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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

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2010 OCT -4 AM 10:11

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

Prepared by:
Brandon R. Calvert, Esq.
Charity & Associates, P.C.
20 North Clark Street, Suite 1150
Chicago, Illinois 60602

MICHELLE D. FAJMAN
RECORDER

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SPACE ABOVE FOR RECORDER'S USE

SUBORDINATION AGREEMENT
(City of East Chicago, Indiana Mortgage)

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE LIEN OF A MORTGAGE ON THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("Subordination Agreement") is made as of September 23, 2010, by and among NORTHTOWN VILLAGE TOWNHOMES LIMITED PARTNERSHIP, an Indiana limited partnership (the "Mortgagor"), with a mailing address of c/o The Community Builders, Inc., 95 Berkeley Street, Boston, Massachusetts 02116, the owner of the fee simple interest in real estate hereinafter described, THE CITY OF EAST CHICAGO, INDIANA, an Indiana municipal corporation ("Junior Lienholder"), with a mailing address of 4525 Indianapolis Boulevard, East Chicago, Indiana 46312, owner of that certain mortgagee's interest in the mortgage and holder of the note described below, and IFF, an Illinois not for profit corporation ("IFF"), with a mailing address of One North LaSalle Street, Suite 700, Chicago, Illinois 60602.

Factual Background

- A. Mortgagor is the owner of fee simple title in and to the land (the "Land") located at located generally at 3618-3628 Main Street, in East Chicago, Indiana, as more particularly described in Exhibit A attached hereto and made a part hereof.
- B. Mortgagor has constructed on the Land a 75 unit low income housing development known as Northtown Village (the "Project," and, together with the Land, the "Property").
- C. Junior Lienholder has all right, title and interest in and to a loan made by Junior Lienholder to the Mortgagor in the principal amount of Three Million and No/100 Dollars (\$3,000,000.00) (the "Subordinated Loan"). The Subordinated Loan is evidenced by a certain promissory note (the "Subordinated Note") executed by the Mortgagor to the order of Junior Lienholder. The Subordinated Loan is secured by a certain Junior Mortgage, Assignment Rents and Security Agreement dated as of September 30, 2008 (the "Subordinated Mortgage"), executed by Mortgagor in favor of Junior Lienholder recorded in the official records of Lake

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County, Indiana on October 7, 2008 as Document No. 2008069362 encumbering the fee simple interest in the Property.

D. In addition, Junior Lienholder has right of first refusal to the Project (the "Right of First Refusal") pursuant to the Right of First Refusal Agreement dated September 30, 2008 (the "Purchase Agreement") executed by Mortgagor in favor of Junior Lienholder and recorded in the official records of Lake County, Indiana on October 7, 2008 as Document No. 2008069365.

E. The Subordinated Note, the Subordinated Mortgage and the Purchase Agreement, together with all of their exhibits, and all other documents which evidence, guaranty or secure the Subordinated Loan, collectively constitute the "Subordinated Loan Documents."

F. Junior Lienholder and the Mortgagor desire that IFF make a loan to Mortgagor in the maximum principal amount of \$750,000.00 (the "Senior Loan") pursuant to that certain Loan Agreement (the "Loan Agreement") of even date herewith between the Mortgagor and IFF the proceeds of which shall be used to refinance the balance of the construction loan made by JPMorgan Chase Bank, N.A. to the Mortgagor to finance the construction of the Property. The Mortgagor has executed and delivered to IFF a Promissory Note in the principal amount of \$750,000.00 (the "Note") of even date herewith, wherein Borrower promises to pay to the order of Lender the maximum aggregate principal amount of the Loan, or so much thereof as may now or hereafter be disbursed by IFF under the Note, together with interest thereon, in installments as set forth in the Note. As security for the Note, Borrower has executed or will execute a Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof ("Senior Mortgage"); which Senior Mortgage is being recorded concurrently herewith. The Loan Agreement, the Note and the Senior Mortgage, together with all of their exhibits, and all other documents which evidence, guaranty, secure, or otherwise pertain to the Senior Loan, collectively constitute the "Senior Loan Documents."

G. It is a condition to IFF making the Senior Loan that (i) the Senior Mortgage unconditionally be and remain at all times a lien, claim, and charge upon the Property unconditionally prior and superior to the liens, claims, and charges of the Subordinated Mortgage, and (ii) the Subordinated Loan, Subordinated Loan Documents, and the Right of First Refusal shall, at all times and in all respects, be wholly subordinate and inferior in claim and right to the Senior Loan and Senior Loan Documents.

H. It is to the mutual benefit of the parties that IFF make the Senior Loan, and Junior Lienholder is willing that the Senior Mortgage constitute a lien, claim, and charge upon the Property unconditionally prior and superior to the liens, claims, and charges of the Subordinated Mortgage, and that the Subordinated Loan, Subordinated Loan Documents and the Right of First Refusal shall, at all times and in all respects, be wholly subordinate and inferior in claim and right to the Senior Loan and Senior Loan Documents.

AGREEMENT

1. **Subordination.** The Senior Mortgage, and any and all renewals, modifications, extensions, or advances thereunder or secured thereby (including interest thereon), are unconditionally and will remain at all times, a lien, claim, or charge on the Property prior and superior to the Subordinated Mortgage. The Subordinated Loan, Subordinated Loan Documents and the Right of First Refusal shall, at all times and in all respects, be wholly subordinate and inferior in claim and right to the Senior Mortgage and Senior Loan Documents, and all claims, rights and remedies therefor are hereby subordinated and made subsequent and inferior to the Senior Mortgage and Senior Loan Documents and any claims, rights, and remedies arising out of, or in connection therewith. So long as

the Senior Loan Documents are in full force and effect, in the event of any conflict between the provisions of the Subordinated Loan Documents and those of the Senior Loan Documents, the provisions of the Senior Loan Documents shall control. Any waiver or forbearance by the IFF of any right or remedy under the Senior Loan Documents shall not impair the priority of its respective lien under the Senior Loan Documents.

2. Acknowledgements and Agreements of Junior Lienholder. Junior Lienholder declares, acknowledges, and agrees that:

2.1 Junior Lienholder consents to all provisions of the Senior Mortgage and the Senior Loan Documents.

2.2 Junior Lienholder intentionally and unconditionally waives, relinquishes, subjects, and subordinates the liens, claims, and charges of the Subordinated Documents, and all present and future indebtedness and obligations secured thereby, in favor of the Senior Loan Documents and the lien, claim, and charge upon the Property of the Senior Mortgage, and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection, and subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into, that would not be made or entered into but for IFF's reliance upon this waiver, relinquishment, subjection, and subordination.

2.3 The payment of the Subordinated Loan is hereby and shall remain subordinated in right of priority and payment to the prior payment in full of the obligations evidenced by the Loan Agreement and the other Senior Loan Documents. If, prior to the payment in full of the principal amount of the obligations and all interest accruing thereon, the Junior Lienholder receives any principal prepayment of the Subordinated Loan without the prior consent of IFF, the Junior Lienholder agrees that such payment will be received and held in trust for the IFF, and unless the IFF otherwise notifies the Junior Lienholder, will be promptly remitted, to the IFF. The Junior Lienholder hereby irrevocably designates, makes, constitutes and appoints the IFF (and all persons designated by the IFF) as the Junior Lienholder's true and lawful attorney in fact with power to endorse the name of the Junior Lienholder upon any checks representing payments referred to in this Section 2.3.

2.4 The Junior Lienholder agrees that, as long as any portion of the obligations remains outstanding, it will not commence, or join with any other creditor in commencing, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings with respect to the Mortgagor without the IFF's prior written consent.

2.5 The Junior Lienholder agrees to deliver a written notice of each default under any document evidencing the Subordinated Loan to the IFF within three (3) days after the occurrence of such default.

2.6 If a default occurs and is continuing under any document evidencing the Subordinated Loan, the Junior Lienholder agrees that, without the IFF's prior written consent, it will not commence or exercise any rights or remedies it may have under any Subordinated Loan Documents until the payment in full of the principal amount of the obligations and all interest accruing thereon, including, but not limited to, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies.

3. Notices.

3.1 IFF and Junior Lienholder agree to give to each other copies of all notices of Defaults or Events of Default under (and as defined in) their respective loan documents.

3.2 All notices given under this Subordination Agreement must be in writing and will be served effectively upon delivery, or if mailed, upon the first to occur of receipt or the expiration of forty-eight (48) hours after deposit in certified United States mail, postage prepaid, sent to the party at its address appearing below. Any party may change those addresses by notice to all other parties.

4. **Integration; No Waiver.** This Subordination Agreement is the whole and only agreement with regard to the subordination of the liens, claims, and charges of the Subordinated Loan Documents to the Senior Loan Documents. This Subordination Agreement may not be modified or amended except by a written agreement signed by the parties. No waiver shall be deemed to be made by IFF of any of its rights hereunder unless the same shall be in writing signed on behalf of the IFF, and each such waiver, if any, shall be a waiver only with respect to the specific matter or matters to which the waiver relates and shall in no way impair the rights of the IFF or the obligations of Mortgagor to IFF in any other respect at any other time.

5. **Successors and Assigns.** This Subordination Agreement is binding on and inures to the benefit of the legal representatives, successors, and assigns of the parties. IFF's successors and assigns include any financial institution which may now, or hereafter, participate in the Senior Loan Documents. Notice of acceptance of this Subordination Agreement is hereby waived and this Subordination Agreement shall be binding upon the Junior Lienholder, its legal representatives, successors, and assigns, as the case may be, it being understood and agreed, however, that, unless otherwise agreed in writing by IFF, no assignment of the Subordinated Loan Documents, or any part thereof, shall be made without the prior written consent of the IFF.

6. **Creditor's Rights.** Junior Lienholder agrees not to commence or join with any other creditor of Mortgagor in commencing any bankruptcy, reorganization, or insolvency proceedings against the Mortgagor without the prior written consent of IFF.

7. **Attorneys' Fees and Costs.** If any party to this Subordination Agreement brings an action to interpret or enforce its rights under this Subordination Agreement, the prevailing party will be entitled to recover its costs and reasonable attorneys' fees as awarded in the action.

8. **Governing Law.** This Subordination Agreement is governed by the laws of the State of Indiana, without regard to the choice of law rules of that state.

9. **Counterparts.** This Subordination Agreement may be executed in counterparts, and all counterparts constitute but one and the same document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned parties have caused this Subordination Agreement to be executed and delivered as of the day and year first above mentioned.

"Junior Lienholder"

THE CITY OF EAST CHICAGO, INDIANA,
an Indiana municipal corporation

By: Richard J. Gomez
Name: Richard J. Gomez
Title: CHAIRMAN-VICE PRESIDENT

"Mortgagor"

NORTHTOWN VILLAGE TOWNHOMES
LIMITED PARTNERSHIP, an Indiana limited
partnership

By: Northtown Village Townhomes, Inc.,
an Indiana corporation,
its General Partner

By: Sara Jean Lindholm
Name: SARA JEAN LINDHOLM
Title: authorized agent

"IFF"

IFF, an Illinois not for profit corporation

By: _____
Name: Louise E. Tuck
Title: Vice President of Lending

IN WITNESS WHEREOF, the undersigned parties have caused this Subordination Agreement to be executed and delivered as of the day and year first above mentioned.

"Junior Lienholder"

THE CITY OF EAST CHICAGO, INDIANA,
an Indiana municipal corporation

By: _____
Name: _____
Title: _____

"Mortgagor"

NORTHTOWN VILLAGE TOWNHOMES
LIMITED PARTNERSHIP, an Indiana limited
partnership

By: Northtown Village Townhomes, Inc.,
an Indiana corporation,
its General Partner

By: _____
Name: _____
Title: _____

"IFF"

IFF, an Illinois not for profit corporation

By: *L. E. Tuck*
Name: Louise E. Tuck
Title: Vice President of Lending

EXHIBIT "A"

Legal Property Description

Parcel 1: Lots 6 to 11, both inclusive, and 18 to 28, both inclusive, in Block 52 in Original Town of Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5, page 9, in the Office of the Recorder of Lake County, Indiana.

Parcel 2: Lots 10 and 11, both inclusive, and Lots 18 to 20, both inclusive, in Block 53 in Original Town of Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5 page 9, in the Office of the Recorder of Lake County, Indiana.

Parcel 3: Lots 18 thru 23, both inclusive, in Block 3 in First Addition to Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5 page 14, in the Office of the Recorder of Lake County, Indiana.

Parcel 4: Lots 29 to 34, both inclusive, in Block 2 in First Addition to Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5 page 14, in the Office of the Recorder of Lake County, Indiana.

COMMON ADDRESS: 3618-3628 Main Street, in East Chicago, Indiana 46312

STATE OF INDIANA)
) SS
COUNTY OF LAKE)

Roselyn Jakovicus, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Richard J. Gomez who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as the V.P. Board of Works of the City of East Chicago, Indiana, an Indiana municipal corporation, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein.

Given under my hand and notarial seal this 22nd day of September, 2010

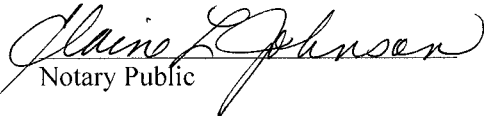
Roselyn A. Jakovicus
Notary Public

My Commission Expires: 3/4/2017

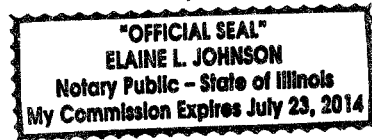
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Elaine L. Johnson, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Sara Jean Lindholm, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as the Authorized Agent of Northtown Village Townhomes, Inc., an Indiana corporation, the general partner of Northtown Village Townhomes Limited Partnership, an Indiana limited partnership, appeared before me this day in person and acknowledged that she signed and delivered the said instrument as her own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein.

Given under my hand and notarial seal this 21st day of September, 2010.


Notary Public

My Commission Expires: 7/23/2014



"I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law." Chris Burk

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, The Undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Louise E. Tuck, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as the vice president of lender at IFF, an Illinois not-for-profit corporation, appeared before me this day in person and acknowledged that she signed and delivered the said instrument as her own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein.

Given under my hand and notarial seal this 21 day of September, 2010.

Jennifer Overton

Notary Public

My Commission Expires: 4/30/12

