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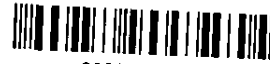
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2003-04-08 12:49:53

Cook County Recorder

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THIS DOCUMENT PREPARED
BY AND AFTER RECORDING
RETURN TO:

Piper Rudnick
203 North LaSalle Street
Suite 1800
Chicago, Illinois 60601
Attn: C. Olivia Keating, Esq.

This space reserved for Recorder's use only

14

MODIFICATION OF LOAN DOCUMENTS

THIS MODIFICATION OF LOAN DOCUMENTS (this "Agreement") is made and effective as of the 1st day of February, 2003, by and among STAGE6 PROPHERTIES, LLC, an Illinois limited liability company ("Borrower"), THE QUARASAN GROUP, INC. ("Quarasan"), SHERI H. SIMON ("Simon"), RANDI S. BRILL ("Brill") (Quarasan, Simon and Brill are hereinafter collectively referred to as "Guarantor") and BANK ONE, NA (as successor by merger to American National Bank and Trust Company of Chicago), a national banking association, its successors and assigns ("Lender").

RECITALS:

A. Lender has heretofore made a loan ("Loan") to Borrower in the principal amount of up to Five Million Five Hundred Thousand Dollars (\$5,500,000) pursuant to the terms and conditions of a Construction Loan Agreement dated as of June 15, 2001 between Borrower and Lender (the "Loan Agreement", all terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement), and as evidenced by a Promissory Note (Secured) dated as of June 15, 2001, in the principal amount of the Loan made payable by Borrower to the order of Lender (the "Note").

B. Lender has heretofore made a loan (the "Quarasan Loan") to Quarasan in the principal amount up to One Million Dollars (\$1,000,000) pursuant to the terms and conditions of a Security Agreement (General) dated as of June 15, 2001 between Quarasan and Lender and as evidenced by a Promissory Note (Secured) dated as of June 15, 2001, in the principal amount of the Quarasan Loan payable by Quarasan to the order of Lender (the "Quarasan Note").

C. The Note is secured by, among other things, (i) that certain Construction Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of June 15, 2001 from Borrower to Lender recorded with the Recorder of Deeds in Cook County, Illinois (the "Recorder's Office") on July 10, 2001, as Document No. 10608484 (the "Mortgage"), which Mortgage encumbers the real property and all improvements thereon legally

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Property of Cook County Clerk's Office

Return To:
LexisNexis Document Solutions
135 S. LaSalle St., Suite 2260
Chicago, IL 60603
Phone: (312) 201-1273



1767185 - 1

(FX TO N) - (1)
EDITOR: STAGES PROPERTIES, LLC
uris: Recorder of Deeds, Cook County, IL

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described on Exhibit A hereto ("Property"), (ii) that certain Collateral Assignment of Rents and Leases dated as of June 15, 2001 from Borrower to Lender and recorded in the Recorder's Office on July 10, 2001, as Document No. 10608485 (the "Assignment of Leases"); (iii) that certain Environmental Indemnity Agreement dated as of June 15, 2001 from Borrower and Guarantor to Lender (the "Indemnity Agreement"); (iv) all business assets of Quarasan pursuant to that certain Cross-Collateralization and Cross-Default Agreement dated as of June 15, 2001 from Borrower and Quarasan to Lender recorded with the Recorder's Office on July 10, 2001, as Document No. 10608484 (the "Cross-Collateralization Agreement"); and (v) certain other loan documents (the Note, the Mortgage, the Assignment of Leases, the Indemnity Agreement, the Guaranty (as hereinafter defined), the Cross-Collateralization Agreement, and the other documents evidencing, securing and guarantying the Loan, in their original form and as amended, are sometimes collectively referred to herein as the "Loan Documents").

D. The Loan is further secured by that certain (i) Guaranty dated as of June 15, 2001 from Quarasan to Lender (the "Quarasan Guaranty"); (ii) Guaranty dated as of June 15, 2001 from Simon to Lender (the "Simon Guaranty"); and (iii) Guaranty dated as of June 15, 2001 from Brill to Lender (the "Brill Guaranty") (the Quarasan Guaranty, the Simon Guaranty and the Brill Guaranty are collectively referred to herein as the "Guaranty").

E. Borrower desires to amend the Loan Documents in order to, among other things: (i) reduce the amount of the Loan to \$5,175,000; (ii) change the Interest Rate; and (iii) change the amount of the principal payments required under the Note.

F. Contemporaneously herewith Quarasan and Lender have entered into a Modification of Loan Documents dated as of even date herewith to, among other things, increase the amount of the Quarasan Loan from \$1,000,000 to \$1,300,000.

AGREEMENTS:

NOW, THEREFORE, in consideration of (i) the facts set forth hereinabove (which are hereby incorporated into and made a part of this Agreement), (ii) the agreements by Lender to modify the Loan Documents, as provided herein, (iii) the covenants and agreements contained herein, and (iv) for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Principal Amount of Loan**. From and after the date hereof, the principal amount of the Loan shall be permanently decreased to \$5,175,000. All references to the amount of the Note and the Loan in the Loan Documents to \$5,500,000 are hereby deleted and replaced with the amount of \$5,175,000.

2. **Maturity Date**. From and after the date hereof, the Maturity Date shall be changed from December 15, 2007 to February 1, 2010 and the Loan Documents are hereby amended to reflect such new Maturity Date accordingly.

3. **Interest Rate**. From and after the date hereof, the Interest Rate shall mean the Prime Rate (as such term is defined in the Loan Agreement), changing if and when the Prime

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Rate changes. During the term hereof, provided that there is no Event of Default (as defined in the Loan Agreement) under the Note, the Loan Agreement, the Mortgage or the other Loan Documents or no event or circumstance which, with the giving of notice or passage of time, or both, would constitute an Event of Default under the Note, the Loan Agreement, the Mortgage or the other Loan Documents, Borrower shall have the option on any date (the "Conversion Date") to select a fixed rate of interest from the Conversion Date through the Maturity Date at the rate per annum equal to (i) 2.85%, plus (ii) the U.S. LIBOR Interest Swap Rate having a maturity date closest to the Maturity Date as published in Bloomberg's Financial Markets Commodities News on the Conversion Date (or if not so published, Lender, in its sole discretion, shall designate another daily financial or governmental publication of national circulation to be used to determine such rate).

4. **Principal and Interest Payments.** Commencing on ~~February~~ ^{April} 15, 2003, and on the fifteenth (15th) day of each month thereafter, Borrower shall pay to Lender monthly principal payments in the amount of \$28,750 plus accrued interest thereon, with the entire remaining principal balance of the Loan and all accrued and non-paid interest thereon, if not sooner paid, due on the Maturity Date. MAC-4173

5. **Modification of the Mortgage.** The second paragraph of the Mortgage commencing with the language "Borrower has executed" is hereby deleted in its entirety and replaced with the following:

"Borrower has executed and delivered to Lender a Note (the "Note") dated as of June 15, 2001, as amended, payable to the order of Lender in the principal sum of Five Million One Hundred Seventy-Five Thousand Dollars (\$5,175,000), bearing interest and payable as set forth in the Note, and due on February 1, 2010. In order to secure the payment of the principal indebtedness under the Note and interest and premiums on the principal indebtedness under the Note (and all replacements, renewals and extensions thereof, in whole or in part) according to its tenor, and to secure the payment of all other sums which may be at any time due under the Note or this Mortgage, including without limitation any Rate Hedging Obligations (as such term is defined below), and to secure the payment of the principal indebtedness under that certain Promissory Note (Secured) dated as of June 15, 2001 (the "Quarasan Note") made by The Quarasan Group, Inc., as amended, payable to the order of Lender in the principal sum of One Million Three Hundred Thousand Dollars (\$1,300,000), bearing interest and payable as set forth in the Quarasan Note and interest and premiums on the principal indebtedness under the Quarasan Note (and all replacements, renewals and extensions thereof in whole or in part) according to its tenor, and to secure the payment of all other sums which may be at any time due under the Quarasan Note, including without limitation, any Rate Hedging Obligations (collectively sometimes referred to herein as "Indebtedness"); and to secure the performance and observance of all the provisions contained in this Mortgage, the Note, or that Construction Loan Agreement (the "Loan Agreement") of even date herewith made by Borrower and Lender; and to secure performance by Borrower under the "Loan Documents," as defined in the Loan Agreement; and to charge the properties, interests and rights hereinafter described with such payment, performance and observance, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower DOES HEREBY MORTGAGE AND CONVEY unto Lender,

its successors and assigns forever, the following described property, rights and interests (which are referred to herein as the "Premises"), all of which property, rights and interests are hereby pledged primarily and on a parity with the Land (as hereinafter defined) and not secondarily: **THE LAND** located in the State of Illinois and legally described in Exhibit "A" attached hereto (the "Land"). For purposes of this Mortgage, "Rate Hedging Obligations" shall mean any and all obligations of the Borrower, whether absolute or contingent and howsoever and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all agreements designed to protect the Borrower from the fluctuations of interest rates, exchange rates or forward rates applicable to such party's assets, liabilities or exchange transactions, including, but not limited to: interest rate swap agreements, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap, floor or collar agreements, forward rate currency agreements or agreements relating to interest rate options, puts and warrants, and (ii) any and all agreements relating to cancellations, buy backs, reversals, terminations or assignments of any of the foregoing;"

6. **Representations and Warranties of Borrower.** Borrower hereby represents, covenants and warrants to Lender as follows:

(a) The representations and warranties in the Loan Agreement, the Mortgage, the Note and the other Loan Documents are true and correct as of the date hereof.

(b) There is currently no Event of Default (as defined in the Mortgage) under the Note, the Mortgage or the other Loan Documents and Borrower does not know of any event or circumstance which with the giving of notice or passing of time, or both, would constitute an Event of Default under the Note, the Mortgage or the other Loan Documents.

(c) The Loan Documents are in full force and effect and, following the execution and delivery of this Agreement, they continue to be the legal, valid and binding obligations of Borrower enforceable in accordance with their respective terms, subject to limitations imposed by general principles of equity.

(d) There has been no material adverse change in the financial condition of Borrower, Guarantor or any other party whose financial statement has been delivered to Lender in connection with the Loan from the date of the most recent financial statement received by Lender.

(e) As of the date hereof, Borrower has no claims, counterclaims, defenses, or set-offs with respect to the Loan or the Loan Documents as modified herein.

(f) Borrower is validly existing under the laws of the State of its formation or organization and has the requisite power and authority to execute and deliver this Agreement and to perform the Loan Documents as modified herein. The execution and delivery of this Agreement and the performance of the Loan Documents as modified

herein have been duly authorized by all requisite action by or on behalf of Borrower. This Agreement has been duly executed and delivered on behalf of Borrower.

7. **Title Policy.** As a condition precedent to the agreements contained herein, Borrower shall, at its sole cost and expense in an amount not to exceed \$500, cause Chicago Title Insurance Company to issue an endorsement to Lender's title insurance policy No. 7920345 or convert such policy to an end-loan policy (the "Title Policy"), as of the date this Agreement is recorded, reflecting that construction of the improvements has been completed, the recording of this Agreement and insuring the first priority of the lien of the Mortgage, subject only to the exceptions set forth in the Title Policy as of its date of issuance and any other encumbrances expressly agreed to by Lender.

8. **Reaffirmation of Guaranty.** Guarantor ratifies and affirms the Guaranty and agrees that the Guaranty is in full force and effect following the execution and delivery of this Agreement. The representations and warranties of Guarantor in the Guaranty are, as of the date hereof, true and correct and Guarantor does not know of any default thereunder. The Guaranty continues to be the valid and binding obligation of Guarantor, enforceable in accordance with its terms and Guarantor has no claims or defenses to the enforcement of the rights and remedies of Lender thereunder, except as provided in the Guaranty.

9. **Expenses.** As a condition precedent to the agreements contained herein, Borrower shall pay all out-of-pocket costs and expenses incurred by Lender for the issuance of the Title Policy in an amount not to exceed \$500.

10. **Lender's Approval.** Lender hereby acknowledges that Borrower has satisfied all conditions to the final construction disbursement set forth in Section 6.11 of the Loan Agreement (other than the Title Policy), and subject to receipt of the Title Policy described in Section 7 above, approves the conversion of the construction loan to a permanent loan as provided in the Loan Agreement, as amended hereby.

11. **Miscellaneous.**

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

(b) This Agreement shall not be construed more strictly against Lender than against Borrower or Guarantor merely by virtue of the fact that the same has been prepared by counsel for Lender, it being recognized that Borrower, Guarantor and Lender have contributed substantially and materially to the preparation of this Agreement, and Borrower, Guarantor and Lender each acknowledges and waives any claim contesting the existence and the adequacy of the consideration given by the other in entering into this Agreement. Each of the parties to this Agreement represents that it has been advised by its respective counsel of the legal and practical effect of this Agreement, and recognizes that it is executing and delivering this Agreement, intending thereby to be legally bound by the terms and provisions thereof, of its own free will, without promises or threats or the exertion of duress upon it. The signatories hereto state that they have read and understand this Agreement, that they intend to be legally bound by it and that they

expressly warrant and represent that they are duly authorized and empowered to execute it.

(c) Notwithstanding the execution of this Agreement by Lender, the same shall not be deemed to constitute Lender a venturer or partner of or in any way associated with Borrower or Guarantor nor shall privity of contract be presumed to have been established with any third party.

(d) Borrower, Guarantor and Lender each acknowledges that there are no other understandings, agreements or representations, either oral or written, express or implied, that are not embodied in the Loan Documents and this Agreement, which collectively represent a complete integration of all prior and contemporaneous agreements and understandings of Borrower, Guarantor and Lender; and that all such prior understandings, agreements and representations are hereby modified as set forth in this Agreement. Except as expressly modified hereby, the terms of the Loan Documents are and remain unmodified and in full force and effect.

(e) This Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

(f) Any references to the "Note", the "Mortgage" or the "Loan Documents" contained in any of the Loan Documents shall be deemed to refer to the Note, the Mortgage and the other Loan Documents as amended hereby. The paragraph and section headings used herein are for convenience only and shall not limit the substantive provisions hereof. All words herein which are expressed in the neuter gender shall be deemed to include the masculine, feminine and neuter genders. Any word herein which is expressed in the singular or plural shall be deemed, whenever appropriate in the context, to include the plural and the singular.

(g) This Agreement may be executed in one or more counterparts, all of which, when taken together, shall constitute one original Agreement.

(h) Time is of the essence of each of Borrower's obligations under this Agreement.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement dated as of the day and year first above written.

LENDER:

BANK ONE, NA (as successor by merger to American National Bank and Trust Company of Chicago)

By: *Michele Lertzbe*
Name: *Michele Lertzbe*
Title: *VP*

BORROWER:

STAGE6 PROPERTIES, LLC

By: _____
Name: _____
Title: _____

GUARANTORS:

RANDI S. BRILL

SHERI H. SIMON

THE QUARASAN GROUP, INC.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement dated as of the day and year first above written.

LENDER:

BANK ONE, NA (as successor by merger to American National Bank and Trust Company of Chicago)

By: _____
Name: _____
Title: _____

BORROWER:

STAGE6 PROPHERTIES, LLC

By: Sheri Simon
Name: Sheri Simon
Title: Member

GUARANTORS:

Randi S. Brill
RANDI S. BRILL

Sheri H. Simon
SHERI H. SIMON

THE QUARASAN GROUP, INC.

By: Sheri H. Simon
Name: Sheri H. Simon
Title: CEO

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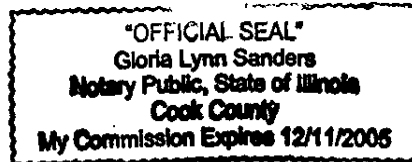
STATE OF ILLINOIS)
).ss
COUNTY OF COOK)

I Gloria Sanders, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Michelle Cozette, the UP of Bank One, NA, is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed and delivered said instrument as her own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 14 day of March, 2003.

Gloria Lynn Sanders
Notary Public

My Commission Expires: 6/21/2005



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STATE OF ILLINOIS)
COUNTY OF Cook) .ss

I Lynn Muir, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Shen Simon, the CEO of The Quarasan Group, Inc., is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed and delivered said instrument as her own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 11 day of March, 2003.

Lynn Muir
Notary Public

My Commission Expires: 12/5/06

"OFFICIAL SEAL"
LYNN MUIR
Notary Public, State of Illinois
My Commission Expires 12/5/06

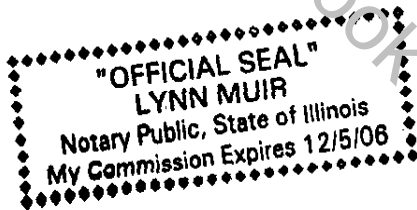
STATE OF ILLINOIS)
) .ss
COUNTY OF Cook)

I Lynn Muir, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Sheri H. Simon is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed and delivered said instrument as her own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 11 day of March, 2003.

Lynn Muir
Notary Public

My Commission Expires: 12/5/06



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EXHIBIT A

THE PROPERTY

LOTS 3, 4, AND 5 IN BLOCK 7 IN HIGGINS LAW AND COMPANY'S ADDITION TO CHICAGO IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PERMANENT INDEX: 17-09-120-005
STREET ADDRESS: 405 West Superior Street, Chicago, Illinois

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