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Cook County Recorder 43.50



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This instrument prepared by
and please return to:
Jennifer L. Worstell, Esq.
100 West Monroe Street #1500
Chicago, Illinois 60603

P.I.N.: 16-08-319-017-0000
COMMONLY KNOWN AS: 431 S. Harvey, Oak Park, Illinois

LOAN MODIFICATION AGREEMENT

This instrument is a Loan Modification Agreement ("Modification") among Delaware Place Bank, an Illinois banking corporation ("Lender"), 431 South Harvey, LLC, an Illinois limited liability company ("Borrower"), and Gregory A. Paulus and Errol G. Kirsch (collectively "Guarantors").

RECITALS:

A. Borrower holds fee simple title to certain real estate ("Real Estate") commonly known as 431 S. Harvey, Oak Park, Illinois, which is legally described on Exhibit A attached hereto. Guarantors are members of Borrower.

B. On December 29, 2000, Borrower and Lender entered into a Construction Loan Agreement ("Loan Agreement"), pursuant to which Borrower executed and delivered to Lender a Promissory Note Evidencing a Revolving Line of Credit Loan in the amount of \$600,000 ("Note") which evidenced a loan in the amount of \$600,000 ("Loan"). Pursuant to the Loan Agreement, Borrower is rehabilitating a residential apartment building into two (2) townhouse units and six (6)

condominium units (collectively the "Project"). To secure the Note, Borrower executed and delivered to Lender the following documents ("Security Documents"):

1. a Real Estate Mortgage, Assignment of Rents, Security Agreement and UCC-2 Financing Statement ("Mortgage") covering the Real Estate which Mortgage was recorded with the Cook County Recorder of Deeds on January 9, 2001 as Document No. 0010022153;

2. an Environmental Indemnity Agreement executed by Borrower and Guarantors;

3. a UCC-1 Financing Statement executed by Borrower; and

4. Guaranties of Note, Mortgage and Other Undertakings (2) executed by Guarantors.

C. The Loan is fully disbursed. Borrower has now requested Lender to increase the amount of the Loan from \$600,000 to \$900,000. Lender is agreeable to this request subject to the covenants, conditions and restrictions contained herein.

NOW, THEREFORE, in consideration of good and valuable consideration, the parties agree as follows:

1. The Note is hereby modified and amended in its entirety by a Promissory Note Evidencing a Revolving Line of Credit Loan in the amount of \$900,000 ("Revised Note"), a copy of which is attached hereto as Exhibit B. The Security Documents are hereby modified and amended to secure the Revised Note and all references to the Note in the Security Documents are modified and amended to refer to the Revised Note in place of the Note.

2. Borrower hereby agrees to deposit with Lender an additional cash equity contribution to the Project in the amount of \$50,000.

3. This Modification shall be effective upon Lender's receipt of this Modification executed by the parties hereto and the following documents and items:

- (a) the Revised Note executed by Borrower;
- (b) a date down endorsement to Lender's loan title insurance policy which insures the Mortgage as modified by this Modification as a first lien on the Real Estate and increases in the amount of title insurance coverage from \$600,000 to \$900,000, subject only to such exceptions as Lender shall permit and which reflects and insures that Borrower is the owner of fee simple interest in the Real Estate;
- (c) Revised Guaranties of Note, Mortgage and Other Undertakings of Guarantors;
- (d) updated certificates of insurance as required by the Mortgage;
- (e) an updated Sworn Owner's Statement;
- (f) an updated Sworn Contractor's Statement;
- (g) an updated Construction Budget;
- (h) an updated Construction Schedule; and
- (i) payment of Lender's fee in the amount of \$3,000 plus Lender's expenses as described in Section 7 hereof.

4. This Modification shall constitute an amendment of the Security Documents and wherever in said instruments or in any other instrument evidencing or securing the indebtedness evidenced by the Note or Revised Note ("Loan Documents") reference is made to the Loan Documents aforesaid, such reference shall be deemed a reference to such Loan Documents as hereby modified and amended. All other provisions of the Loan Documents remain unchanged. Nothing herein contained shall in any manner affect the lien or priority of the Mortgage or the Security

Documents, or the covenants, conditions and agreements therein contained or contained in the Note or Revised Note.

5. In the event of conflict between any of the provisions of the Loan Documents and this instrument, the provisions of this instrument shall override and control.

6. Borrower and Guarantors hereby renew, remake and affirm the representations and warranties contained in the Loan Documents.

7. Borrower hereby agrees to pay all of Lender's expenses arising out of and in connection with this Modification including, but not limited to, attorneys' fees, title insurance premiums and recording fees.

8. Borrower and Guarantors knowingly, voluntarily and intentionally waive irrevocably the right they may have to trial by jury with respect to any legal proceeding based hereon, or arising out of, under or in connection with the Note, the Revised Note, this Modification, the Loan Agreement, or any of the documents executed or contemplated to be executed in conjunction herewith or any course of conduct or course of dealing, in which Lender, Borrower and Guarantors are adverse parties. This provision is a material inducement for Lender in granting any financial accommodation to Borrower and Guarantors, or any of them.

9. Borrower and Guarantors hereby irrevocably submit to the jurisdiction of any state or federal court sitting in Chicago, Illinois over any action or proceeding based hereon and Borrower and Guarantors hereby irrevocably agree that all claims in respect of such action or proceeding shall be heard and determined in such state or federal court. Borrower and Guarantors hereby irrevocably waive, to the fullest extent they may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. Borrower and Guarantors irrevocably consent to the

service of any and all process in any such action or proceeding by the mailing of copies of such process to Borrower and Guarantors at their addresses as specified in the records of Lender. Borrower and Guarantors agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law

Borrower and Guarantors agree not to institute any legal action or proceeding against Lender or the directors, officers, employees, agents or property thereof, in any court other than the one herein above specified. Nothing in this Section shall affect the right of Lender to serve legal process in any other manner permitted by law or affect the right of Lender to bring any action or proceeding against Borrower or Guarantors or their property in the courts of any other jurisdictions.

IN WITNESS WHEREOF, the parties hereto have executed this Modification on

February 10, 2002.

LENDER:

Delaware Place Bank, an Illinois banking corporation

By: [Signature]
Its EXECUTIVE V.P.

BORROWER:

431 South Harvey, LLC, an Illinois limited liability company

By: [Signature]
Gregory A. Paulus, its Managing Member

GUARANTORS:

[Signature]
Gregory A. Paulus

[Signature]
Errol J. Kirsch

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that Daniel C. Siadak, Executive V.P. of Delaware Place Bank, 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 (s)he signed and delivered the said instrument as his/her 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 14 February, 2002.

Alice M. Farmer

Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)



The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that Gregory A. Paulus, Managing Member of 431 South Harvey, LLC, an Illinois limited liability company, 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 the said instrument as his 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 February 14, 2002.

Maureen Gorski

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

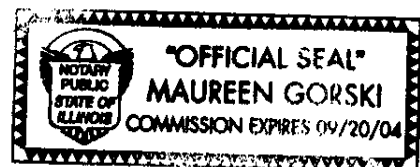


The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that Gregory A. Paulus, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal February 14, 2002.

Maureen Gorski

Notary Public



STATE OF ILLINOIS)
)
) SS
COUNTY OF C O O K)

The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that Errol J. Kirsch, 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 the said instrument as his own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal February 12, 2002.

[Handwritten Signature]

Notary Public



Property of Cook County Clerk's Office

EXHIBIT A

LEGAL DESCRIPTION

LOT 82 (EXCEPT THE NORTH 4 1/4 FEET) IN O.R. ERWIN'S SUBDIVISION OF THE SOUTH 1446 1/2 FEET OF THE EAST 1/2 OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT RR) IN COOK COUNTY, ILLINOIS

COMMONLY KNOWN AS: 431 S. HARVEY, OAK PARK, ILLINOIS
P.I.N.: 16-08-319-017-0000

Property of Cook County Clerk's Office

PROMISSORY NOTE EVIDENCING A REVOLVING LINE OF CREDIT
("Revised Note")

\$900,000

January ____, 2002

FOR VALUE RECEIVED the undersigned, 431 South Harvey, LLC, an Illinois limited liability company ("Borrower"), promises to pay to the order of Delaware Place Bank, an Illinois banking corporation (said Bank and each successive owner and holder of this Note being hereinafter called "Holder"), the principal sum of Nine Hundred Thousand Dollars (\$900,000), or so much thereof as may from time to time be outstanding hereunder, together with interest on the balance of principal from time to time remaining unpaid, in the amounts, at the rates and on the dates hereafter set forth.

The rate of interest payable on this Note will change from time to time as hereafter provided. Monthly payments on account of this Note shall be adjusted from time to time as the rate of interest changes. Payments on account of this Note shall be made as follows:

(a) On February 1, 2002, and on the first day of each calendar month thereafter until all amounts outstanding hereunder are paid, there shall be paid on account of this Note all accrued interest since the date of disbursement at a variable rate equal to the prime rate of interest announced and in effect from time to time at Delaware Place Bank, plus one (1.0%) percent per annum. The rate of interest shall change each time the prime rate is changed.

(b) On August 1, 2002 ("Maturity Date"), the entire unpaid principal balance, together with all accrued and unpaid interest and all other amounts which become due hereunder shall be paid.

Interest shall be calculated on the outstanding balance from time to time on the basis of a year having three hundred sixty (360) days and shall be paid for the actual days outstanding.

Payments shall be made at such place as the legal holder of this Note may from time to time in writing appoint, and in the absence of such appointment, to Delaware Place Bank, 190 E. Delaware Place, Chicago, Illinois 60611.

The prime rate of interest charged by Delaware Place Bank is the highest prime rate of interest published in The Wall Street Journal. In the event a prime rate of interest is no longer available, Bank will choose a new index in compliance with applicable law and will notify Borrower of its choice. Borrower acknowledges and agrees that it is advised that said rate is not Bank's lowest or most favorable lending rate.

The balance due on account of this Note may be prepaid, without premium or penalty, in whole or in part and all accrued interest hereon shall be payable and shall be paid on the date of prepayment.

Payment upon this Note shall be made in lawful money of the United States at such place as the Holder of this Note may from time to time in writing appoint and in the absence of such appointment, shall be made at the offices of Delaware Place Bank, 190 E. Delaware Place, Chicago, Illinois 60611.

This Note evidences a revolving line of credit loan. Borrower may obtain funds by requesting loans ("Loans") in writing. Borrower agrees that Bank will not be required to make Loans: (i) for less than \$500.00; (ii) which would cause the outstanding loan balance to exceed \$900,000; (iii) if Borrower is in default under this Note or the Loan Agreement, Mortgage or Modification hereafter described; or (iv) at any time after July 31, 2002. The credit limit on the line is \$900,000, which Borrower agrees not to exceed. This is a revolving line of credit in that repayments of principal will reduce the outstanding balance of the Loans, and amounts up to \$900,000 will be available for Loan requests subject to the provisions of this Note, the Loan Agreement, the Mortgage and the Modification.

This Note is executed pursuant to a Loan Modification Agreement executed concurrently herewith ("Modification"). This Note replaces that certain Promissory Note Evidencing a Revolving Line of Credit in the amount of \$600,000 ("Original Note") made by Borrower on December 29, 2000. The Original Note is secured by a Real Estate Mortgage, Assignment of Rents, Security Agreement and UCC-2 Financing Statement ("Mortgage") executed on December 29, 2000 and recorded on January 9, 2001 with the Cook County Recorder of Deeds as Document No. 0010022153. Amounts outstanding pursuant to the Original Note shall be outstanding under this Note. All interest rates applicable to and charged on the Original Note and all payments made on the Original Note are unchanged. Pursuant to the Modification, the Mortgage, Loan Agreement and other security documents (collectively "Security Documents") are modified to secure this Note.

Without limiting the provisions of the succeeding paragraphs, in the event any payment of interest or principal is not paid within fifteen (15) days after the date the same is due, the undersigned promises to pay a late charge ("Late Charge") of five (5.0%) percent of the amount so overdue to defray the expense incident to handling any such delinquent payment or payments.

At the election of the Holder hereof, without notice, the principal sum remaining unpaid hereon, together with accrued interest, shall be and become at once due and payable in the case of default for five (5) days in the payment of principal or interest when due in accordance with the terms hereof or upon the occurrence of any event of default ("Event of Default") under the Loan Agreement, the Mortgage, the Modification or the Security Documents.

Under the provisions of the Loan Agreement, the Mortgage, the Modification and the Security Documents, the unpaid balance hereunder may, at the option of Holder, be accelerated and become due and payable forthwith upon the happening of certain events as set forth therein. The Loan Agreement, the Mortgage and the Modification are, by this reference, incorporated herein in their entirety and notice is given of such possibility of acceleration.

The principal hereof, including each installment of principal, shall bear interest after the occurrence of an event of default, not cured within the applicable cure period, at the annual rate (herein called the "Default Rate") determined by adding four (4.0%) percentage points to the interest rate then required to be paid, as above provided, on the principal balance.

Borrower waives notice of default, presentment, notice of dishonor, protest and notice of protest.

If this Note is placed in the hands of an attorney for collection or is collected through any legal proceeding, the undersigned promises to pay all costs incurred by Bank in connection therewith including, but not limited to, court costs, litigation expenses and attorneys' fees.

Payments received on account of this Note shall be applied first to the payment of any amounts due pursuant to the next preceding paragraph, second to interest and Late Charges and the balance to principal.

Funds representing the proceeds of the indebtedness evidenced herein which are disbursed by Holder by mail, wire transfer or other delivery to Borrower, escrowees or otherwise for the benefit of Borrower shall, for all purposes, be deemed outstanding hereunder and received by Borrower as of the date of such mailing, transfer or other delivery, and interest shall accrue and be payable upon such funds from and after the date of such mailing, wire transfer or other delivery until repaid to Holder, notwithstanding the fact that such funds may not at any time have been remitted by escrowees to Borrower.

Borrower knowingly, voluntarily and intentionally waives irrevocably the right it may have to trial by jury with respect to any legal proceeding based hereon, or arising out of, under or in connection with this Note, the Mortgage, the Modification, the Loan Agreement or any of the other obligations, or the collateral secured by the Security Documents, or any agreement, executed or contemplated to be executed in conjunction herewith or any course of conduct or course of dealing, in which Holder and Borrower are adverse parties. This provision is a material inducement for Holder in granting any financial accommodation to Borrower.

Borrower hereby irrevocably submits to the jurisdiction of any state or federal court sitting in Chicago, Illinois over any action or proceeding based hereon and Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding shall be heard and determined in such

state or federal court. Borrower hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. Borrower irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to Borrower at its address as specified in the records of Holder. Borrower agrees that a final judgment in any such action or proceeding, after all appeal rights are exhausted, shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

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Borrower agrees not to institute any legal action or proceeding against Holder or the directors, officers, employees, agents or property thereof, in any court other than the one herein above specified. Nothing in this paragraph shall affect the right of Holder to serve legal process in any other manner permitted by law or affect the right of Holder to bring any action or proceeding against Borrower or its property in the courts of any other jurisdictions; provided, however, unless Holder is required by law to institute proceedings in any other jurisdiction, Holder shall first institute proceedings in a state or federal court sitting in Chicago, Illinois.

Time is of the essence of this Note and each provision hereof.

431 South Harvey, LLC, an Illinois limited liability company

By: _____
Gregory A. Paulus, its Managing Member

County of Cook Clerk's Office