

EXTENSION AGREEMENT

THIS EXTENSION AGREEMENT (this "Agreement") is dated as of the 2nd day of May, 2002, by and between MORNINGSTAR DEVELOPMENT CORP., an Illinois corporation ("Mortgagor"), and THE PRIVATEBANK AND TRUST COMPANY ("Mortgagee").



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WITNESSETH:

WHEREAS, on or about February 17, 2000, Mortgagee made a \$1,100,000.00 loan (the "Construction Loan") to Mortgagor evidenced by a Mortgage Note payable to Mortgagee dated February 17, 2000 in the original principal amount of \$1,100,000.00 (the "Note"); and

WHEREAS, the Note was issued pursuant to the terms of a Construction Loan Agreement dated February 17, 2000 (the "Loan Agreement"), by and among Mortgagor, Michael Stern (the "Guarantor") and Mortgagee; and

WHEREAS, the Note is secured by a certain Mortgage, Security Agreement and Assignment of Rents and Leases dated February 17, 2000 executed by Mortgagor in favor of Mortgagee, and recorded with the Cook County Recorder of Deeds (the "Recorder") on March 2, 2000 as Document No. 00155349, which Mortgage encumbers certain real estate located in Chicago, Cook County, Illinois, and legally described on Exhibit "A" attached hereto (the "Mortgaged Premises"); and

This instrument prepared by and after recording return to:

Permanent Index No.

20-15-309-~~02~~-0000

Alvin J. Helfgot
Laser, Pokorny, Schwartz,
Friedman & Economos, P.C.
6 W. Hubbard St.
Suite 800
Chicago, IL 60610

Address of Premises:
6015 S. Indiana
Chicago, IL

BOX 333-000

78-56-358 DIV. 2 Gault

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WHEREAS, pursuant to the terms and conditions of that certain Extension and Modification Agreement by and between Mortgagor and Mortgagee dated as of March 28, 2001 and recorded in the Office of the Recorder of Cook County, Illinois on April 16, 2001, as Document No. 0010276014, the maturity date of the Note was extended until December 3, 2001 and the principal amount of the Note was increased to \$1,130,000; and

WHEREAS, pursuant to the terms and conditions of that certain Extension and Modification Agreement by and between Mortgagor and Mortgagee dated as of December 3, 2001, and recorded in the Office of the Recorder of Cook County, Illinois on December 18, 2001, as Document No. 0011200590, the maturity date of the Note was extended until May 2, 2002; and

WHEREAS, Mortgagor has requested that Mortgagee further extend the maturity of the Note until December 2, 2002; and

WHEREAS, Mortgagee is willing to extend the maturity of the Note on the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the premises and the mutual promises of the parties, and for other good and valuable consideration in hand paid, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. The foregoing recitals are hereby incorporated by this reference into this Agreement. All defined terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Instruments.
2. The maturity of the Note is hereby extended until December 2, 2002.
3. Interest shall continue to be made monthly, on the 1st day of each month, and at maturity. The Interest Reserve (as such term is defined in the Loan Agreement) having been depleted, Mortgagor shall be directly responsible for all such interest payments.
4. The modification provided for in this Agreement shall be effective upon the complete satisfaction of the following conditions:
 - a. Guarantor has delivered to Mortgagee the Reaffirmation of Guaranty;
 - b. Mortgagor has delivered to Mortgagee such other documents and instruments as Mortgagee may require; and
 - c. Concurrently herewith, Mortgagor shall have paid to Mortgagee a \$2,000 fee, which fee shall include the payment of all out-of-pocket costs incurred by the Bank in connection with the extension of the maturity of the Note.

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5. Nothing herein contained shall impair the Note, Loan Agreement, Mortgage, Assignment, or other Loan Documents in any way, nor alter, waive, annul, vary, nor affect any provision or condition therein contained except as expressly herein provided, nor affect or impair any right, power or remedy of Mortgagee. It is the intention of the parties hereto that the terms and provisions of the Note, Loan Agreement, Mortgage, Assignment and other Loan Documents shall continue in full force and effect except as expressly modified in connection herewith.

6. Mortgagor hereby acknowledges that (i) as of the date hereof, Mortgagor has no defense, offset or counterclaim with respect to the payment of any sum owed to Mortgagee, or with respect to any covenant in the Loan Documents; (ii) Mortgagor hereby remakes and ratifies all representations, warranties and agreements made by it in and upon the execution and delivery of the Note, Loan Agreement, Mortgage, Assignment and other Loan Documents.

8. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

9. No extension, change, modification or amendment of any kind or nature whatsoever, to or of this Agreement shall be made or claimed by Mortgagor, and no notice of any extension, change, modification or amendment, made or claimed by Mortgagor shall have any force or effect whatsoever unless the same shall be reduced to writing and signed by the parties.

10. This Agreement shall be governed and construed in accordance with the laws of the State of Illinois.

11. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have caused these presents to be signed as of the day and year first above written.

MORNINGSTAR DEVELOPMENT CORP., an
Illinois corporation

By: 

Its: PRES

THE PRIVATEBANK AND TRUST COMPANY

By: Allison Mandell

Its: Associate Managing Director

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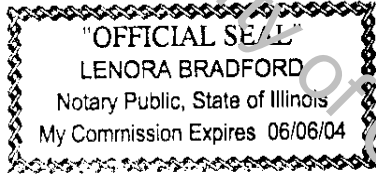
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STATE OF Illinois)
)SS.
COUNTY OF Cook)

I HEREBY CERTIFY that as of the 2nd day of May, 2002, before me personally appeared Michael Stern, the President of Morningstar Development Corp., an Illinois corporation, to me known to be the same person who signed the foregoing instrument as his free act and deed as such President for the use and purpose therein mentioned, and that the said instrument is the act and deed of said corporation.

WITNESS my signature and official seal at Chicago in the County of Cook and State of Illinois the day and year last aforesaid.

(NOTARY SEAL)



Lenora Bradford
Notary Public

My Commission Expires: 6/6/04

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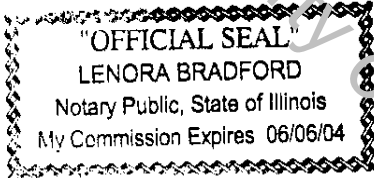
STATE OF ILLINOIS)
)SS.
COUNTY OF COOK)

I HEREBY CERTIFY that as of the 2nd day of May, 2002, before me personally appeared Allison Mandell, the Assoc Managing Director of The PrivateBank and Trust
(Name) (Title)

Company, to me known to be the same person who signed the foregoing instrument as his/her free act and deed as such officer for the use and purpose therein mentioned, and that the said instrument is the act and deed of said bank.

WITNESS my signature and official seal at Chicago in the County of Cook and State of Illinois the day and year last aforesaid.

(NOTARY SEAL)



Lenora Bradford
Notary Public

My Commission Expires: 6/6/04

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EXHIBIT A

LOTS 1, 2, 3, 4, 5, 6, AND 7 IN THE SUBDIVISION OF THE WEST ONE-THIRD (1/3) OF LOT 3 IN WILSON, HEALD AND STEBBING'S SUBDIVISION OF THE EAST HALF (1/2) OF THE SOUTHWEST QUARTER (1/4) OF SECTION 15 TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE PRINCIPAL MERIDIAN (EXCEPTING FROM SAID PREMISES THAT PART THEREOF TAKEN FROM INDIANA AVENUE), IN COOK COUNTY, ILLINOIS.

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