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FIFTEEN HUNDRED LAKE SHORE DRIVE

1500 NORTH LAKE SHORE DRIVE CHICAGO, IL 60610 312.787.1759 1500LAKESHOREDRIVE.COM

1500 LAKE SHORE DRIVE BUILDING CORPORATION  
RECOGNITION AGREEMENT

*10/15/129*



## FIFTEEN HUNDRED LAKE SHORE DRIVE

**THIS RECOGNITION AGREEMENT** (this “**Agreement**”) is made and entered into as of \_\_\_\_\_, 20\_\_ by and between 1500 LAKE SHORE DRIVE BUILDING CORPORATION, an Illinois corporation (the “**Corporation**”), and \_\_\_\_\_ (“**Lender**”). \_\_\_\_\_ (“**Borrower**”) has executed the Borrower’s Consent and Agreement attached hereto and forming part of this Agreement; but Borrower shall not be deemed to be a “party” or one of the “parties” to this Agreement as such terms are used herein.

### RECITALS

**A.** The Corporation is the owner of that certain cooperative apartment building located at 1500 N. Lake Shore Drive, Chicago, Illinois (the “**Property**”); and

**B.** Borrower desires to purchase Apartment No. \_\_\_\_ (the “**Apartment**”) at the Property pursuant to a proprietary lease (the “**Proprietary Lease**”) between the Corporation, as lessor, and Borrower, as lessee, and \_\_\_\_ shares of stock in the Corporation in respect of the Apartment (the “**Shares**”); and

**C.** Borrower desires to obtain a loan (the “**Loan**”) from Lender in the principal amount of \$\_\_\_\_\_, which Loan is to be secured by liens and security interests (collectively “**Lender's Liens**”) in and upon Borrower's right, title and interest in and to the Shares and/or under the Proprietary Lease (such rights of Borrower are sometimes referred to herein collectively as the “**Collateral**”); and

**D.** Borrower and Lender have requested that the Corporation acknowledge and recognize the liens and security interests of Lender in and upon the Collateral, and the Corporation has agreed to so acknowledge and recognize such liens and security interests upon and subject to the terms and conditions of this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual covenants and promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**1. Acknowledgments, Representations and Agreements of the Corporation.**

(a) The Corporation hereby acknowledges Lender's Liens and agrees to reflect Lender's Liens in the books and records of the Corporation.

(b) The Corporation represents and confirms to Lender as follows:

(i) Borrower is entitled to occupy the Apartment pursuant to the Proprietary Lease, and the Proprietary Lease is in full force and effect.

(ii) The Corporation has issued the Shares to Borrower, and Borrower is the record owner of the shares on the books of the Corporation.

(iii) The Corporation's records do not reflect, and the Corporation has no written notice of any encumbrances, liens, or claims upon or relating to the Collateral other than liens,

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encumbrances or security interests of the Corporation imposed by, or to secure the obligations of Borrower under, the Proprietary Lease, the house rules of the Corporation referred to in the Proprietary Lease (the "House Rules") and the by-laws of the Corporation (the "By-Laws"). (The Proprietary Lease, the House Rules and the By-Laws are herein collectively referred to as the "Proprietary Documents.")

(iv) The Corporation is the owner in fee simple of the Property, and is not presently in default in the payment or performance of its obligations under any loans or other indebtedness secured by the Property or any interest therein.

(v) Borrower is not presently in default in the payment of any amount under the Proprietary Documents or, to the knowledge of the Corporation, in the performance of any of its nonmonetary obligations under any of the Proprietary Documents.

(vi) The execution and delivery of this Agreement have been duly authorized by all necessary action on the part of the Board of Directors of the Corporation.

**2. Acknowledgments, Representations and Agreements of Lender.**

(a) Lender represents and confirms to the Corporation that the Loan has a maturity date of \_\_\_\_\_, 20\_\_ and is to be fully amortized over the term of the Loan by equal monthly or quarterly payments of principal and interest (which payments may be adjusted in the case of an adjustable rate loan) or by equal monthly or quarterly payments of principal in the case of a floating rate loan.

(b) Lender shall not increase the amount of the Loan above the amount set forth in the Recitals above.

(c) Lender acknowledges and agrees that the Corporation has a first and paramount lien against the Collateral for all amounts which are now due and owing, or which may hereafter become due and owing, from the Borrower to the Corporation under the Proprietary Documents; and Lender's rights under the documents evidencing and securing the Loan (the "Loan Documents") and Lender's Liens shall be subject and subordinate in payment and security to the Corporation's liens against the Collateral.

(d) Lender acknowledges and agrees that, pursuant to the terms of the Proprietary Documents, the Corporation has the right to encumber the Property with mortgages and other security agreements, and the Loan Documents and Lender's Liens shall be subject and subordinate to any present or future mortgage or other security agreement affecting the Property entered into by the Corporation in accordance with the terms of the Proprietary Documents.

(e) Lender agrees that neither it nor any party designated by it has any right to occupy the Apartment.

(f) Lender agrees that its consent shall not be required to any amendment or modification of any of the Proprietary Documents.

(g) Any interest of Lender in the Shares, the Proprietary Lease or the Apartment (whether now



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held or hereafter acquired) shall be expressly subject to the terms, conditions and restrictions of the Proprietary Documents.

### **3. Notices to Lender.**

The Corporation shall give Lender prompt written notice of the occurrence of any of the following events:

(a) Any failure by Borrower to pay any amount due to the Corporation which remains uncured for sixty (60) days.

(b) Any notice from Borrower of, or request from Borrower for the Corporation's consent to, an intended or proposed sale or transfer of the Shares, or assignment of the Proprietary Lease, or subletting of the Apartment.

(c) Any notice from Borrower of, or request from Borrower for the Corporation's consent to, any additional pledge, assignment, hypothecation, mortgage or grant of any security interest by Borrower in the Shares or the Proprietary Lease other than in favor of the Corporation.

### **4. Lender's Right to Cure Borrower's Default.**

(a) Upon any default by Borrower (whether monetary or non-monetary) in the performance of Borrower's obligations under the Proprietary Documents, prior to any termination of the Proprietary Lease or the enforcement or foreclosure of the Corporation's security interest in the Shares, the Corporation will give written notice to the Lender specifying in detail the default by Borrower under the Proprietary Documents. The Corporation shall not take action to terminate the Proprietary Lease, or to enforce or foreclose its security interest in the Shares, if within thirty (30) days after the receipt of notice of such default, Lender cures the default or induces the Borrower to cure the default (which cure shall include the payment of all legal fees and other expenses for which Borrower is liable to the Corporation). Except as expressly provided above in this Section 4(a), (i) Lender's right to cure, or to cause Borrower to cure, any such default shall not impair or delay the Corporation's exercise of its rights and remedies relating to any default by Borrower, and (ii) the Corporation reserves the right to exercise all such rights and remedies in accordance with the Proprietary Documents.

(b) Nothing in this Agreement shall be deemed or construed to make Lender a guarantor of the obligations of Borrower under the Proprietary Documents, or obligate Lender to cure or induce Borrower to cure any default thereunder.

### **5. Lender's Exercise of Remedies; Holding of Share Certificate.**

(a) In the event of any default by Borrower in the payment or performance of any obligations to Lender, Lender's sole right and remedy with respect to the Collateral shall be to cause a sale and assignment of Borrower's interest in the Shares and the Proprietary Lease in accordance with the provisions of the Proprietary Lease (including without limitation the requirement for approval of the transferee by the Corporation), the By-Laws and the House Rules, all as in effect from time to time, as well as any other rule or procedure adopted by the Corporation from time to time governing the sale or other disposition of shares

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or the assignment of an interest in a proprietary lease; and, at the option of the Corporation, any such sale and assignment shall be effected by and under the control of the Corporation for the mutual benefit of the Corporation and Lender.

(b) As a condition to the Corporation's granting of consent and approval to any sale and assignment of Borrower's interest in the Shares and the Proprietary Lease, the Board of Directors of the Corporation may require that any and all monetary amounts due or becoming due to the Corporation be paid to the Corporation prior to or contemporaneously with the giving of any such consent and approval.

(c) At all times that each of the Corporation and Lender shall have a security interest in the Shares, the party in possession of the certificate evidencing the Shares shall be deemed to hold such certificate for the mutual benefit and security of the Corporation and Lender, recognizing the priority of the Corporation's first lien against the Collateral.

### 6. Application of Proceeds.

(a) In the event of any sale and assignment of Borrower's interest in the Shares and the Proprietary Lease arising from a default by Borrower under the Loan Documents or the Proprietary Documents, the proceeds from such sale and assignment shall be distributed as follows:

(i) First, to the Corporation the amount of the brokerage commissions, attorneys' fees and other costs and expenses incurred by the Corporation in connection with such sale and assignment;

(ii) Second, to the Corporation an amount equal to the sum of assessments, late charges, rent, additional rent, and any other charges or obligations owing from Borrower to the Corporation (including but not limited to transfer fees in respect of such sale and assignment);

(iii) Third, to Lender an amount equal to the amount due under the Loan; and

(iv) The balance, if any, to the Corporation or Borrower, as provided in the Proprietary Documents.

(b) Lender acknowledges and agrees that the Corporation shall have no liability to Lender if the amount distributed to Lender pursuant to Section 6(a)(iii) above is not sufficient to repay the Loan in full, and Lender agrees to look solely to Borrower, and not to the Corporation, for recovery of any deficiency.

### 7. General Provisions.

(a) **Notices.** Any notice required or permitted to be given by Lender or the Corporation under this Agreement shall be in writing and served by (i) registered or certified mail, return receipt requested, (ii) hand delivery, or (iii) delivery to a reputable overnight courier for delivery on the next business day. All such notices required or permitted hereunder shall be deemed to have been given when received by the intended recipient or when delivery is refused by the intended recipient. For purpose of notices, the addresses of the parties shall be as follows:



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To the Corporation:

\_\_\_\_\_, President  
1500 Lake Shore Drive Building Corporation  
1500 N. Lake Shore Drive  
Chicago, IL 60610

With a copy to:

\_\_\_\_\_  
Sudler Property Management  
875 N. Michigan Ave., Suite 3980  
Chicago, IL 60611

To Lender:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Each party may change its address for notices by the giving of notice thereof in the manner provided in this Section 7(a).

(b) **Governing Law.** This Agreement and the rights and obligations of the parties hereunder shall be governed by the laws of the State of Illinois, without regard to conflict of law rules.

(c) **Assignment; No Third-Party Beneficiaries.** This Agreement shall not be assigned by either party without the prior written consent of the other party. Subject to the preceding sentence, this Agreement shall be binding upon and inure to the benefit of the Corporation and Lender and their respective permitted successors and assigns. This Agreement shall not confer any rights or remedies upon any other person, and no other person shall be deemed to be a third-party beneficiary hereunder.

(d) **Entire Agreement; Amendment.** This Agreement constitutes the entire understanding and agreement among the parties hereto with respect to the subject matter hereof, and there are no agreements, understandings, representations or warranties among the parties other than those expressly set forth herein. This Agreement may not be amended, altered or modified except by an instrument in writing signed by the Corporation and Lender.

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(e) **Further Assurances.** Lender and the Corporation each agree to execute and deliver to the other such additional documents and instruments as may reasonably be necessary or appropriate to effectuate all of the terms, provisions and conditions of this Agreement. Further, Lender shall, upon the written request of the Corporation, however not more often than once each calendar year, provide written confirmation of the outstanding balance of the Loan.

(f) **Attorneys' Fees.** If either party hereto brings an action to enforce or interpret the provisions of this Agreement, the prevailing party in any such action shall be entitled to recover from the non-prevailing party the amount of any and all reasonable attorneys' fees and other costs and expenses incurred by the prevailing party in connection with such action.

(g) **Waivers.** No breach of any provision of this Agreement may be waived except by a writing executed by the party entitled to waive such breach. Waiver of any one breach shall not be deemed to constitute a waiver of any other breach of the same or any other provision hereof.

(h) **Certain Interpretational Rules.** The headings of Sections and subsections hereof are for convenience of reference and shall not be deemed a part of this Agreement and shall not affect the construction and interpretation of any of the provisions hereof. Whenever the circumstances or context requires, the singular shall be construed as the plural, the masculine shall be construed as the feminine and/or the neutral, and in each case vice versa.

(i) **Counterparts.** This Agreement and any amendments to this Agreement for convenience may be executed in any number of counterparts, each of which shall be deemed an original and which, taken together, shall constitute one and the same instrument.

(j) **Conflicts.** As between Lender and the Corporation, in the event of any conflict between the provisions of this Agreement and the provisions of the Loan Documents, the provisions of this Agreement shall control.

**IN WITNESS WHEREOF,** the parties hereto have executed and delivered this Agreement as of the date first above written.

**CORPORATION:**

1500 LAKE SHORE DRIVE BUILDING CORPORATION

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LENDER:**

\_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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**BORROWER'S CONSENT AND AGREEMENT**

**THIS BORROWER'S CONSENT AND AGREEMENT** (this "Consent") is made by the undersigned, \_\_\_\_\_ ("Borrower"), and is attached to the foregoing Recognition Agreement dated \_\_\_\_\_, 20\_\_ (the "Recognition Agreement") by and between 1500 Lake Shore Drive Building Corporation (the "Corporation") and \_\_\_\_\_ ("Lender"). Capitalized terms used in this Consent and not otherwise defined have the same meaning as set forth in the Recognition Agreement.

To induce the Corporation to enter into the Recognition Agreement and to consent to the Loan and Lender's Liens, the undersigned Borrower:

- (a) Consents and agrees to all of the terms and provisions of the Recognition Agreement; and
- (b) Agrees that the Corporation, Lender and their respective officers, directors, employees and agents Lender (the "Released Parties") shall not be liable to the undersigned for any loss, liability, damages, costs or expenses of any kind ("Claims") suffered or incurred by the undersigned on account of any action taken or omission by any of the Released Parties under or pursuant to the Recognition Agreement; and the undersigned hereby releases the Released Parties from all such Claims.

The Corporation, Lender and the Released Parties are the intended beneficiaries of this Consent.

This Consent shall be effective as of the date of the Recognition Agreement.

**BORROWER:**

\_\_\_\_\_  
  
\_\_\_\_\_