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Lease Supplement

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2000-11-03 15:33:53
Cook County Recorder 41.50

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Lease Supplement
(and Memorandum of Lease Supplement,
Memorandum of Lease
and Memorandum of Option to Purchase)

This Lease Supplement (and Memorandum of Lease Supplement, Memorandum of Lease and Memorandum of Option to Purchase) (this "Lease Supplement") dated as of October 30, 2000, between Brookdale Living Communities of Illinois-2900, LLC, a Delaware limited liability company, having its principal office at c/o Brookdale Living Communities, Inc., 330 North Wabash Avenue, Suite 1400, Chicago, Illinois 60611, Attention: Chief Financial Officer, as the lessee (the "Lessee") and SPTBrook Properties Trust, a Maryland real estate investment trust having its principal office at 723 Electronic Drive, Suite 300, Horsham, Pennsylvania 19044, as the lessor (the "Lessor").

Witnesseth:

WHEREAS, the Lessor is the record owner of the land described on Schedule I attached hereto (the "Land") together with all Improvements currently located or which hereafter may be constructed on the Land (the "Improvements" and, together with the Land, the "Property");

WHEREAS, the Lessor desires to lease the Property to the Lessee and the Lessee wishes to lease the Property from the Lessor;

Now, Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to enter into this Lease Supplement, as follows:

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1. Certain Terms. Capitalized terms used but not otherwise defined in this Lease Supplement have the meanings specified in Appendix I to the Lease dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Lease"), and the rules of interpretation specified in Appendix I to the Lease shall apply to this Lease Supplement.

2. Nature of Transaction.

(a) It is the intent of the parties hereto that for financial accounting purposes the Lease constitutes an "operating lease" pursuant to Statement of Financial Accounting Standards No. 13, as amended, and for purposes of commercial, real estate, bankruptcy and federal, state and local income tax law, the transaction contemplated hereby is a financing arrangement. The parties further intend that Lessee shall be treated as owner of the Property for income tax purposes and shall be entitled to all deductions for depreciation thereof.

(b) It is the intent of the parties hereto that the obligations of the Lessee under the Lease to pay Basic Rent and Supplemental Rent and Lease Balance (and/or the Equity Balance) in connection with any purchase of the Property pursuant to the Lease shall be treated as payments of interest on and principal of, respectively, loans from the Lessor to the Lessee.

(c) Specifically, without limiting the generality of subsection (b) of this Section 2 the Lessor and the Lessee intend and agree that with respect to the nature of the transactions evidenced by this Lease in the context of the exercise of remedies under the Operative Documents, including, without limitation, in the case of any insolvency or receivership proceedings or a petition under the United States bankruptcy laws or any other applicable insolvency laws or statute of the United States of America or any State or Commonwealth thereof affecting the Lessee and the Lessor, or any enforcement or collection actions, the transactions evidenced by this Lease are loans made by the Lessor as unrelated third party lender to the Lessee.

3. Property; Memorandum of Lease. Attached hereto as Schedule I is the description of the Land. Effective upon the execution and delivery of this Lease Supplement by the Lessor and the Lessee, the Property shall be subject to the terms and provisions of the Lease. The Lease is incorporated by reference herein as if set forth herein in its entirety. Subject to the terms and conditions of the Lease, the Lessor hereby leases the Property to the Lessee for the Term (as defined below), and the Lessee hereby agrees with the Lessor, to lease the Property from the Lessor for the Term.

4. Term; Option to Purchase. The term of the Lease and this Lease Supplement (the "Term") shall begin on the date hereof and shall end on November 1, 2008 (as the same may be extended by the terms of Section 23 of the Lease, which shall in no event be later than November 1, 2010, the "Expiration Date"). The Lessee may elect to extend the Term for up to two (2) consecutive additional periods of one (1) year each (each such additional year a "Renewal

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Term”) pursuant to Section 23.1 of the Lease. For and in consideration of good and valuable consideration paid by the Lessee to the Lessor as described in the Lease, the Lessor hereby grants to the Lessee the right to purchase the Property during the Term on the terms and subject to the conditions (including, without limitation, payment of the Equity Balance) set forth in Section 22.1 of the Lease.

5. Liens and Encumbrances. Lessor agrees and covenants with Lessee that it will not create any Lessor Liens without the prior written consent of Lessee.

6. Subordination. This Lease Supplement are hereby made subject and subordinate to the liens and security interests of the Loan Documents, which are more particularly described in Schedule II attached hereto. The foregoing provision shall be effective to subordinate the Lease and this Lease Supplement notwithstanding the order of recording or possession of the Property by the Lessor.

7. Ratification. The terms and provisions of the Lease are hereby ratified and confirmed and remain in full force and effect. In the event of any conflict between the terms of the Lease and the terms of this Lease Supplement, the terms of the Lease shall control.

8. Governing Law. The Lease and this Lease Supplement shall be governed by, and construed and interpreted in accordance with, the laws of the State without regard to principles of conflicts of laws of the State.

9. Severability. All rights, powers and remedies provided in this Lease Supplement may be exercised only to the extent that the exercise thereof does not violate the laws of the State, and are intended to be limited to the extent necessary that they will not render this Lease Supplement or the mortgage lien and security interests granted hereunder invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of State law. If any term of this Lease Supplement or any application thereof shall be invalid or unenforceable, the remainder of this Lease Supplement and any other application of such term shall not be affected thereby.

10. Counterpart Execution. This Lease Supplement may be executed in any number of counterparts and by each of the parties hereto in separate counterparts, all such counterparts together constituting but one and the same instrument.

[Signature Pages to Follow]

In Witness Whereof, the parties hereto have executed and delivered this Lease Supplement as of the date first above written.

Lessee:

Brookdale Living Communities of Illinois-2960, LLC,
a Delaware limited liability company

By: R. Stanley Young
Name: R. Stanley Young
Title: Vice-President

[Additional Signature Page to Follow]

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Lessor:

SPTBrook Properties Trust, a Maryland
real estate investment trust

By: 

Name: David B. Fenkell

Title: President

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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 R. Stanley Young, the Vice-President of Brookdale Living Communities of Illinois-2960, LLC, a Delaware limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice-President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act and deed of said company for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 30 day of October, 2000.

[Notarial Seal]

Catherine S. DeNardo
Notary Public



Catherine S. DeNardo
(TYPE OR PRINT NAME)

(SEAL)

Commission Expires:

June 1, 2003

Commonwealth of Pennsylvania)
) ss.:
County of MONTGOMERY)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that David B. Fenkell, the President of SPTBrook Properties Trust, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act and deed of said trust for the uses and purposes herein set forth.

Given under my hand and notarial seal, this 26th day of October, 2000.

[Notarial Seal]

Joseph Hiltwine
Notary Public

Notarial Seal
Joseph Hiltwine, Notary Public
Horsham Twp., Montgomery County
My Commission Expires Mar. 24, 2003
Member, Pennsylvania Association of Notaries

JOSEPH HILTWINE
(TYPE OR PRINT NAME)

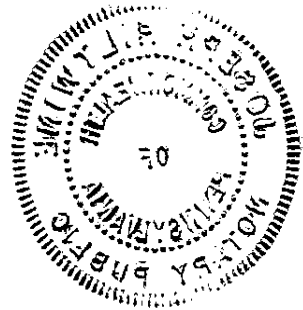
(SEAL)

Commission Expires:

3/24/03

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**Schedule I
to Lease Supplement**

Legal Description of Land

Common Address:

(SEE ATTACHED)

Tax Identification:

Property of Cook County Clerk's Office

EXHIBIT A

[DESCRIPTION OF THE LAND]

PARCEL 1:

THE NORTH 50 FEET OF THE SOUTH 105 FEET OF THE EAST 180 FEET OF THAT PART OF THE LOT 8 LYING WEST OF THE WEST BOUNDARY LINE OF LINCOLN PARK, AS ESTABLISHED BY DECREE OF THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS ENTERED OCTOBER 31, 1904, IN CASE GENERAL NUMBER 256886, ALL IN THE COUNTY CLERK'S DIVISION OF LOTS 2, 3 AND 4 AND THE SOUTH 33 FEET OF LOT 1 IN THE ASSESSOR'S DIVISION OF LOTS 1 ONE 2 IN THE CITY OF CHICAGO SUBDIVISION OF THE EAST FRACTIONAL HALF OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, MEANING AND INTENDING TO DESCRIBE A TRACT OF LAND BOUNDED AS FOLLOWS:

BEGINNING ON THE WEST BOUNDARY LINE OF LINCOLN PARK ESTABLISHED AS AFORESAID, AT A POINT 55 FEET NORTH OF THE NORTH LINE OF OAKDALE AVENUE; THENCE NORTH 50 FEET; THENCE WEST 180 FEET; THENCE SOUTH 50 FEET; THENCE EAST 180 FEET TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THAT PART OF LOT 2 IN ASSESSOR'S DIVISION OF LOTS 1 AND 2 IN THE CITY OF CHICAGO SUBDIVISION OF THE EAST FRACTIONAL HALF OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST BOUNDARY LINE OF LINCOLN PARK, AS ESTABLISHED BY DECREE OF THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS ENTERED OCTOBER 31, 1904 IN CASE 256886, SAID POINT OF BEGINNING BEING 80 FEET DUE SOUTH FROM THE SOUTH LINE OF WELLINGTON STREET EXTENDED EAST; THENCE RUNNING WEST 200 FEET ALONG A LINE AT ALL POINTS 80 FEET DUE SOUTH FROM THE SOUTH LINE OF WELLINGTON STREET EXTENDED EAST; RUNNING THENCE SOUTHERLY ON A LINE AT ALL POINTS 200 FEET WEST OF SAID WEST BOUNDARY LINE OF LINCOLN PARK TO A POINT ON THE NORTH LINE OF THE ALLEY AS DEDICATED BY INSTRUMENT RECORDED IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS ON MARCH 16, 1915 AS DOCUMENT 5594071; RUNNING THENCE EAST ON THE NORTH LINE OF SAID ALLEY TO A POINT 180 FEET WEST OF SAID WEST BOUNDARY LINE OF LINCOLN PARK; RUNNING THENCE SOUTHERLY ON THE EAST LINE OF SAID ALLEY TO A POINT 105 FEET

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NORTH OF THE NORTH LINE OF OAKDALE AVENUE, SAID POINT BEING ON THE NORTH LINE OF THE PREMISES CONVEYED TO FRANK A. HECHT, CLARA K. HECHT AND FRANK A. HECHT, JR. BY DEED DATED NOVEMBER 16, 1917 AND RECORDED IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS AS DOCUMENT 6231480; RUNNING THENCE EAST ON A LINE PARALLEL WITH THE NORTH LINE OF OAKDALE AVENUE AND BEING THE NORTH LINE OF THE PREMISES CONVEYED TO FRANK A. HECHT, CLARA K. HECHT AND FRANK A. HECHT, JR., 180 FEET TO SAID WEST BOUNDARY LINE OF LINCOLN PARK AND RUNNING THENCE NORTH ALONG SAID WEST BOUNDARY LINE OF LINCOLN PARK TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THAT PART OF LOTS 2 AND 3 IN THE ASSESSOR'S DIVISION OF LOTS 1 AND 2 IN A SUBDIVISION BY THE CITY OF CHICAGO OF THE EAST FRACTIONAL HALF OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND OF THE ACCRETIONS EAST OF AND ADJOINING SAID PREMISES DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE WEST BOUNDARY LINE OF LINCOLN PARK, AS ESTABLISHED BY DECREE OF THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS, ENTERED OCTOBER 31, 1904 IN CASE 256886, WHERE SAID BOUNDARY LINE IS INTERSECTED BY THE NORTH LINE OF OAKDALE AVENUE THENCE NORTH ALONG SAID BOUNDARY LINE 55 FEET; THENCE WEST ALONG A LINE PARALLEL WITH THE NORTH LINE OF SAID OAKDALE AVENUE 180 FEET; THENCE SOUTH PARALLEL WITH THE BOUNDARY LINE OF LINCOLN PARK AS ESTABLISHED IN CASE 256886, 55 FEET TO THE NORTH LINE OF SAID OAKDALE AVENUE; THENCE EAST ALONG THE NORTH LINE OF SAID OAKDALE AVENUE 180 FEET TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS.

Common Address: 2960 N. Lake Shore Drive, Chicago, Illinois 60659

Tax Identification No.: 14-28-203-029-0000

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Schedule II

Loan Documents

1. Multi-family Note from Lessor to Glaser financial Group, Inc. ("Lender")
2. Multi-family Deed of Trust, Assignment of Rents and Security Agreement from Lessor to Lender
3. Mortgage Guaranty Agreement from Lessee to Lender
4. Leasehold Deed of Trust, Assignment of Rents and Security Agreement from Lessee to Lender
5. Limited Guaranty from Parent to Lender
6. UCC Financing Statements from Lessor
7. UCC Financing Statements from Lessee
8. Cross-Collateralization Agreement between Lessor and Lender
9. Cross-Collateralization Agreement among Lessee, Brookdale Living Communities of Arizona-EM, LLC, Brookdale Living Communities of Washington-PP, LLC, and Brookdale Living Communities of New York-GB, LLC