) SAID NORTH LINE OF LOT 8; THENCE EAST ALONG SAID LAST DESCRIBED PARALLEL LINE, A DISTANCE OF 108.56 FEET TO SAID EASTERLY LINE OF LOT 8; THENCE NORTHEASTERLY ALONG SAID EASTERLY LINE OF LOT 8, A DISTANCE OF 50.35 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS

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Witnesseth this 25TH day of MAY, 1990.

COUNTY OF COOK, ILLINOIS

William M. Doyle
William M. Doyle
Chief Administrative Officer

WASHINGTON GARDENS, LTD., BY ACRG,
MANAGEMENT, INC., NOW KNOWN AS
VANGUARD MANAGEMENT CORPORATION, By:
GENERAL PARTNER

Attest: Stanley T. Kruger, Jr.
County Clerk

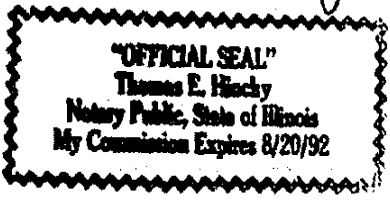
By: Mal Stal
President

Approved as to form:
William M. Doyle
Assistant State's Attorney

Attest: [Signature]
Secretary

Thomas E. Hinchey 07 Jun 90

MARK S. FRIEDMAN, INDIVIDUALLY
By: Mal Stal



ACRG MANAGEMENT INC., NOW KNOWN AS
VANGUARD MANAGEMENT CORPORATION
By: Mal Stal
President

Attest: [Signature]
Secretary

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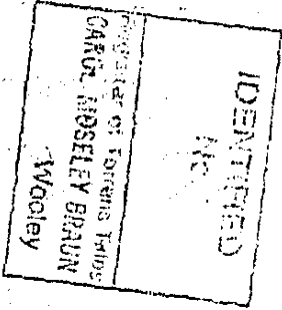
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Dominique Martin
Assistant State Attorney
500 Richard J. Daley Center
Chicago, IL 60602

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OFFICIAL SEAL
Thomas E. Hinchey
Notary Public, State of Illinois
My Commission Expires 12/31/2013

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