

This Document Prepared By
and After Recording Return To:

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00926383

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**SECOND MODIFICATION OF MORTGAGE AND ASSIGNMENT OF RENTS
AND LESSOR'S INTEREST IN LEASES**

THIS SECOND MODIFICATION OF MORTGAGE AND ASSIGNMENT OF RENTS AND LESSOR'S INTEREST IN LEASES ("Second Modification"), dated the 25th day of October, 2000, effective as of September 15, 2000, is executed by HARRIS BANK HINSDALE, not personally or individually but solely as Trustee under Trust Agreement dated November 28, 1990, and known as Trust No. L-2781 (the "Trust") and THE FEDERATED GROUP, INC., an Illinois corporation (the "Corporation") (the Trust and the Corporation are sometimes hereinafter collectively referred to as "Mortgagor"), to and for the benefit of THE NORTHERN TRUST COMPANY (hereinafter referred to as "Mortgagee").

WITNESSETH

WHEREAS, the Corporation executed and delivered to Mortgagee a certain Loan and Security Agreement dated October 23, 1998 pursuant to which, among other things, Mortgagee extended a revolving credit loan in the principal amount of Five Million and 00/100 Dollars (\$5,000,000) evidenced by a Revolving Credit Note dated October 23, 1998 (hereinafter referred to as the "1998 Revolving Credit Note"); and

WHEREAS, as additional security for the 1998 Revolving Credit Note, the Trust executed and delivered to Mortgagee a certain Mortgage (hereinafter referred to as the "Mortgage") dated concurrently with the Note, to which there is attached a Joinder executed by the Corporation, which Mortgage was recorded on November 5, 1998, with the Recorder of Deeds, Cook County, Illinois, as Document No. 08000376, and Mortgagor executed and delivered to Mortgagee a certain Assignment of Rents and Lessor's Interest in Leases (hereinafter referred to as the "Assignment of Rents") dated concurrently with the Note, which was recorded on November 5, 1998, with the Recorder of Deeds aforesaid as Document No. 08000377, both of said documents affecting certain real estate (the "Property") legally described on Exhibit A attached hereto and by this reference incorporated herein; and

by 7769276 D2 1acc

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WHEREAS, the Mortgagor has heretofore executed that certain First Modification of Mortgage and Assignment of Rents and Lessor's Interest in Leases dated as of September 30, 1999 and recorded on November 2, 1999, with the Recorder of Deeds, Cook County, Illinois, as Document No. 09028558 (the "First Modification"), and the Corporation has executed that certain First Amendment to Loan and Security Agreement dated September 30, 1999 (the "First Amendment"), which First Amendment amended the Loan Agreement by inter alia, increasing the principal amount of the 1998 Revolving Credit Note and extending the maturity date of the 1998 Revolving Credit Note. Concurrent with the execution of the First Amendment and the First Modification, a new Revolving Credit Note in the principal amount of Eight Million and 00/100 Dollars (\$8,000,000) was executed by the Corporation (the "1999 Revolving Credit Note"), and the 1998 Revolving Credit Note was canceled; and

WHEREAS, concurrent with the date hereof, the 1999 Revolving Credit Note is being cancelled and replaced with a new Revolving Credit Note of even date herewith made by the Corporation and payable to the Bank in the principal amount of Eight Million and 00/100 Dollars (\$8,000,000.00) (the "2000 Revolving Credit Note"); and

WHEREAS, Mortgagor and Mortgagee desire to modify the Mortgage and the Assignment of Rents to secure the indebtedness evidenced by the 2000 Revolving Credit Note, as herein modified.

NOW, THEREFORE, in consideration of the covenants, promises and conditions herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. The aforesaid recitals are hereby incorporated into this Second Modification as if fully set forth in this Paragraph 1.

2. Except as provided herein, all definitions set forth under the Mortgage and the Assignment of Rents are hereby incorporated herein.

3. The last sentence of the second recital on page 1 of the Mortgage is hereby deleted and substituted with the following:

"The unpaid principal amount and all accrued and unpaid interest due under the 2000 Revolving Credit Note, if not sooner paid, shall be due on September 15, 2001."

4. Wherever the term "Revolving Note" is referred to in the Mortgage, Assignment of Rents, the First Amendment, the First Modification or any of the other Loan Documents (as defined in the Mortgage), in all cases it shall refer to the 2000 Revolving Credit Note. Whenever the term "Notes" is referred to in the Mortgage, Assignment of Rents, the First Amendment, the First Modification or any of the other Loan Documents, in all cases it shall refer to the 2000 Revolving Credit Note, the Mortgage Note and the Term Note.

5. Mortgagor hereby ratifies and confirms its liabilities and obligations under the 2000 Revolving Credit Note, the Term Note, the Mortgage Note, the Mortgage, the Assignment of Rents and the other Loan Documents evidencing the loans as amended by this Second Modification and the liens and security interests created thereby, and acknowledges that it has

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no defenses, claims or setoffs to the enforcement by Mortgagee of the obligations and liabilities of Mortgagor under the 2000 Revolving Credit Note, the Term Note, the Mortgage Note, the Mortgage and the Assignment of Rents, as amended by this Second Modification.

6. This Second Modification of Mortgage and Assignment of Rents shall be binding on the Trust, the Corporation and their respective shareholders, officers, directors, heirs, legatees, administrators, personal representatives, successors and assigns, and shall inure to the benefit of Mortgagee, its successors and assigns.

7. Mortgagor shall pay all costs, expenses and fees including but not limited to attorneys' fees and recording fees incurred in connection with this Second Modification.

8. This Second Modification shall be governed by and construed under the laws of the State of Illinois.

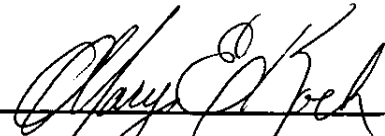
9. Except as herein modified, and as modified by the First Modification, the terms, conditions and covenants of the Mortgage and the Assignment of Rents shall remain unchanged and otherwise in full force and effect, in accordance with the original terms and tenor thereof. In the event of an inconsistency between this Second Modification and the Mortgage, or this Second Modification and the Assignment of Rents, or this Second Modification and the First Modification, the terms set forth in this Second Modification shall control.

IN WITNESS WHEREOF, the undersigned have executed this Second Modification of Mortgage and Assignment of Rents as of the day and year first above written.

Mortgagor:

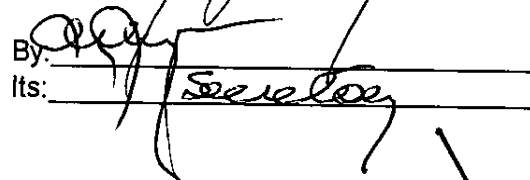
HARRIS BANK HINSDALE, not personally, but solely as Trustee aforesaid

Attest:



By:

Its:



Secretary

By:

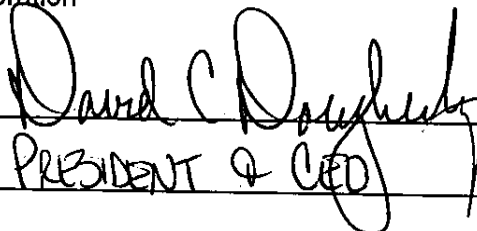
Its:

AN EXCULPATORY PROVISION RESTRICTING ANY LIABILITY ON THE PART OF THE TRUSTEE IS ATTACHED HERETO AND INCORPORATED HEREOF.

THE FEDERATED GROUP, INC., an Illinois corporation

By:

Its:



PRESIDENT & CEO

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ACCEPTANCE ENDORSEMENT

THE NORTHERN TRUST COMPANY, as the Mortgagee under the Mortgage and the Assignee under the Assignment of Rents as herein modified, does hereby accept and approve the above and foregoing Second Modification of Mortgage and Assignment of Rents and Lessor's Interest in Leases.

Dated as of this 17 day of November, 2000.

THE NORTHERN TRUST COMPANY

Attest:

By: [Signature]

Its: vice president

By: [Signature]

Its: OFFICER

Property of Cook County Clerk's Office

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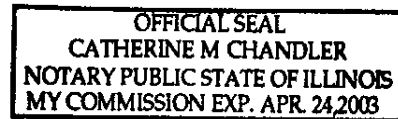
STATE OF ILLINOIS)
) SS.
COUNTY OF DUPAGE)

I, CATHERINE M. CHANDLER, a Notary Public in and for said County, in the State aforesaid, do hereby certify that ROBERT MOORE, the VICE PRESIDENT of THE NORTHERN TRUST COMPANY (the "Bank"), who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such _____, appeared before me this day in person and acknowledged that she/he signed, sealed and delivered the said instrument as her/his own free and voluntary act and as the free and voluntary act of said Bank, as Mortgagee, for the uses and purposes therein set forth; and the said _____ then and there acknowledged that she/he, as the custodian of said Bank, did affix the seal of said Bank to said instrument as her/his own free and voluntary act and as the free and voluntary act of said Bank, as Mortgagee, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 13th day of NOV., 2000.

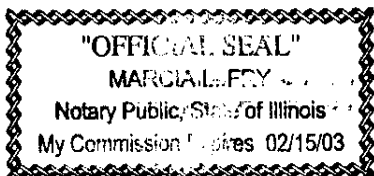
Catherine M. Chandler
Notary Public

STATE OF ILLINOIS)
) SS.
COUNTY OF DuPage)



I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that STANLEY M. NOIA, the Assistant Vice President of HARRIS BANK HINSDALE (the "Bank"), and _____, the VICE PRESIDENT of said Bank, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Assistant Vice President and VICE PRESIDENT, respectively, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said Bank, for the uses and purposes therein set forth; and the said Assistant Vice President then and there acknowledged that she/he, as the custodian of the seal of said Bank, did affix the seal of said Bank to said instrument as her/his own free and voluntary act and as the free and voluntary act of said Bank, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 7th day of November, 2000.



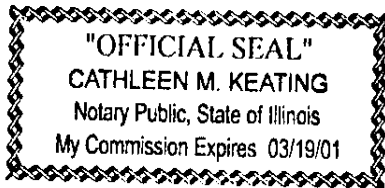
Marcia L. Fry
Notary Public

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Cathleen M. Keating, a Notary Public in and for said County, in the State aforesaid, do hereby certify that David C. Dougherty, the President and CEO of THE FEDERATED GROUP, INC. (the "Corporation"), and W.B. Martin Gross, the Secretary of said Corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Secretary, respectively, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said Corporation, for the uses and purposes therein set forth; and the said Secretary then and there acknowledged that she/he, as the custodian of the seal of said Corporation, did affix the seal of said Corporation to said instrument as her/his own free and voluntary act and as the free and voluntary act of said Corporation, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 25th day of October, 2000.



Cathleen M. Keating
Notary Public

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Exhibit A

Legal Description

LOT 10 IN ARLINGTON PARK OFFICE CENTER, A SUBDIVISION OF PART OF THE NORTHWEST 1/4 OF SECTION 25 AND PART OF THE NORTHEAST 1/4 OF SECTION 26, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N. NO.: 02-25-100-020

PROPERTY ADDRESS: 3025 West Salt Creek Lane, Arlington Heights, Illinois 60005

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EXCULPATORY RIDER

This instrument is executed by the Harris Bank Hinsdale, N.A. as Trustee under the provisions of a Trust Agreement dated 11-28-90, and known as Trust no. L-2781, not personally, but solely as Trustee aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee. This instrument is executed and delivered by the Trust solely in the exercise of the powers expressly conferred upon the Trustee under the Trust and upon the written direction of the beneficiaries and/or holders of the power of direction of said Trust and Harris Bank Hinsdale, N.A. warrants that it possesses full power and authority to execute this instrument. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of the trustee while in form purporting to be the said representations, warranties, covenants, undertakings and agreements of said Trustee are each and every one of them not made with the intention of binding Harris Bank Hinsdale, N.A. in its individual capacity, but are made and intended solely for the purpose of binding only that portion of the Trust property specifically described herein. No personal liability or personal responsibility is assumed by or nor shall at any time be asserted or enforceable against the Harris Bank of Hinsdale, N.A. on account of any representations, Warranties, (including but not limited to any representations and/or warranties in regards to potential and/or existant Hazardous Waste) covenants, undertakings and agreements contained in the instrument, (including but not limited to any indebtedness accruing plus interest hereunder) either express or implied or arising in any way out of the transaction in connection with which this instrument is executed, all such personal liability or responsibility, if any, being expressly waived and released, and any liability (including any and all liability for any violation under the Federal and/or State Environmental or Hazardous Waste laws) hereunder being specifically limited to the Trust assets, if any, securing this instrument. Any provision of this instrument referring to a right of any person to be indemnified or held harmless, or reimbursed by the Trustee for any costs, claims, losses, fines, penalties, damages, costs of any nature including attorney's fees and expenses, arising in any way out of the execution of this instrument or in connection thereto are expressly waived and released by all parties to and parties claiming, under this instrument. Any person claiming or any provision of this instrument referring to a right to be held harmless, indemnified or reimbursed for any and all costs, losses and expenses of any nature, in connection with the execution of this instrument, shall be construed as only a right of redemption out of the assets of the Trust. Notwithstanding anything in this instrument contained, in the event of any conflict between the body of this exoneration and the body of this instrument, the provisions of this paragraph shall control. Trustee being fully exempted, nothing herein contained shall limit the right of any party to enforce the personal liability of any other party to this instrument.