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Cook County Recorder 47.00

PREPARED BY AND
WHEN RECORDED RETURN TO:

McGuire Woods LLP
101 South Tryon Street, Suite 3700
Charlotte, North Carolina 28280
Attention: John R. Hosmer, Jr., Esq.



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LOAN MODIFICATION AGREEMENT AND
AMENDMENT TO MORTGAGE AND
SECURITY AGREEMENT

among

2305 ENTERPRISE DRIVE, L.L.C., as Grantor,

PRIME GROUP REALTY, L.P., as Guarantor,

and

DEUTSCHE BANC MORTGAGE CAPITAL, L.L.C., as Beneficiary

dated February 27, 2001

This LOAN MODIFICATION AGREEMENT AND AMENDMENT TO MORTGAGE AND SECURITY AGREEMENT ("Modification Agreement"), dated as of February 27, 2001, is made by and between 2305 ENTERPRISE DRIVE, L.L.C, a Delaware limited liability company, as Grantor ("Grantor"), whose address is c/o Prime Group Realty Trust, 77 West Wacker Drive, Suite 3900, Chicago, Illinois 60601, Prime Group Realty, L.P., a Delaware limited partnership, whose address is 77 West Wacker Drive, Suite 3900, Chicago,

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Illinois 60601, ("Guarantor"; and Grantor and Guarantor being referred to herein as the "Borrower Parties"), and **DEUTSCHE BANC MORTGAGE CAPITAL, L.L.C.**, a Delaware limited liability company, as Beneficiary, and its successors and/or assigns ("Beneficiary"), whose address is 31 West 52nd Street, 10th Floor, New York, New York 10019.

WHEREAS, Grantor executed that certain Mortgage and Security Agreement (the "Deed of Trust") in favor of Beneficiary dated January 10, 2000, and recorded on January 13, 2000 in the Public Records of Cook County, Illinois as Document Number 00035764, with respect to the property described on Exhibit A attached hereto (the "Property"), to secure, among other things, the payment of the indebtedness evidenced by that certain Promissory Note dated January 10, 2000, from Grantor in favor of Beneficiary in the original principal amount of \$5,450,000.00 (the "Original Note");

WHEREAS, Guarantor executed that certain Guaranty and Indemnity and that certain Environmental Indemnity Agreement both in favor of Beneficiary and dated January 10, 2000 (and both "Loan Documents" for purposes hereof);

WHEREAS, Grantor has requested and Beneficiary has agreed to advance to Grantor additional principal in the amount of \$550,000.00 as consideration for Grantor's executing that certain Amended and Restated Promissory Note (the "Amended Note") dated of even date herewith in favor of Grantor and entering into this Modification Agreement; and

WHEREAS, as a condition to the additional advance of principal evidenced by the Amended Note, Beneficiary has required that Guarantor joins in this Modification Agreement;

NOW, THEREFORE, in consideration of the premises herein made and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower Parties and Beneficiary agree as follows:

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Mortgage. The terms of the Loan Documents as modified by this Modification Agreement and the Amended Note are hereby ratified and reaffirmed by Borrower Parties in their entirety to the extent each of them is a party thereto.

1. Loan Amount. All references to the "Loan Amount," the "Loan," "Principal" and "\$5,450,000.00" in all of the Loan Documents are hereby amended to refer to \$6,000,000.00 which is the amount of outstanding principal under the Amended Note as of the date hereof.

2. Representations and Warranties. Each Borrower Party represents and warrants that each of the representations and warranties made by it in the Loan Documents in connection with the January 10, 2000, closing are true and correct as of the date hereof.

3. Permitted Transfers. The following new paragraph is hereby added at the end of Section 5.3 of the Mortgage:

Beneficiary shall consent to Transfers of the Trust Property to a proposed transferee

("Buyer") in its entirety and assumption of the Loan by Buyer (hereinafter, a "Sale") if: (i) no Default exists; (ii) Grantor gives Beneficiary 60 days prior notice of the terms of such prospective Sale along with (A) all information concerning the Buyer as Beneficiary shall require in evaluating an initial extension of credit to a borrower and (B) a non-refundable Application Fee of \$5,000; (iii) Grantor pays Beneficiary at closing of such Sale, all of Beneficiary's actual and out-of-pocket costs relating to the Sale, plus a Transfer Fee of three-quarters of one percent (0.75%) of the then outstanding principal balance of the Note ("Transfer Fee"); (iv) such Sale occurs no sooner than the earlier to occur of (A) nine (9) months following the Loan closing or (B) one month after the "start-up day," within the meaning of Section 860G(a)(9) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), of a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code.; (v) at Beneficiary's option, written confirmation is received from a nationally-recognized statistical rating agency approved by Beneficiary that the Transfer will not cause a negative change to the ratings applicable to any outstanding securities related to this Deed of Trust; and (vi) Buyer (A) executes such instruments, certificates, documents and agreements, and (B) delivers such insurance policies and other documents, in each case as Beneficiary shall reasonably require in connection with the Sale. Beneficiary shall have the right to approve or disapprove the proposed Buyer. The Application Fee shall be credited toward payment of the Transfer Fee at the closing of such Sale.

4. Reserves.

- (a) The monthly deposit to the Replacement Reserve in Section 4.1 of the Mortgage is hereby changed from \$2,503.20 per month to \$1,044.00 per month.
- (b) The Rollover Reserve Rider attached hereto is hereby incorporated in the Mortgage as an additional Rider and the Rollover Reserve shall be a "Reserve" as defined in the Mortgage.

5. Miscellaneous.

(a) Successors and Assigns; Joint and Several Liability. The terms hereof shall bind Borrower Parties and their respective successors and assigns and shall constitute covenants running with the land and shall inure to the benefit of Beneficiary and its successors and assigns, including any lawful holder, owner, pledgee or participant of any of the Debt.

(b) Severability. A determination that any provision of this Modification Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision.

(c) Governing Law. THIS MODIFICATION AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA WITHOUT REGARD TO ITS CONFLICTS OF LAWS RULES.

(d) Cross Default. A Default hereunder is a default under the other Loan Documents.

(e) Counterpart. This Modification Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall together constitute one instrument.

(f) Recording and Filing. Grantor will cause this Modification Agreement to be recorded and filed in such manner and in such places as Beneficiary shall reasonably request, and will pay all recording and filing Taxes and fees.

(g) Entire Agreement and Modifications. This Modification Agreement shall be deemed a Loan Document and it and the other Loan Documents contain the entire agreements between the parties relating to the subject matter hereof and thereof and all prior agreements relative hereto and thereto which are not contained herein or therein are terminated. This Modification Agreement may not be amended or terminated orally but only by a written instrument or instruments executed by the party against which enforcement is asserted.

(h) Joinder by Guarantor. Guarantor joins in the execution of this Modification Agreement solely for the purpose of modifying the Loan Documents to which it is a party and acknowledging the modification of the Loan Documents to which it is not a party.

(i) Consent to Transfer of 0.1% Interest. By its execution below, Beneficiary consents to the transfer of a one-tenth of one percent (0.1%) interest in the Grantor to PGR Finance XXI, L.L.C., which, upon such transfer, will be the new special purpose, bankruptcy remote "Administrative Member" of the Grantor.

County Clerk's Office

IN WITNESS WHEREOF, Borrower Parties and Beneficiary have executed this Modification Agreement effective as of the date first above written.

GRANTOR:

2305 ENTERPRISE DRIVE, L.L.C., a Delaware limited liability company,

By: PGR Finance XXI, L.L.C., a Delaware limited liability company, its administrative member,

By: Prime Group Realty, L.P., a Delaware limited liability partnership, its sole member,

By: Prime Group Realty Trust, a Maryland real estate investment trust, its managing general partner,

By:  (SEAL)

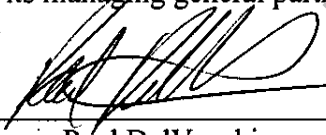
Name: Paul DelVecchio

Title: Vice President

GUARANTOR:

Prime Group Realty, L.P., a Delaware limited liability partnership, its sole member,

By: Prime Group Realty Trust, a Maryland real estate investment trust, its managing general partner,

By:  (SEAL)

Name: Paul DelVecchio

Title: Vice President

BENEFICIARY:

DEUTSCHE BANC MORTGAGE CAPITAL, L.L.C., a Delaware limited liability company

By: _____ (SEAL)

Name: Michelle Leighton

Title: Director

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IN WITNESS WHEREOF, Borrower Parties and Beneficiary have executed this Modification Agreement effective as of the date first above written.

GRANTOR:

2305 ENTERPRISE DRIVE, L.L.C., a Delaware limited liability company,

By: PGR Finance XXI, L.L.C., a Delaware limited liability company, its administrative member,

By: Prime Group Realty, L.P., a Delaware limited liability partnership, its sole member,

By: Prime Group Realty Trust, a Maryland real estate investment trust, its managing general partner,

By: _____ (SEAL)

Name: Louis G. Conforti

Title: Co-President & Chief Financial Officer

GUARANTOR:

Prime Group Realty, L.P., a Delaware limited liability partnership, its sole member,

By: Prime Group Realty Trust, a Maryland real estate investment trust, its managing general partner,

By: _____ (SEAL)

Name: Louis G. Conforti

Title: Co-President and Chief Financial Officer

BENEFICIARY:

DEUTSCHE BANC MORTGAGE CAPITAL, L.L.C., a Delaware limited liability company

By:  (SEAL)

Name: Michelle Leighton

Title: Director

STATE OF ILLINOIS

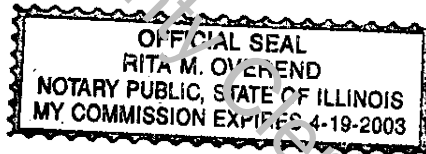
COUNTY OF COOK

I, Rita M. Overend, a Notary Public in and for said County and State aforesaid, do hereby certify that Paul DeVecchio, Vice President of Prime Group Realty Trust, a Maryland real estate investment trust, the managing general partner of Prime Group Realty, L.P., a Delaware limited partnership, the sole member of PGR Finance, L.L.C., a Delaware limited liability company, the administrative member of 2305 ENTERPRISE DRIVE, L.L.C., a Delaware limited liability company, is personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said real estate investment trust on behalf of the said limited partnership, on behalf of the said limited liability company on behalf of the said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 27th day of February, 2001.

[NOTARIAL STAMP OR SEAL]

Rita M. Overend
Notary Public



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STATE OF ILLINOIS

COUNTY OF COOK

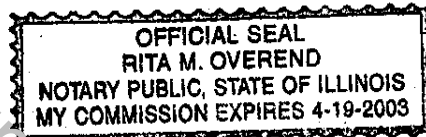
I, Rita M. Overend, a Notary Public in and for said County and State aforesaid, do hereby certify that Paul DelVecchio, Vice President of Prime Group Realty Trust, a Maryland real estate investment trust, the managing general partner of PRIME GROUP REALTY, L.P., a Delaware limited partnership, is personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said real estate investment trust on behalf of said limited partnership, for the uses and purposes therein set forth.

GIVEN under my hand and notarial Seal this 27th day of February, 2001.

[NOTARIAL STAMP OR SEAL]

Rita M. Overend

Notary Public



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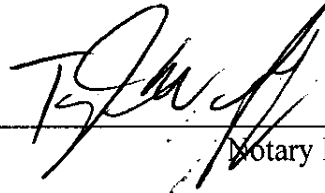
STATE OF NEW YORK

COUNTY OF _____

I, TIMOTHY W SZALAY, a Notary Public in and for said County and State aforesaid, do hereby certify that Michelle Leighton, a Director of Deutsche Banc Mortgage Capital, L.L.C., a Delaware limited liability company, is personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that she signed and delivered said instrument as her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial Seal this 26 day of February, 2001.

[NOTARIAL STAMP OR SEAL]



Notary Public

TIMOTHY W. SZALAY
Notary Public, State of New York
No. 4992119
Qualified in Nassau County
Commission Expires February 18, 2002



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EXHIBIT A

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PARCEL 1:

THE SOUTHERLY 75.50 FEET OF LOT 1 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915, IN COOK COUNTY, ILLINOIS.

PARCEL 2:]

LOT 2 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915, (EXCEPT 'TRACT A', 'TRACT B', 'TRACT C' AND 'TRACT D'), DESCRIBED AS FOLLOWS:

EXCEPTION TRACT A:

THE SOUTHERLY 67.00 FEET OF THE WESTERLY 201.39 FEET (AS MEASURED THE SOUTHERLY LINE) OF LOT 2 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915;

EXCEPTION TRACT B:

THE SOUTHERLY 67.00 FEET OF THE EASTERLY 255.08 FEET (AS MEASURED ALONG THE SOUTHERLY LINE) OF LOT 2 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915;

EXCEPTION TRACT C:

THE NORTHERLY 32.50 FEET OF THE WESTERLY 217.00 FEET OF LOT 2 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915;

EXCEPTION TRACT D:

THE NORTHERLY 32.50 FEET TO THE EASTERLY 205.83 FEET (AS MEASURED ALONG THE NORTHERLY LINE) OF LOT 2 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915) ALL IN COOK COUNTY, ILLINOIS.

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2305 ENTERPRISE DR.
WESTCHESTER, IL

ROLLOVER RESERVE RIDER

(a) Mortgagor shall establish and maintain a reserve ("Rollover Reserve") with Mortgagee for payment of costs incurred by Mortgagor to pay for "Tenant Improvements" and "Leasing Commissions". Mortgagor shall make an initial deposit to the Rollover Reserve on the date hereof in the amount of \$100,000.00.

(b) Commencing on the first Payment Date for which funds have not been escrowed by Mortgagee and continuing on each Payment Date thereafter when the balance in the Rollover Reserve is less than \$450,000.00, Mortgagor shall until the Debt is fully paid and the Mortgage fully performed, deposit into the Rollover Reserve \$4,959.00 per month. Mortgagee reserves the right to require additional deposits from Mortgagor as Mortgagee may determine are needed in its reasonable discretion. Funds in the Rollover Reserve shall be in interest bearing accounts of the type customarily maintained by Mortgagee or its servicing agent for similar reserves. All interest earned shall be retained by Mortgagee for the benefit of Mortgagor and added to the balance of the Rollover Reserve.

(c) Mortgagor shall perform all obligations in connection with Tenant Improvements to the satisfaction of Mortgagee in its reasonable determination. Mortgagor agrees to promptly commence the completion of Tenant Improvements following the execution of a new lease which, if required under the terms of this Mortgage, has been approved by Mortgagee, and to thereafter continuously and diligently proceed to cause such Tenant Improvements to be fully completed. Tenant Improvements shall be performed in a first class, lien-free manner, in accordance with the terms and conditions set forth in the applicable lease (the "Build-Out Requirements") and Applicable Law. No amendment shall be made to the Build-Out Requirements without the prior approval of Mortgagee. Mortgagee or its representatives may at all reasonable times enter upon the Mortgaged Property to observe Mortgagor's performance.

(d) Mortgagor may receive disbursements from this reserve subject to complying with the following:

(i) Mortgagor shall submit a certified requisition ("Requisition"), reasonably satisfactory to Mortgagee. For Tenant Improvements, the Requisition shall provide such detail as Mortgagee may reasonably require, showing percentage of completion, all work completed since the last Requisition, and the amounts expended or incurred for work completed for the applicable period. For Leasing Commissions, the Requisition shall detail the services rendered by the real estate broker and be accompanied by the broker's invoice showing the Leasing Commissions then due or paid in full by Mortgagor. Leasing Commissions will be disbursed directly to the real estate broker (or paid to Mortgagor if reimbursement is sought), provided that a valid release executed by the broker and Mortgagor is delivered to Mortgagee and the terms of this Rider have otherwise been met, provided further, that disbursement shall be made only with respect to Leasing Commissions payable to unrelated non-affiliated third party brokers.

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(ii) No Default shall have occurred under this Mortgage, the Note or any of the other Loan Documents.

(iii) The Requisition is supported by documentation, including (a) a detailed description of the Tenant Improvements and/or Leasing Commissions, as applicable, (b) with respect to Tenant Improvements, a certificate of completion by an architect approved by Mortgagee providing that the applicable Tenant Improvements which are the subject of the Requisition have been completed in accordance with the requirements set forth herein, (c) with respect to Tenant Improvements, a line item list of costs of Tenant Improvements certified as to its accuracy by Mortgagor, and (d) with respect to Tenant Improvements, and upon the final Requisition therefor, a valid copy of the certificate of occupancy issued by the appropriate governmental entity or a certification by Mortgagor that no new certificate of occupancy is required for the lawful occupancy of the space in which the Tenant Improvements have been performed, all in a manner satisfactory to Mortgagee in its sole and absolute discretion.

(iv) Mortgagor, if requested by Mortgagee, will furnish evidence reasonably satisfactory to Mortgagee and to any title company (including lien waivers, invoices and receipts), confirming the priority of this Mortgage and proving all obligations of Mortgagor to any contractor for labor or materials furnished in connection with the Tenant Improvements as of the date of the Requisition have been satisfied. Further, if requested by Mortgagee, such title company shall have issued an endorsement to Mortgagee's title insurance policy confirming the priority of the Mortgage or a title bring-to-date showing that title to the Mortgaged Property is free and clear of encumbrances other than those in the form of title commitment accepted by Mortgagee at closing.

(v) Mortgagor shall provide evidence that all completed Tenant Improvements comply with any and all Applicable Laws and that all necessary permits, certificates, certificates of occupancy, certificates of completion or other approvals of any governmental authority having jurisdiction have been obtained and continue in full force and effect.

(vi) All documents required by Mortgagee to be recorded or filed shall have been recorded or filed.

(vii) With the exception of the final Requisition, no request submitted by Mortgagor shall be for an amount less than Two Thousand Five Hundred Dollars (\$2,500).

(viii) At the time of disbursement, payment shall have been made in full by Mortgagor of all out-of-pocket expenses incurred by Mortgagee (including the fees and charges of Mortgagee's title company, counsel, architect, engineer and other consultants) in connection with any such disbursement. Mortgagee may, at any time and from time to time, and without prior notice to Mortgagor, withdraw funds deposited in the Rollover Reserve to pay all or any of such fees, charges and expenses to Mortgagee or any such other parties as necessary. Further, and notwithstanding anything herein to

the contrary, all such fees, charges and expenses shall be payable by Mortgagor to Mortgagee, at any time and from time to time, upon demand, and regardless of whether Mortgagor has submitted a Requisition.

(ix) Requisitions may be submitted no more frequently than once every thirty (30) days. Approval of any Requisition shall not constitute a waiver of Mortgagee's rights as to any defective work or material or any work that fails to comply with the requirements therefor set out herein or the other provisions hereof.

(e) Mortgagee, by acceptance of the sums deposited in the Rollover Reserve, does not assume any personal liability and Mortgagor hereby releases Mortgagee from any such liability and no claim shall be made by Mortgagor upon Mortgagee for or on account of any matter in excess of the balance of the sums remaining in the Rollover Reserve. Mortgagee shall be protected in acting upon any notice, request, consent, demand, statement, note or other paper or document believed by Mortgagee to be genuine and to have been signed by the party or parties purporting to sign the same. Furthermore, Mortgagor agrees that Mortgagee is neither an agent for Mortgagor nor a trustee and Mortgagee shall not incur any liability whatsoever in connection with those capacities. Mortgagee's acceptance of and administration of the Rollover Reserve, shall not impose any responsibility on Mortgagee beyond the payment and disbursement of funds in accordance herewith.

(f) Although Mortgagee may review the Build-Out Requirements, cost estimates and other matters pertaining to the Tenant Improvements and Leasing Commissions, such review, and all other actions now or hereafter taken by Mortgagee pursuant hereto, are solely for the protection of Mortgagee, and Mortgagor understands that Mortgagee is not making and will not make any warranties or representations as to any matters pertaining to the Tenant Improvements and Leasing Commissions, the sufficiency of the sums in the Rollover Reserve or the adequacy of the Build-Out Requirements or any other items or matters, and Mortgagor shall be solely responsible for such matters.

(g) Mortgagor acknowledges that Mortgagor's obligation to complete the Tenant Improvements and to pay Leasing Commissions in full are not limited to the amount of the sums on deposit in the Rollover Reserve. Mortgagor further acknowledges that Mortgagee may require Mortgagor to deposit additional funds into the Rollover Reserve to cover the costs of the Leasing Commissions and Tenant Improvements. Mortgagor agrees to deposit additional sums with the Mortgagee from time to time, as reasonably determined by Mortgagee to be needed to pay for the cost of the Tenant Improvements and Leasing Commissions. Mortgagor agrees to pay to Mortgagee, on each anniversary of the date hereof or, if such date is not the first day of a calendar month, on the anniversary of first day of the calendar month next following the month hereof, during the term hereof, an administrative fee of Five Hundred Dollars (\$500.00). Mortgagee may, at its election, and in lieu of sending the Mortgagor a statement for such fee, deduct such fee from the sums on deposit in the Rollover Reserve, which deduction shall serve as the payment thereof.