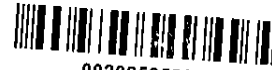


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Prepared by and after
recording return to:

Marc S. Joseph, Esq.
Levenfeld Pearlstein
33 West Monroe
21st Floor
Chicago, Illinois 60603



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MORTGAGE MODIFICATION AGREEMENT

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THIS MORTGAGE MODIFICATION AGREEMENT (this "Agreement") dated as of July 31, 2002, is by and between HERMITAGE HOMES LLC, an Illinois limited liability company (the "Mortgagor") and BUILDERS BANK (hereinafter referred to as "Mortgagee").

RECITALS

A. On November 9, 2001, Mortgagor granted to Mortgagee a Mortgage against the property described on EXHIBIT A hereto (the "Premises") which was recorded on December 3, 2001 as document number 0011134362 (the "Mortgage");

B. The Mortgage was originally given by Mortgagor to Mortgagee to secure an indebtedness owed by Estate Homes of Wellington Park LLC, an Illinois limited liability company ("Wellington") to Mortgagee as evidenced by a Mortgage Note dated November 9, 2001 in the amount of \$5,455,000.00 (the "Wellington Note").

C. Concurrent with the date hereof, Mortgagee has made a loan to ESTATE HOMES OF LINCOLN PARK COMMONS LLC, an Illinois limited liability company (the "Lincoln Park Borrower"), DICKENS-DAMEN LLC, an Illinois limited liability company (the "Dickens Borrower"), and ORCHARD ST. BUILDING CORP., an Illinois corporation (the "Orchard Borrower"; the Lincoln Park Borrower, Dickens Borrower and Orchard Borrower are sometimes herein individually and collectively referred to as the "New Borrower") as evidenced by that certain Replacement Mortgage Note dated July 31, 2002 in the amount of \$7,290,000.00 (the "New Borrower Note").

D. Mortgagor has requested that Mortgagee amend the Mortgage to: (a) terminate the Mortgage as security for the Wellington Note; and (ii) provide that the Mortgage shall secure the repayment of the New Borrower Note. Mortgagee is willing to grant the financial accommodations requested by Mortgagor only on the conditions hereinafter set forth.

BOX 333-07

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NOW, THEREFORE, in consideration of the above and the promises set forth herein, and for other good and valuable consideration the receipt and adequacy of which is hereby acknowledged, Mortgagor and Mortgagee agree as follows:

1. AGREEMENTS AND AMENDMENTS

1.1 Substitution of Indebtedness. Effective as of the date of this Agreement, Mortgagor and Mortgagee hereby agree that the Mortgage is amended to provide as follows:

- (a) The Mortgage shall no longer secure the repayment of the Wellington Note;
- (b) The Mortgage shall now secure the repayment of the New Borrower Note and the obligations of the New Borrower thereunder.
- (c) The term "Borrower" as used in the Mortgage shall mean the New Borrower, as defined above.
- (d) The term "Note" as used in the Mortgage shall mean the New Borrower Note, as defined above, or any substitution, replacement, renewal or amendment thereto.
- (e) The term "Loan Documents" as used in the Mortgage shall mean all notes, mortgages, assignments, security agreements, indemnities and guarantees executed and delivered by New Borrowers (or any of them or any guarantors) in connection with or to evidence or secure the New Borrower Loan.

1.2 Mortgagor Acknowledgments. Mortgagor hereby acknowledges and agrees as follows: (a) the New Borrower Note has a maturity date of October 10, 2002; and (b) the maximum amount secured by the Mortgage shall not exceed \$14,580,000.00.

1.3 Notice Provision. The Mortgage is now amended to provide that notices required or permitted thereunder shall be served on Mortgagee's counsel and Mortgagor's counsel at the following address:

Mortgagee's Counsel: Levenfeld Pearlstein
33 West Monroe, 21st Floor
Chicago, Illinois 60603
Attn: Marc S. Joseph
Fax No.: (312) 346-8434

Mortgagor's Counsel: Glass & Weiner
200 West Jackson Blvd., 12th Floor
Chicago, Illinois 60606
Attn: Allen Glass
Fax No.: (312) 994-9201

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2. REPRESENTATIONS, WARRANTIES AND WAIVERS

2.1 Representations, Warranties Covenants, Etc. Mortgagor hereby represents, warrants, covenants and agrees with Mortgagee as follows:

(a) The recitals set forth at the beginning of this Agreement are factually true and correct in all respects and such have been relied on by Mortgagee and form a material part of this Agreement.

(b) Except as modified by or as otherwise expressly provided for in this Agreement: (i) Mortgagor remains liable under the Mortgage and such liability shall be unaffected and in no way be released, mitigated, or discharged as a result of this Agreement; and (ii) the Mortgage is in full force and effect and are binding and enforceable, and will remain binding and enforceable, against Mortgagor in accordance with their terms, but subject to the provisions of this Agreement.

(c) Mortgagor does not possess (or have knowledge of) any claims, defenses, offsets or counterclaims against the Mortgagee (or its officers, directors, shareholders, employees or agents) relating to this Agreement or the Mortgage.

(d) In the event there exists any facts that would give rise to any claim, defense, offset or counterclaim against or with respect to the enforcement of this Agreement or the Mortgage, Mortgagor hereby each unconditionally, irrevocably, and unequivocally waives and fully releases Mortgagee (and its officers, directors, shareholders, employees or agents) of any such claim, defense, offset or counterclaim to the same extent as if such claims were the subject of a lawsuit adjudicated to conclusion and dismissed therein with prejudice.

(e) Except as modified hereby or as referenced herein: (i) Mortgagor hereby reaffirms and remakes all of their respective representations, warranties, covenants and agreements contained in the Mortgage; and (ii) Mortgagor affirmatively states that, as of the date of this Agreement, all of its respective representations, warranties and covenants contained in the Mortgage are true as of the date of this Agreement as if made on the date hereof.

(f) The terms and provisions of the Mortgage (not specifically modified by this Agreement) shall remain in full force and effect and shall not be construed to have been modified, waived, discharged or otherwise altered by this Agreement. Mortgagor and Mortgagee expressly state, declare and acknowledge that this Agreement is intended only to modify Mortgagor's continuing obligations under the Mortgage in the manner set forth herein and is not intended as a novation.

3. SECURITY

3.1 Security. Mortgagor hereby represents and warrants to Mortgagee that all liens and security interests granted in favor of Mortgagee in or by the Mortgage shall continue in full force and effect and shall secure the repayment of the New Borrower Note or any substitution, replacement, renewal or amendment thereto.

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4. MISCELLANEOUS

4.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Mortgagor and Mortgagee. If this Agreement is executed by more than one person or entity as Mortgagor, all obligations and undertakings of Mortgagor hereunder shall be joint and several.

4.2 Incorporation, Controlling Agreement, Capitalized Terms. The terms and provisions of the Mortgage are incorporated herein by reference as if fully stated herein. To the extent the terms of this Agreement conflict with the terms of the Mortgage, the terms of this Agreement shall control. Whenever a particular document is referenced herein, such reference shall be deemed to include all amendments, replacements, substitutions or modifications to such document.

4.3 Entire Agreement, No Waiver. This Agreement, and the Mortgage modified hereby, contain the entire understanding between the parties, and cannot be amended, modified, waived or discharged unless such amendment, modification, waiver or discharge is agreed to in a writing signed by all parties hereto. No agreements or representations, oral or otherwise, expressed or implied, have been made by any party hereto which are not set forth expressly in this Agreement or in the Mortgage.

4.4 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to this Agreement to the extent possible. In any event, all other terms, provisions, covenants or restrictions of this Agreement shall be deemed valid and enforceable and shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

4.5 Counterparts, Headings. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The headings herein are for convenience only and shall in no manner be construed to affect the substantive nature of this Agreement.

4.6 Jury Waiver. MORTGAGOR AND MORTGAGEE IRREVOCABLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING: (a) TO ENFORCE OR DEFEND ANY RIGHTS UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith; OR (b) ARISING FROM ANY DISPUTE OR CONTROVERSY IN CONNECTION WITH OR RELATED TO THIS AGREEMENT OR ANY SUCH AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

[signatures follow on next page]

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IN WITNESS WHEREOF, this Mortgage Modification Agreement has been duly executed as of the day and year specified at the beginning hereof.

MORTGAGEE:

BUILDERS BANK, an Illinois banking corporation

By: [Signature]
Its: President

MORTGAGOR:

HERMITAGE HOMES LLC, an Illinois limited liability company

BY: [Signature: Stuart R. Rose]
Stuart R. Rose, Manager

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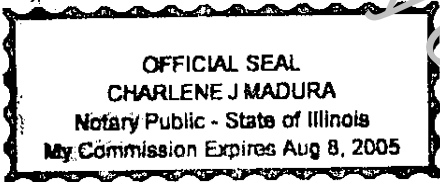
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MORTGAGEE'S ACKNOWLEDGEMENT

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Charles B. Hall, a President of **BUILDERS BANK**, who 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 the said instrument as his own free and voluntary act and as the free and voluntary act of said bank for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 31 day of July, 2002.



Charlene J. Madura
Notary Public

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MORTGAGOR'S ACKNOWLEDGEMENTS

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Stuart R. Rose, the Manager of HERMITAGE HOMES LLC, an Illinois limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Manager and, 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 company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 31 day of July, 2002.



Allen B. Glass
Notary Public

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EXHIBIT A

Legal Description of Premises

LOT 11 IN DIVERSEY-PAULINA HOMES SUBDIVISION, BEING A RESUBDIVISION OF PART OF LOT 1 IN PLAT OF CONSOLIDATION, AND PART OF LOTS 2, 3, AND VACATED STREET IN THE NORTHWESTERN TERRA COTTA COMPANY RESUBDIVISION, AND LOTS 1 TO 7 AND VACATED ALLEY IN FULLERTON'S 4TH ADDITION TO CHICAGO, IN SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 2724 NORTH PAULINA
CHICAGO, ILLINOIS

PIN: 14-30-403-081-0000

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