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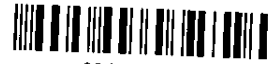
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2001-12-17 15:40:33

Cook County Recorder 57.50

**THIS INSTRUMENT PREPARED
BY AND RETURN TO:
RICHARD H. LEVY
Schain, Burney, Ross & Citron, Ltd.
222 North LaSalle Street
Suite 1910
Chicago, Illinois 60601**



0011197261

REAL ESTATE SALES CONTRACT

Property of Cook County Clerk's Office

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REAL ESTATE SALES CONTRACT

1. NETWORK HOLDINGS, a Nevada corporation (Purchaser) agrees to purchase at a price of Two Million Five Hundred Thousand and 00/100 Dollars (\$2,500,000.00) on the terms set forth herein, the following described real estate in Chicago, Cook County, Illinois. See Exhibit "A" attached hereto ("Premises"; "Property"; "Real Estate").

commonly known as approximately twelve thousand four hundred (12,400) square feet at the northeast corner of Hudson and Huron Streets, Chicago, Illinois and with approximate lot dimensions of _____ x _____, together with the following property located thereon: NONE

2. RIVER NORTH LIMITED PARTNERSHIP NO. 3, an Illinois limited partnership (Seller) agrees to sell the real estate and the property described above, if any, at the price and terms set forth herein, and to convey or cause to be conveyed to Purchaser or nominee title thereto by a recordable special warranty deed, with release of homestead rights, if any, and a proper bill of sale, subject only to: (a) ~~easements, conditions and restrictions of record;~~ (b) ~~private, public and utility easements and roads and highways, if any;~~ (c) ~~party wall rights and agreements, if any;~~ (d) ~~existing leases and tenancies (as listed in Schedule A attached);~~ (e) ~~special taxes or assessments for improvements not yet completed;~~ (f) ~~installments not due at the date hereof of any special tax or assessment for improvements heretofore completed;~~ (g) ~~mortgage or trust deed specified below, if any;~~ (h) general taxes for the year 2000 and subsequent years including taxes which may accrue by reason of new or additional improvements during the year(s) _____; and to the Permitted Exceptions set forth in Exhibit "B" hereto.

3. Purchaser has paid One Hundred Thousand and 00/100 Dollars (\$100,000.00) as earnest money to be applied on the purchase price, and agrees to pay or satisfy the balance of the purchase price, plus or minus prorations, at the time of closing as follows: ~~(strike language and subparagraphs not applicable)~~

(a) The payment of Two Million Four Hundred Thousand and 00/100 Dollars (\$2,400,000.00).

(b) The payment of \$_____ and the balance payable as follows:

_____ and _____
to be evidenced by the note of Purchaser (grantee), providing for full prepayment privileges without penalty, which shall be secured by a part purchase money mortgage (trust deed), the latter instrument and the note to be in the form hereto attached as Schedule B, or, in the absence of this attachment, the forms prepared by _____ and identified as Nos. _____ and by a security agreement (as to which Purchaser will execute or cause to be executed such financing statements as may be required under the Uniform Commercial Code in order to make the lien created thereunder effective), and an assignment of rents, said security agreement and assignment of rents to be in the forms appended hereto as Schedules C and D. Purchaser shall furnish to Seller an American Land Title Association loan policy insuring the mortgage (trust deed) issued by the Chicago Title Insurance Company.

(**If a Schedule B is not attached and the blanks are not filled in, the note shall be secured by a trust deed, and the note and trust deed shall be in the forms used by the Chicago Title and Trust Company.)

(c) The acceptance of the title to the real estate by Purchaser subject to a mortgage or trust deed of record securing a principal indebtedness (which the Purchaser [does] [does not] agree to assume) aggregating \$_____ bearing interest at the rate of _____% a year, and the payment of a sum which represents the difference between the amount due on the indebtedness at the time of closing and the balance of the purchase price.

4. Seller, at his own expense, agrees to furnish Purchaser a current plat of survey of the above real estate made and so certified by the surveyor as having been made, in compliance with ALTA and Illinois Land Survey Standards.

5. The time of closing shall be on SEE PARAGRAPH R-2 or on the date, if any, to which such time is extended by reason of paragraphs 2 or 10 of the Conditions and Stipulations hereafter becoming operative (whichever date is later), unless subsequently mutually agreed otherwise, at the office of Chicago Title Insurance Company or of the mortgage lender, if any, provided title is shown to be good or is accepted by Purchaser.

6. Seller agrees to pay a broker's commission to _____ in the amount set forth in the broker's listing contract or as follows: _____

7. The earnest money shall be held by Chicago Title Insurance Company in a Strict Joint Escrow for the mutual benefit of the parties.

8. Seller warrants that Seller, its beneficiaries or agents of Seller or of its beneficiaries have received no notices from any city, village or other governmental authority of zoning, building, fire or health code violations in respect to the real estate that have not been heretofore corrected.

9. A duplicate original of this contract, duly executed by the Seller and his spouse, if any, shall be delivered to the Purchaser within three (3) days from the date hereof, otherwise, at the Purchaser's option, this contract shall become null and void and the earnest money shall be refunded to the Purchaser.

Signatures are on the Rider attached hereto and made a part hereof.

This contract is subject to the Conditions and Stipulations set forth on the back page hereof, which Conditions and Stipulations are made a part of this contract.

Dated _____

Purchaser _____ (Address) _____

Purchaser _____ (Address) _____

Seller _____ (Address) _____

Seller _____ (Address) _____

*Form normally used for sale of property improved with multi-family structures of five or more units or of commercial or industrial properties.

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CONDITIONS AND STIPULATIONS

1. Seller shall deliver or cause to be delivered to Purchaser or Purchaser's agent, not more than fifteen (15) days after the date hereof, the plat of survey (if one is required to be delivered under the terms of this contract) and a title commitment for an owner's title insurance policy issued by the Chicago Title Insurance Company ("Title Insurer") in the amount of the purchase price, covering title to the real estate on or after the date hereof, showing title in the intended grantor subject only to (a) the general exceptions contained in the policy, (b) the title exceptions set forth above, and the Permitted Exceptions set forth in Exhibit "B" and (c) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be removed by the payment of money at the time of closing and which the Seller shall so remove at that time by using the funds to be paid upon the delivery of the deed (all of which are herein referred to as the permitted exceptions). The title commitment shall be conclusive evidence of good title as therein shown as to all matters insured by the policy, subject only to the exceptions as therein stated. ~~Seller also shall furnish Purchaser an affidavit of title in customary form covering the date of closing and showing title in Seller subject only to the permitted exceptions in foregoing items (b) and (c) and unpermitted exceptions or defects in the title disclosed by the survey, if any, as to which the title insurer commits to extend insurance in the manner specified in paragraph 2 below.~~ At closing, Seller shall cause the Title Insurer to issue its policy with extended coverage over the General Exceptions contained in the policy and a 3.0 zoning endorsement insuring that the Property is zoned for Purchaser's intended use.
2. If the title commitment or plat of survey (if one is required to be delivered under the terms of this contract) discloses either unpermitted exceptions or survey matters that render the title unmarketable (herein referred to as "survey defects"), Seller shall have 30 days from the date of delivery thereof to have the exceptions removed from the commitment or to correct such survey defects or to have the title insurer commit to insure against loss or damage that may be occasioned by such exceptions or survey defects, and, in such event, the time of closing shall be 35 days after delivery of the commitment or the time expressly specified in paragraph 5 on the front page hereof, whichever is later. If Seller fails to have the exceptions removed or correct any survey defects, or in the alternative, to obtain the commitment for title insurance specified above as to such exceptions or survey defects within the specified time, Purchaser may terminate this contract or may elect, upon notice to Seller within 10 days after the expiration of the 30-day period, to take title as it then is with the right to deduct from the purchase price liens or encumbrances of a definite or ascertainable amount and the cost of title insurance over such exceptions. If Purchaser does not so elect, these matters shall be deemed additional Permitted Exceptions.
3. ~~Rents, premiums under assignable insurance policies, water and other utility charges, fuels, prepaid service contracts, general taxes, accrued interest on mortgage indebtedness, if any, and other similar items shall be adjusted ratably as of the time of closing. The amount of the current general taxes not then ascertainable shall be adjusted on the basis of (a), (b) or (c) below (Strike subparagraphs not applicable):~~
 - (a) One hundred percent (100%) of the most recent tax bill and ascertainable tax rate, assessed valuation, and multipliers shall be reprorated upon issuance of actual bills;
 - (b) ~~The most recent ascertainable taxes and subsequent readjustment thereof pursuant to the terms of reproration letter attached hereto and incorporated herein by reference.~~
 - (c) [Other] _____

The amount of any general taxes which may be assessed by reason of new or additional improvements shall be adjusted as follows: _____
- All prorations are final unless otherwise provided herein. ~~Existing leases and assignable insurance policies, if any, shall then be assigned to Purchaser.~~ Seller shall pay the amount of any stamp tax imposed by State law on the transfer of the title, and shall furnish a completed Real Estate Transfer Declaration signed by the Seller or the Seller's agent in the form required pursuant to the Real Estate Transfer Tax Act of the State of Illinois and shall furnish any declaration signed by the Seller or the Seller's agent or meet other requirements as established by any local ordinance with regard to a transfer or transaction tax; such tax required by local ordinance shall be paid by Purchaser the party upon whom such ordinance places responsibility therefor. ~~If such ordinance does not so place responsibility, the tax shall be paid by the (Purchaser) (Seller). (Strike One.)~~
4. The provisions of the Uniform Vendor and Purchaser Risk Act of the State of Illinois shall be applicable to this contract.
5. ~~If this contract is terminated without Purchaser's fault, the earnest money shall be returned to the Purchaser, but if the termination is caused by the Purchaser's fault, then at the option of the Seller and upon notice to the Purchaser, the earnest money shall be forfeited to the Seller and applied first to the payment of Seller's expenses and then to payment of broker's commission; the balance, if any, to be retained by the Seller as liquidated damages.~~
6. ~~At the election of Seller or Purchaser upon notice to the other party not less than _____ days prior to the time of closing, (This sale shall be closed through a "New York Style" escrow with Chicago Title and Trust Company, in accordance with the general provisions of the usual form of Deed and Money Escrow Agreement then in use by Chicago Title and Trust Company, with such special provisions inserted in the escrow agreement as may be required to conform with this contract. Upon the creation of such an escrow, anything herein to the contrary notwithstanding, payment of purchase price and delivery of deed shall be made through the escrow and this contract and the earnest money shall be deposited in the escrow. The cost of the escrow shall be divided equally between Seller and Purchaser. (Strike paragraph if inapplicable.)~~
7. Time is of the essence of this contract.
8. All notices herein required shall be in writing and shall be served on the parties at the addresses following their signatures. The mailing of a notice by registered or certified mail, return receipt requested or delivery by overnight courier or facsimile transmission, shall be sufficient service.
9. Alternative 1:
Seller represents that he is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code and is therefore exempt from the withholding requirements of said Section. Seller will furnish Purchaser at closing the Exemption Certification set forth in said Section.
Alternative 2:
Purchaser represents that the transaction is exempt from the withholding requirements of Section 1445 of the Internal Revenue Code because Purchaser intends to use the subject real estate as a qualifying residence under said Section and the sales price does not exceed \$300,000.
Alternative 3:
With respect to Section 1445 of the Internal Revenue Code, the parties agree as follows: _____
~~(Strike two of the three alternatives.)~~
10. (A) Purchaser and Seller agree that the disclosure requirements of the Illinois Responsible Property Transfer Act (do)(do not) apply to the transfer contemplated by this contract. (If requirements do not apply, strike (B) and (C) below.)
(B) Seller agrees to execute and deliver to Purchaser and each mortgage lender of Purchaser such disclosure documents as may be required by the Illinois Responsible Property Transfer Act.
(C) Purchaser agrees to notify Seller in writing of the name and post office address of each mortgage lender who has issued a commitment to finance the purchase hereunder, or any part thereof, such notice shall be furnished within 10 days after issuance of any such commitment, but in no event less than 40 days prior to delivery of the deed hereunder unless waived by such lender or lenders. Purchaser further agrees to place of record, simultaneously with the deed recorded pursuant to this contract, any disclosure statement furnished to Purchaser pursuant to paragraph 10(B) and, within 30 days after delivery of the deed hereunder, to file a true and correct copy of said disclosure document with the Illinois Environmental Protection Agency.

RIDER ATTACHED HERETO AND MADE A PART OF REAL ESTATE
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SALES CONTRACT (CONTRACT)
DATED _____, 2001 BY AND BETWEEN
NETWORK HOLDINGS, A NEVADA CORPORATION, AS PURCHASER
AND RIVER NORTH LIMITED PARTNERSHIP NO. 3, AS SELLER

11197261

R-1. **Title.** Seller shall promptly order and upon receipt deliver the Title Commitment for Owners Title Insurance Policy as provided for in paragraph 1 of the Conditions and Stipulations along with copies of all documents of record for the exceptions contained in Schedule B thereof which will not be released at the time of closing ("Title Documents"). Purchaser shall have a period of fifteen (15) days, from receipt thereof in which to advise Seller in writing of any objections to any such title exceptions other than the permitted exceptions set forth on Exhibit "B" hereto. Any such matters to which Purchaser does not object within said fifteen (15) days, shall be deemed to be Permitted Exceptions. Any exceptions timely objected to by the Purchaser shall be deemed to be unpermitted exceptions. The Title Commitment shall be conclusive evidence of good title, provided however unpermitted exceptions or defects in the title, or defects disclosed by the survey, as to which the title insurer commits to extend insurance satisfactory to Purchaser and Purchaser's lender in the manner specified in paragraph 2 of the Conditions and Stipulation hereof shall further be deemed to be Permitted Exceptions.

R-2. **Closing.** Closing shall take place on or, at Purchaser's option following not less than fifteen (15) days prior written notice, before, forty five (45) days after expiration or waiver of the Feasibility Period set forth in Paragraph R-8 below. At the Closing Purchaser shall pay the purchase price less the Earnest Money plus or minus prorations and Seller shall convey the Property to Purchaser or its nominee.

R-3. **Planned Development.** Seller is the owner of an improved parcel of property located across the alley from the Property, said parcel being commonly known as 727 N. Hudson. (Hereafter, the "727 Property", legally being described on Exhibit "C" attached hereto and made a part hereof.) Purchaser intends to construct on the Property a residential building with parking and possible commercial uses on the ground floor. The building will contain a minimum of seventy (70) residential units and a maximum of one hundred (100) residential units in a building of eighty seven thousand (87,000) square feet and a minimum of one hundred twenty one (121) parking spaces ("Property Project"). Seller or its successor, owner of the 727 Property intends to redevelop the 727 Property with a residential and commercial uses. ~~The maximum number of residential units shall be _____~~ (the "727 Project"). Purchaser will include 41 parking spaces within the Property Project which will serve the parking requirements for the 727 Project. In order to achieve zoning approvals from the City of Chicago it will be necessary to process a Planned Development which will include both parcels and both projects. The Planned Development application will include provisions for the forty one (41) parking spaces on the Property to serve the 727 Property, either for use by the existing users of the 727 Property, or to help satisfy the parking requirements of the 727 Project. The planned development will be filed so as to be consistent with the underlying zoning, which currently allows for a FAR of 7. Seller shall cooperate with Purchaser in determining if the forty one (41) parking spaces for the Property Project requires any of the building area allowable on the 727 Property. (This is to be determined by taking the 727 Property site area, multiplying by 7, and subtracting the floor area of the existing building as defined by the Chicago Zoning Ordinance and taking the Property Site Area, multiplying by 7 and subtracting the floor area of the Property Project and the floor area of said forty one (41) spaces). Any additional floor area which is determined by the above calculation to be necessary for the forty one (41) parking spaces and available from the 727 Property, assuming it is developed as the 727 Project shall be assigned to Purchaser for inclusion as additional floor area within the Property Project. The Planned Development will be filed so as to reflect this additional floor area. Purchaser and Seller agree to cooperate with each other in processing and seeking approval of the Planned Development set out herein, which cooperation will include the execution of any applications necessary to file the Planned Development. Such cooperation shall include the execution by Seller of any covenants which may be necessary to tie the two parcels together as one zoning lot, if required by the City of Chicago. If Seller enters into any contract for the sale of the 727 Property, the terms of this paragraph shall be affirmatively included in the contract so as to be binding on the Purchaser, both pre and post closing.

R-4. **Parking Space Provisions.** As part of the aforesaid Planned Development, Purchaser shall seek approval of inclusion in the Project of forty one (41) parking spaces which will be deeded to Seller upon approval recordation of the planned development recordation of and any necessary plats relative thereto. The following are the provisions relating to the parking spaces:

(a) At Closing, Purchaser shall deliver to Seller an unconditional irrevocable letter of credit in the amount of One Million One Hundred Thousand and 00/100 Dollars (\$1,100,000.00) to secure delivery of the deed to the parking spaces. If Purchaser fails to construct and convey the parking spaces to Seller within thirty six (36) months after Closing, Seller shall be permitted to draw on same in the full amount thereof.

(b) In the event Purchaser delivers a deed to the parking spaces (the location of which shall be determined by Purchaser) within the aforesaid thirty six (36) month period and provides Seller with a policy of title insurance insuring Seller as the owner of said parking spaces, Seller shall return the letter of credit to Purchaser.

(c) The letter of credit shall be in form reasonably acceptable to Seller, shall be from a bank reasonably acceptable to Seller and either be for: (a) a thirty eight (38) month period; or (b) a one (1) year period with a provision that if it is not renewed prior to the expiration of said one (1) year period, it may be drawn upon by Seller.

(d) Until such time as Purchaser begins construction of the Project, Seller will be allowed to park up to forty one (41) cars on the Property at no charge. At Closing, Purchaser and Seller shall enter into a license agreement in form and substance reasonably acceptable to Purchaser and Seller regarding the aforesaid.

(e) Once construction has begun by Purchaser on the Property and until such time as Purchaser has deeded the forty one (41) parking spaces to Seller and said forty one (41) parking spaces are completed and ready for use or until the aforesaid Letter of Credit has expired or been drawn on, Purchaser shall reimburse Seller for the cost of parking up to forty one (41) cars at other neighborhood parking facilities, such reimbursement to be at the prevailing market rates for monthly parking in the neighborhood. Purchaser's obligations under this Section shall also be secured by the Letter of Credit.

R-5. Seller's Assurances. Seller warrants and represents, as applicable, the following during the pendency of this Contract:

(a) That Seller has entered into no agreement with any governmental authority regarding the Property and that Seller shall hereafter execute no such agreement without the express written approval of Purchaser. Seller has received no written notice from any governmental entity of any actual or proposed ordinance, statute or agreement which has imposed or may impose any charge, liability or financial obligation upon the Property other than those of general application and as otherwise disclosed hereunder. In addition, Seller agrees, upon receiving actual written knowledge of any such actual or proposed statute or agreement, to promptly inform Purchaser thereof.

(b) That Seller shall not move any dirt from the Property during the pendency of this Contract, and shall forbear from using any portion thereof as a borrow pit or dump area for construction debris, rubble or other refuse.

(c) At the time of closing there will be no persons in possession or occupancy of the Property, nor will there be any persons who have possessory rights in respect to the Property other than those permitted to park on the Property in accordance with Paragraph R-4(b) above.

(d) Seller has full capacity, right, power and authority to execute, deliver and perform this Contract and all documents to be executed by Seller pursuant hereto. This Contract and all documents to be executed pursuant hereto by Seller are and shall be binding upon and enforceable against Seller in accordance with their respective terms.

(e) Seller has received no written notice of any claims, causes of action or other litigation or proceedings pending or threatened in respect to the ownership or operation of the Property or any part thereof (including disputes with tenants, mortgagees, governmental authorities, utilities, contractors, adjoining land owners and suppliers of goods or services).

(f) Seller has received no written notice of any existing, pending, contemplated, threatened or anticipated condemnation of any part of the Property.

(g) Seller has received no written notice of any obligations in connection with the Property pursuant to any so-called "recapture agreement" involving refund for sewer extension, oversizing utility, lighting or like expense or charge for work or services done upon or relating to the Property except as otherwise disclosed herein.

(h) To the best of Seller's knowledge, except as disclosed in the Phase I Environmental Site Assessment prepared by Environmental Consulting Group, dated September 8, 1998: (i) no Hazardous or Toxic Material (as hereinafter defined) exists on or under the surface of the Property or in any surface waters or ground waters on or under the Property, and no escape, seepage, spillage, discharge, emission or release of any Hazardous or Toxic Material has occurred or shall occur on, under, above or emanate

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from the Property; (ii) the Property has not, is not now and prior to Closing will not be used as a sanitary landfill, dump site, industrial disposal area, treatment or storage site for Hazardous or Toxic Material or for any other similar use, on either a permanent or temporary basis; and there are no pending, or to the best of Seller's knowledge, anticipated suits, actions, investigations, proceedings, liens or notices from any governmental or quasi-governmental agency with respect to the Property, Seller, or Environmental Laws (as hereinafter defined). For purposes of this Contract, the term Hazardous or Toxic Material shall be defined to include; (i) asbestos or any material composed of or containing asbestos in any form and in any type, or (ii) any hazardous, toxic or dangerous waste, contaminant, pollutant, substance, material, smoke, gas or particulate matter, as from time to time defined by or for purposes of the Comprehensive Environmental Response Compensation and Liability Act, as amended, and any law commonly referred to as of the date hereof as "Superfund" or "Superlien" or any successor to such laws, or any other Federal, state or local environmental, health or safety statute, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards concerning or in connection with hazardous, toxic or dangerous wastes, substances, material, gas or particulate matter as now in effect (collectively, the "Environmental Laws"). Seller agrees to hold harmless, defend and indemnify Purchaser from and against any and all loss, damage, cost, liability or expense (including reasonable attorney's and consultant's fees, court costs, penalties and fines) relating to personal property or economic injury arising from a violation or inaccuracy of the representations, warranties and covenants contained in this subparagraph.

(i) From and after the date hereof, Seller agrees not to contract to sell, transfer, convey or encumber or cause to be sold, transferred, conveyed or encumbered, the Property, or any part thereof, or alter or amend the zoning classification of the Property except as requested by Purchaser to permit its intended use of the Property, or otherwise perform or permit any act or deed which shall diminish, encumber or affect Purchaser's rights in and to the Property or prevent it from performing fully its obligations hereunder.

(j) Neither the execution nor delivery of this Contract, consummation of the transactions contemplated hereby, nor fulfillment of or compliance with the terms and conditions hereof, conflict with or will result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which Seller is a party of which it is bound, or constitutes a default under any of the foregoing, or results in the creation of a lien, claim, charge or encumbrance on the Property other than those matters approved by Purchaser pursuant to the terms hereof; and this Contract and all documents to be executed pursuant hereto by Seller are and shall be binding upon and enforceable against Seller in accordance with their respective terms.

(k) Within thirty (30) days after the date of execution of this Contract, Seller shall deliver to Purchaser: (a) an affidavit by which Seller shall represent and warrant that neither the Property nor the transfer of the Property contemplated by this agreement is subject to the Illinois Responsible Property Transfer Act ("RPTA"); or (b) a fully completed and executed RPTA disclosure form for the Property

(l) Seller shall deliver to Purchaser at closing a statement certifying that all the representations, warranties and covenants set forth in subsections (a), (c), (e), (f), (g) and (j) of this Paragraph R-5 are true and correct as of the closing in all material respects with the same effect as though made on the closing. Each of the representations and warranties of Seller contained in Paragraph R-5 or elsewhere in this Contract will survive for a period of six (6) months after the Closing Date. Any claim that Purchaser may have at any time against Seller for a breach of any such representation or warranty, whether known or unknown, which is not asserted by notice from Purchaser to Seller within such six (6) month period will not be valid or effective, and Seller will have no liability with respect thereto. Nor will Seller have any liability to Purchaser for a breach of any representation or warranty unless the valid claims for all such breaches collectively aggregate more than Twenty Five Thousand and 00/100 Dollars (\$25,000.00), in which event the full amount of such valid claims shall be actionable, up to an aggregate amount not to in any event exceed One Million and 00/100 Dollars (\$1,000,000.00).

R-6. Purchaser's Assurances.

(a) Purchaser warrants, represents and covenants that during the pendency of this Contract, Purchaser shall at no time allow any liens or judgments, whether recorded or unrecorded, to be placed against any portion of the Property owned by Seller unless Purchaser provides Seller with title insurance or other reasonable security therefor.

(b) Purchaser has full capacity, right, power and authority to execute, deliver and perform this Contract and all documents to be executed by Purchaser pursuant hereto, and all required action and approvals therefore have been duly taken and obtained. This Contract and documents to be executed pursuant hereto by Purchaser are and shall be binding upon and enforceable against Purchaser.

(c) Neither the execution nor delivery of this Contract, consummation of the transactions contemplated hereby, nor fulfillment of or compliance with the terms and conditions hereof, conflict with or will result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which Purchaser is a party or by which it is bound, or constitutes a default under any of the foregoing, or results in the creation of a lien, claim, charge or encumbrance on the Property other than those matters approved by Seller pursuant to the terms hereof; and this Contract and all documents to be executed pursuant hereto by Purchaser are and shall be binding upon and enforceable against Purchaser in accordance with their respective terms.

(d) Seller shall deliver to Purchaser at closing a statement certifying that all the representations, warranties and covenants set forth in subsections (a), (b) and (c) of this Paragraph R-6 are true and correct as of the closing in all material respects with the same effect as though made on the closing. Each of the representations and warranties of Seller contained in Paragraph R-6 or elsewhere in this Contract will survive for a period of six (6) months after the Closing Date. Any claim that Purchaser may have at any time against Seller for a breach of any such representation or warranty, whether known or unknown, which is not asserted by notice from Purchaser to Seller within such six (6) month period will not be valid or effective, and Seller will have no liability with respect thereto. Nor will Seller have any liability to Purchaser for a breach of any representation or warranty unless the valid claims for all such breaches collectively aggregate more than Twenty Five Thousand and 00/100 Dollars (\$25,000.00), in which event the full amount of such valid claims shall be actionable, up to an aggregate amount not to in any event exceed One Million and 00/100 Dollars (\$1,000,000.00).

R-7. Seller's Cooperation.

(a) Subject to the provisions of subparagraphs R-3 and R-7(b) hereof, Seller agrees that it, or its authorized agents, trustees or attorneys, will at any time after execution of this Contract promptly execute such reasonable petitions, agreements and other instruments as Purchaser may desire or request to cause the Property to be zoned in a manner consistent with this Contract. Seller further agrees that it will execute and acknowledge Purchaser's plot plan, land plan, development plan or preliminary or final plat of subdivision or any application for planned unit development to be submitted to any governmental authority for approval and that it will cooperate with Purchaser in executing all applications and documents relative to utilities, traffic facilities, and development of the Property which may be required by Purchaser for submission to private or governmental authorities.

(b) All costs expended or incurred to and through any termination hereof, in preparation of any land plan, preliminary or final plat of subdivision, or any engineering plan, soil test, topographic survey, demographic survey or document required in connection therewith or in connection with any zoning and plan approval for the Property shall be paid by Purchaser and Seller shall have no responsibility therefore (excluding the survey to be delivered pursuant to this Agreement). Purchaser hereby indemnifies Seller and agrees to defend and hold Seller harmless from and against any such cost or claim of cost and any liability arising in connection therewith.

R-8. Purchaser's Entry; Feasibility. From and after the execution of this Contract, Purchaser, its employees, agents and designated representatives, shall have the right to enter upon the Property or any portion thereof for the purpose of making surveys, soil tests, borings, percolation and other tests and engineering and architectural studies, provided that neither Purchaser nor its agents shall unreasonably interfere with the present use of the Property by Seller; and provided, further, that Purchaser does hereby indemnify and agree to save harmless and defend Seller as to any claim, demand, liability, cost, or expense (including reasonable fees of counsel relative to such claim, demand, or liability) arising out of the Purchaser's acts or omissions, or those of its agents or servants with respect thereto; and provided, further, that Purchaser shall, prior to going upon the Property, provide Seller with a certificate of insurance and at all pertinent times maintain in full force and effect good and sufficient policy or policies of insurance insuring Seller against any loss arising out of injury to persons or damage to property resulting from Purchaser's, its agents' or servants' acts or omissions or by reason of any visitors, licensees or invitees of the Purchaser being on the Property, in the amount of not less than ONE MILLION DOLLARS (\$1,000,000.00) per occurrence, naming Seller as an additional insured on said certificates and showing same to be fully prepaid and providing that the same shall not be canceled upon less than ten (10) days prior notice to Seller; and provided further that Purchaser shall restore the Property to the condition it was prior to such tests or studies (seasonal vegetation excepted). In the event Purchaser determines in its sole discretion for any reason that the Property is not suitable for Purchaser's intended use, then Purchaser shall have the right to terminate this Contract by providing Seller or Escrowee notice thereof not later than forty

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five (45) days after delivery to Purchaser of the survey and the Title Documents ("Feasibility Period"), whereupon the Earnest Money shall be returned to Purchaser and this Contract shall be of no further force or effect, except for indemnities and other similar provisions which shall survive. If Purchaser shall not so notify Seller, Purchaser's right to terminate the Contract pursuant to this paragraph shall be deemed waived. Provided Purchaser has not terminated in accordance herewith, upon the expiration of the Feasibility Period, Purchaser shall be deemed to have accepted the Property in its condition as of the end of the Feasibility Period, and Purchaser shall be deemed to represent to Seller that Purchaser has concluded whatever studies, tests and investigations Purchaser desires relating to the Property, and that Purchaser has waived its right to terminate this Agreement under this Section R-8. Notwithstanding anything to the contrary contained herein, Seller shall have no obligation to bring any action or proceeding or otherwise to incur any expense whatsoever to eliminate any alleged deficiency in the Property discovered by Purchaser during the Feasibility Period and Purchaser shall be deemed to have waived any claim with respect thereto.

R-9. **Real Estate Taxes.** If the Property is taxed or assessed as a part of a larger undivided parcel, Seller and Purchaser shall cooperate in filing for a division of any undivided taxes or assessments, and Seller hereby appoints Purchaser as its agent for the purpose of preparing instruments that may be reasonably necessary or appropriate to effect a division of any of the undivided taxes or assessments affecting the Property.

R-10. **Condemnation.** If at any time on or before the Closing, Seller or Purchaser receives notice or otherwise becomes aware of any pending, threatened or proposed condemnation, of the Property or any part thereof, including any discussion of any such condemnation, or taking at any Board Meeting of any authority with powers of eminent domain, Purchaser or Seller, as the case may be, shall immediately notify the other party hereto thereof; whereupon Purchaser shall have the right either to terminate this Contract or to consummate closing of the acquisition of the Property and to pay the full purchase price therefore, inclusive of that applicable to the property to be taken, and shall have the right thereupon to receive the full proceeds of any award made in condemnation or settlement thereof. Such election shall be made by Purchaser within thirty (30) days after receipt by Purchaser or delivery by Purchaser, as the case may be, of the notice aforesaid. Absent an affirmative election, Purchaser shall be deemed to elect not to terminate this Contract. Each party agrees to cooperate fully with the other with respect to any condemnation proceedings for the purpose of carrying out the provisions of this Paragraph R-10. If Purchaser has elected to proceed with this contract notwithstanding the commencement of condemnation proceedings Seller shall deliver to Purchaser any summons and complaint initiating any condemnation proceeding forthwith after service thereof.

R-11. **Real Estate Brokerage Commission.** Purchaser and Seller represent and warrant to each other that the transaction contemplated hereunder was not submitted by Seller or Purchaser to, or to Seller and Purchaser by any broker or finder except Millenium Properties and no other broker and finder is entitled to any fee or commission with respect to or by reason of the transaction contemplated hereunder. Seller agrees to indemnify, defend and hold Purchaser harmless for any claim for brokerage commission or finder's fee asserted by Millenium Properties and any person, firm or entity claiming to have been engaged by or otherwise acting on behalf of Seller. Purchaser agrees to indemnify, defend and hold Seller harmless for any claim for brokerage commission or finder's fee asserted by any other person, firm or entity claiming to have been engaged by Purchaser.

R-12. **Default/Remedies.** In the event of a default by Seller under this Contract and the failure of Seller to cure such default within 10 days after written notice to Seller from Purchaser, at the option of Purchaser, this Contract shall be terminated and the Earnest Money returned to Purchaser or Purchaser may seek the remedy of Specific Performance. In the event of a default by Purchaser under this Contract and the failure of Purchaser to cure such default within 10 days after written notice to Purchaser from Seller, at the option of Seller, this Contract shall be terminated and the Earnest Money shall be retained by Seller as liquidated damages or Seller may seek the remedy of Specific Performance.

R-13. **Miscellaneous.**

(a) This Contract shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors, grantees and assigns.

(b) This Contract may be executed in counterparts, each of which may be deemed to be an original, and all so executed shall constitute one and the same agreement.

(c) This Contract embodies the entire agreement between the parties with respect to the Property. No extension or amendment of this Contract shall be made or claimed by any party or have any force or effect whatsoever unless same shall be set forth in writing and signed by the parties.

(d) Wherever applicable, the gender of any words used in this Contract shall be construed to include any other gender, and any words used in the singular form shall be construed as though they were used in the plural form.

(e) In the event of a conflict between the terms of the pre-printed contract and the terms of this Rider, the terms of this Rider shall be controlling.

(f) The representations warranties and covenants contained herein shall survive closing and recordation of the Deed.

(g) Notwithstanding anything to the contrary contained in this Contract, Purchaser acknowledges and agrees that it is accepting the Property in "AS-IS" condition without any representation or warranty by Seller except as expressly set forth herein.

(h) Except as expressly set forth herein, Seller has not made and does not make any warranties or representations of any kind or character, express or implied, with respect to the Property, its physical condition, income to be derived therefrom or expenses to be incurred with respect thereto, or Seller's obligations or any other matter or thing relating to or affecting the same, and there are no oral agreements, warranties or representations collateral to or affecting the Property. Except as expressly set forth herein, no person acting on behalf of Seller is authorized to make, and by the execution hereof Purchaser hereby acknowledges that no person has made, any representation, agreement, statement, warranty, guaranty or promise regarding the Property, the transaction contemplated herein or the zoning, physical condition, environmental status or condition, or other status or condition of the Property, and no representation, warranty, agreement, statements guaranty or promise, if any, made by any person acting on behalf of Seller which is not contained herein shall be valid or binding upon Seller. The provisions of this Section shall survive the Closing.

(i) Except to the extent of the representations and warranties of Seller expressly set forth in this Contract, but otherwise notwithstanding any other provision of this Agreement to the contrary, Purchaser, on behalf of itself and its successors and assigns, waives its right to recover from, and forever releases and discharges, Seller, Seller's affiliates, the partners, trustees, shareholders, members, managers, directors, officers, employees and agents of each of them, and their respective heirs, successors, personal representatives and assigns (collectively, the "Seller Related Parties"), from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorney's fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, which may arise on account of or in any way be connected with the physical condition of the Property or any law or regulation applicable thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601 et seq.), the Resources Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.), the Clean Water Act (33 U.S.C. Section 466 et seq.), the Safe Drinking Water Act (14 U.S.C. Sections 1401-1450), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), and the Toxic Substance Control Act (15 U.S.C. Sections 2601-2629).

R-14. 1031 Exchange. Purchaser agrees to cooperate with Seller's initiation of a 1031 exchange; Seller hereby indemnifies and holds Purchaser and its successors and assigns harmless against loss as a result of Purchaser's cooperation. Seller agrees to cooperate with Purchaser's initiation of a 1031 exchange, Purchaser hereby indemnifies and holds Seller and its successors and assigns harmless against loss as a result of Seller's cooperation.

The parties have executed this Contract on the day and year written below.

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DATE: 4-26-01

11197261

SELLER:

PURCHASER:

RIVER NORTH LIMITED PARTNERSHIP
NO. 3

NETWORK HOLDINGS, a Nevada corporation

By: Urban Innovations, Ltd.
Its: General Partner

By: Howard R. Canady
Its: General Partner

By: W. McL
Its: PRESIDENT

Address:

Address:

With a copy to:

With a copy to:

Mr. Jeffrey B. Schamis
D'Ancona & Pflaum, LLC
111 East Wacker Drive
Suite 2800
Chicago, Illinois 60601
Fax No.: (312) 602-3038

Mr. Richard H. Levy
Schain, Burney, Ross & Citron, Ltd.
222 North LaSalle Street
Suite 1910
Chicago, Illinois 60601
Fax No.: (312) 332-4514

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CLEAN: 4/16/01 RHL

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EXHIBIT "A"

LEGAL DESCRIPTION

11197261

LOTS 15 THROUGH 19 BOTH INCLUSIVE IN BLOCK 7 IN HIGGINS, LAW & COMPANY'S ADDITION TO CHICAGO IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

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~~EXHIBIT "B"~~
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PERMITTED EXCEPTIONS

11197261

1. Taxes not due and payable.
2. Exceptions 7 & 8 on First American Title Insurance Policy No. OP5327455 dated October 21, 1998.

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EXHIBIT "C"

LEGAL DESCRIPTION OF 727 PROPERTY

11197261

11197261

THE WEST 9.90 FEET OF LOT 10 AND ALL OF LOTS 11 THROUGH 14, BOTH INCLUSIVE IN BLOCK 7 AND HIGGINS, LAW & COMPANY'S ADDITION TO CHICAGO, IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

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18086-1

11197261

FIRST AMENDMENT TO THE REAL ESTATE SALES CONTRACT (REAL ESTATE)

THIS FIRST AMENDMENT TO THE REAL ESTATE SALES CONTRACT ("Amendment") is made as of June __, 2001 between Network Holdings, a Nevada corporation ("Purchaser"), and River North Limited Partnership No.3, an Illinois limited partnership ("Seller").

RECITALS:

A. Seller, as seller, and Purchaser, entered into that certain Real Estate Sales Contract dated as of April 26, 2001 (the "Contract").

B. Seller and Purchaser desire to amend the Contract, as specifically set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals, the agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereby agree as follows:

1. Full Force and Effect. The Contract, as amended by this Amendment, remains in all respects in full force and effect.
2. Capitalized Terms. All capitalized terms not separately defined in this Amendment bear the respective meanings given to such terms in the Contract.
3. Extension of Feasibility Period. The Feasibility Period shall be extended to, and shall terminate on, 5:00 p.m. Chicago time on July 20, 2001, solely for the purposes of conducting environmental review of the Property. Purchaser hereby acknowledges that the Property is otherwise satisfactory and waives any right to terminate the Contract pursuant to Section R-8 of the Contract.
4. Closing Date. The "Closing Date," as defined in Section 2 of Conditions and Stipulations of the Contract, is hereby amended to mean thirty (30) days after the termination of the Feasibility Period as defined in this Amendment.

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11197261

IN WITNESS WHEREOF, Seller and Purchaser have caused this Amendment to be executed and delivered as of the date and year first above written.

NETWORK HOLDINGS

By: _____
Title: _____

RIVER NORTH LIMITED
PARTNERSHIP NO.3

By: Urban Innovations, Ltd., its general partner

By: Meliff A. Auligo
Title: Vice President

Property of Cook County Clerk's Office

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18086-1

SECOND AMENDMENT TO THE REAL ESTATE SALES CONTRACT 11197261 (REAL ESTATE)

THIS SECOND AMENDMENT TO THE REAL ESTATE SALES CONTRACT ("Amendment") is made as of July 20, 2001 between NETWORK HOLDINGS, a Nevada corporation ("Purchaser"), and RIVER NORTH LIMITED PARTNERSHIP NO. 3, an Illinois limited partnership ("Seller").

RECITALS:

- A. Seller, as seller, and Purchaser, entered into that certain Real Estate Sales Contract dated as of April 26, 2001 and amended by First Amendment (the "Contract").
- B. Seller and Purchaser desire to amend the contract, as specifically set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereby agree as follows:

1. **Full Force and Effect.** The Contract, as amended by this Amendment, remains in all respects in full force and effect.
2. **Capitalized Terms.** All capitalized terms not separately defined in this Amendment bear the respective meanings given to such terms in the Contract.
3. **Extension of Feasibility Period.** The Feasibility Period shall be extended to, and shall terminate on, 5:00 p.m. Chicago time on July 27, 2001, solely for the purposes of conducting environmental review of the Property. Purchaser hereby acknowledges that the Property is otherwise satisfactory and waives any right to terminate the Contract pursuant to Section R-8 of the Contract.
4. **Closing Date.** The "Closing Date," as defined in Section 2 of Conditions and Stipulations of the Contract, is hereby amended to mean thirty (30) days after the termination of the Feasibility Period as defined in this Amendment.

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11197261

IN WITNESS WHEREOF, Seller and Purchaser have caused this Amendment to be executed and delivered as of the date and year first above written.

NETWORK HOLDINGS

By: W Mck
Title: PRESIDENT

RIVER NORTH LIMITED PARTNERSHIP NO. 3

By: Urban Innovations, Ltd., its general partner

By: _____
Title: _____

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RHL/Agreements/Inverness/Network/Second-Amendment

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11197261

REINSTATEMENT AND THIRD AMENDMENT TO REAL ESTATE SALES CONTRACT

THIS REINSTATEMENT AND THIRD AMENDMENT TO REAL ESTATE SALES CONTRACT is made as of this 8th day of August, 2001, by and between RIVER NORTH LIMITED PARTNERSHIP NO. 3, an Illinois limited partnership ("Seller") and NETWORK HOLDINGS, a Nevada corporation ("Purchaser").

WITNESSETH:

WHEREAS, Seller and Purchaser entered into a Real Estate Sales Contract dated April 26, 2001, as modified by that certain First Amendment to the Real Estate Sales Contract dated July 3, 2001, and that certain Second Amendment to the Real Estate Sales Contract dated July 20, 2001 (collectively the "Contract") for the sale of a vacant lot at the northeast corner of Hudson and Huron, Chicago, Illinois; and

WHEREAS, Purchaser terminated the Contract pursuant to Rider Paragraph R-8 by letter dated July 27, 2001; and

WHEREAS, the earnest money previously deposited by Purchaser has been returned to Purchaser; and

WHEREAS, Seller and Purchaser now desire to reinstate and amend the Contract, all on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, Seller and Purchaser hereby agree as follows.

1. Reinstatement. The Contract is hereby reinstated on the terms set forth therein except as modified hereby.
2. Purchase Price. The purchase price shall be Two Million Two Hundred Thousand Dollars (\$2,200,000.00).
3. Earnest Money Deposit. Concurrently herewith Purchaser has deposited with Seller Two Hundred Thousand Dollars (\$200,000.00) as earnest money to be applied on the purchase price. Purchaser acknowledges that the earnest money is non-refundable and will be retained by Seller in the event the purchase does not close for any reason other than the default of Seller.
4. Closing. The closing shall take place on October 8, 2001.
5. Seller Assurances. The beginning portion of subparagraph (h) of Rider Paragraph R-5 is hereby amended to read as follows:

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"(h) To the best of Seller's knowledge, except as disclosed in the Phase I Environmental Site Assessment prepared by Environmental Consulting Group, dated September 8, 1998, or by or in any report or assessment prepared by, for or at the direction of Purchaser prior to the date hereof:"

6. Feasibility Period. Purchaser hereby acknowledges and agrees that it has waived any right to terminate the Contract pursuant to Rider Paragraph R-8.

7. Terms of Contract. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Contract.

8. Incorporation of the Contract. Except as otherwise amended hereby, the terms and covenants of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, Seller and Purchaser have executed this Reinstatement and Third Amendment to Real Estate Sales Contract as of the day and year first above written.

SELLER:

RIVER NORTH LIMITED PARTNERSHIP NO. 3
By: URBAN INNOVATIONS, LTD., its general partner

By: Edward R. Conroy
Its: Chairman and CEO

PURCHASER:

NETWORK HOLDINGS

By: W M C
Its: President