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**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:

**ARCHIBALD CANDY CORPORATION, *et al*
Debtors.**

Case No. 04 B 03200

Chapter 11

Jointly Administered

**ORDER AUTHORIZING AND APPROVING THE SALE OF THE DEBTORS'
NONRESIDENTIAL REAL PROPERTY LOCATED AT 110—1137 WEST JACKSON
STREET, CHICAGO, ILLINOIS FREE AND CLEAR OF LIENS, CLAIMS,
INTEREST, CHARGES AND ENCUMBRANCES [EOD #455]**

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**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	
)	Case No. 04 B 03200
ARCHIBALD CANDY CORPORATION, <i>et al.</i> ¹)	Chapter 11
)	Jointly Administered
Debtors.)	
)	
)	

**ORDER AUTHORIZING AND APPROVING THE SALE OF THE DEBTORS'
NONRESIDENTIAL REAL PROPERTY LOCATED AT 1101-1137 WEST JACKSON
STREET, CHICAGO, ILLINOIS FREE AND CLEAR OF LIENS, CLAIMS,
INTERESTS, CHARGES AND ENCUMBRANCES [EOD #455]**

This matter having come before the Court on the motion, dated May 28, 2004 (the "Sale Motion"; capitalized terms not defined herein have the meanings given in the Motion) [Docket No. 455] of the above-captioned debtors (collectively, the "Debtors"), for entry of an order under 11 U.S.C. §§ 105(a) and 363 and Fed. R. Bankr. P. 2007, 5004, and 9014 authorizing (i) the Debtors' sale of their nonresidential real property located at 1101-1137 West Jackson Street, Chicago, Illinois (the "Factory"), free and clear of all liens, claims, interests, charges and encumbrances (collectively, the "Interests"); and the Court having entered an order on June 10, 2004 (the "Bid Procedures Order") [Docket No. 484] approving, among other things, (i) certain bidding procedures and (ii) a break up fee; and as described in the record of the Sale Hearing (as defined below), the Successful Bidder will acquire the Factory as having submitted a Qualified Bid pursuant to the Bid Procedures Order; and the Debtors having conducted an Auction on July 13 and 15, 2004; and the Successful Bidder (i.e., Van Buren/Aberdeen, LLC) having been

¹ The Debtors are the following entities: Archibald Candy Corporation, a Delaware corporation, and Laura Secord Holdings Corp., a Delaware corporation.

This is to certify that the within and attached document is a full, true and correct copy of the original filed with the Court and appears on file in the office of the Clerk of the United States Bankruptcy Court for the Northern District of Illinois.

KENNETH B. GARDNER
CLERK OF COURT

By _____

Dated _____

July 2, 2004

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determined by the Debtors to have submitted the highest and otherwise best Qualified Bid; and a hearing on the Sale Motion having been held on July 15, 2004 (the "Sale Hearing"); and all interested parties having been afforded an opportunity to be heard with respect to the Sale Motion; and the Court having reviewed and considered (i) the Sale Motion, (ii) any objections thereto, and (iii) the arguments of counsel made, and the evidence proffered or adduced at the Sale Hearing; and it appearing that the relief requested in the Sale Motion is in the best interests of the Debtors, their estates and creditors and other parties in interest; and upon the record of the Sale Hearing, and after due deliberation thereon and good cause appearing therefor, it is hereby

FOUND AND DETERMINED THAT:²

- A. The Court has jurisdiction over the Sale Motion pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. §157(b)(2). Venue of these cases and the Sale Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.
- B. The statutory predicates for the relief sought in the Sale Motion are sections 105 and 363 of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 2002, 6004 and 9014.
- C. Proper, timely, adequate and sufficient notice of the Sale Motion, the Auction, the Sale Hearing, and all proceedings related thereto have been provided in accordance with 11 U.S.C. §§ 102(1) and 363 and Fed. R. Bankr. P. 2002, 6004 and 9014, other provisions of the Bankruptcy Code, Federal Rules of Bankruptcy Procedure, the Local Rules of the Bankruptcy Court, orders of the Bankruptcy Court, other applicable law, due process, and in compliance with the Bid Procedures Order. Such notice was good, sufficient, and appropriate under the particular

² Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact where appropriate. Fed. R. Bankr. P. 7052.

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circumstances. No other or further notice of the Sale Motion, the Auction, the Sale Hearing or any proceeding related thereto is or shall be required.

D. As demonstrated by: (i) the testimony and/or other evidence proffered or adduced at the Sale Hearing; and (ii) the representations of counsel made on the record at the Sale Hearing, the Debtors have marketed the Factory and conducted the sale process in compliance with the Bid Procedures Order.

E. The Debtors: (i) have full corporate power and authority to execute that certain Purchase Agreement by and between Debtor Archibald Candy Corporation and the Successful Bidder dated May 27, 2004 (the "Purchase Agreement") and all other documents contemplated thereby, and the sale of the Factory by the Debtors has been duly and validly authorized by all necessary corporate action of the Debtors; (ii) have all of the corporate power and authority necessary to consummate the transactions contemplated by the Purchase Agreement; and (iii) have taken all corporate action necessary to authorize and approve the Purchase Agreement and the consummation of the transactions contemplated thereby. No consents or approvals, other than those expressly provided for in the Purchase Agreement, are required for the Debtors to consummate such transactions.

F. Approval of the Purchase Agreement and consummation of the sale of the Factory at this time are in the best interests of the Debtors, their creditors, their estates and other parties in interest.

G. The Debtors have demonstrated both: (a) good, sufficient and sound business purpose and justification; and (b) compelling circumstances for the sale of the Factory pursuant to 11 U.S.C. § 363(b) prior to, and in contemplation of, a plan of reorganization.

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H. A reasonable opportunity to object or be heard with respect to the Sale Motion and the relief requested therein has been afforded to all interested persons and entities.

I. The Purchase Agreement was negotiated, proposed and entered into by the Debtors and the Successful Bidder without collusion, in good faith, and from arm's-length bargaining positions. Neither the Debtors nor the Successful Bidder has engaged in any conduct that would cause or permit the Purchase Agreement to be avoided under 11 U.S.C. § 363(n).

J. The Successful Bidder is a good faith purchaser under 11 U.S.C. § 363(m) and, as such, the Successful Bidder is entitled to all of the protections afforded thereby. The Successful Bidder will be acting in good faith within the meaning of 11 U.S.C. § 363(m) in closing the transaction contemplated by the Purchase Agreement and at all times after the entry of this Order. The Successful Bidder has not engaged in collusive bidding or otherwise violated the provisions of § 363(n) of the Bankruptcy Code.

K. The consideration provided by the Successful Bidder for the Factory pursuant to the Purchase Agreement: (i) is fair and reasonable; (ii) is the highest and best offer for the Factory; (iii) will provide a greater recovery for the Debtors' creditors and other interested parties than would be provided by any other practical available alternative; and (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code.

L. The transfer of the Factory to the Successful Bidder will be a legal, valid and effective transfer of the Factory, and will vest the Successful Bidder with all right, title and interest of the Debtors to the Factory free and clear of all Interests; provided, however, that nothing in this Order or the Purchase Agreement releases, nullifies, or enjoins the enforcement of any liability to a governmental unit under police and regulatory statutes or regulations that the

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Successful Bidder would be subject to as the owner or operator of property after the date of entry of this Order.

M. The Successful Bidder would not have entered into the Purchase Agreement and would not consummate the transactions contemplated thereby if the sale of the Factory to the Successful Bidder were not free and clear of all Interests of any kind or nature whatsoever.

N. The Successful Bidder shall purchase the Factory free and clear of all liens, claims and encumbrances pursuant to 11 U.S.C. § 363. The Successful Bidder does not constitute a successor-in-interest to the Debtors.

O. The Debtors may sell the Factory free and clear of all Interests of any kind or nature whatsoever because, in each case, one or more of the standards set forth in 11 U.S.C. § 363(f) has been satisfied. Those holders of Interests who did not object, or who withdrew their objections, to the Sale Motion are deemed to have consented pursuant to 11 U.S.C. § 363(f)(2). Those holders of Interests who did object are adequately protected by having their Interests, if any, attach to the proceeds of the sale of the Factory.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Sale Motion is granted in its entirety.
2. All objections to the Sale Motion or the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included therein, hereby are overruled on the merits.
3. The Purchase Agreement, in the form attached hereto as Exhibit A, and all of the terms and conditions thereof are hereby approved.

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4. Pursuant to 11 U.S.C. § 363(b), the Debtors are authorized and directed to consummate the sale of the Factory pursuant to and in accordance with the terms and conditions of the Purchase Agreement.

5. The Debtors are authorized and directed to execute and deliver, and are empowered to perform under, consummate and implement, the Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Purchase Agreement, and to take all further actions as may be requested by the Successful Bidder for the purpose of assigning, transferring, granting, conveying and conferring to the Successful Bidder or reducing to possession, the Factory, or as may be necessary or appropriate to the performance of the obligations as contemplated by the Purchase Agreement.

6. The proceeds of the sale of the Factory shall be distributed in accordance with the Stipulation and Final Order Authorizing (A) Secured Post-Petition Financing On A Super Priority Basis Pursuant to 11 U.S.C. Section 364, (B) Use of Cash Collateral Pursuant to 11 U.S.C. Section 363, And (C) Grant Of Adequate Protection Pursuant to 11 U.S.C. Sections 363 and 364 (Docket No. 181), as may be amended from time to time.

7. Except as expressly permitted or otherwise specifically provided for in the Purchase Agreement or this Order, pursuant to 11 U.S.C. §§ 105(a) and 363(f), the Factory shall be transferred to the Successful Bidder, and as of the date the transaction is closed (the "Closing Date"), shall be free and clear of all Interests of any kind or nature whatsoever, with all such Interests of any kind or nature whatsoever to attach to the net proceeds of the sale of the Factory with the same validity, force and effect which they now have as against the Factory, subject to any claims and defenses the Debtors may possess with respect thereto.

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8. Except as expressly permitted or otherwise specifically provided for in the Purchase Agreement or this Order, all persons and entities, including, but not limited to, governmental, tax, and regulatory authorities, lenders, trade and other creditors, holding Interests of any kind or nature whatsoever against or in the Debtors or the Factory, arising under or out of, in connection with, or in any way relating to, the Debtors, the Factory, the operation of the Debtors' businesses prior to the Closing Date hereby are forever barred and estopped from asserting against the Successful Bidder, its successors or assigns, its property, or the Factory, such persons' or entities' Interests.

9. The purchase price provided by the Successful Bidder for the Factory under the Purchase Agreement: (a) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code; and (b) is fair and reasonable and the sale of the Factory may not be avoided under section 363(n) of the Bankruptcy Code.

10. On the Closing Date, each of the Debtors' creditors is authorized and directed to execute such documents and take all other actions as may be necessary to release its Interests in the Factory, if any, as such Interests may have been recorded or may otherwise exist.

11. This Order shall be effective as a determination that, on the Closing Date, all Interests of any kind or nature whatsoever existing as to the Debtors or the Factory prior to the Closing Date have been unconditionally released, discharged and terminated, and that the conveyances described herein have been effected.

12. If any person or entity that has filed financing statements, mortgages, mechanic's liens, lis pendens or other documents or agreements evidencing Interests in the Debtors or the Factory shall not have delivered to the Debtors prior to the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction,

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releases of all Interests which the person or entity has with respect to the Debtors or the Factory or otherwise, then the Successful Bidder is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all Interests in the Factory of any kind or nature whatsoever and the filing officer is hereby directed to accept the filing of the Order by the Successful Bidder as evidence of the release of such encumbrances.

13. Under no circumstances shall any holder of an Interest be able to commence, continue or otherwise pursue or enforce any remedy, claim or cause of action against the Successful Bidder or the Debtors.

14. This Court retains jurisdiction to enforce and implement the terms and provisions of the Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and of each of the agreements executed in connection therewith in all respects, including, but not limited to, retaining jurisdiction to: (a) resolve any disputes arising under or related to the Purchase Agreement, except as otherwise provided therein; and (b) interpret, implement, and enforce the provisions of this Order.

15. The transactions contemplated by the Purchase Agreement are undertaken by the Successful Bidder in good faith, as that term is used in 11 U.S.C. § 363(m), and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the sale of the Factory shall not affect the validity of the sale to the Successful Bidder, unless such authorization is duly stayed pending such appeal prior to the Closing Date. The Successful Bidder is a purchaser in good faith of the Factory, and the Successful Bidder is entitled to all of the protections afforded by 11 U.S.C. § 363(m).

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16. The terms and provisions of the Purchase Agreement and this Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtors, their estates, their creditors, the Successful Bidder and its respective affiliates, successors and assigns, and any affected third parties including, but not limited to, all persons asserting Interests in the Factory to be sold to the Successful Bidder pursuant to the Purchase Agreement, notwithstanding any subsequent appointment of any trustee(s) under any chapter of the Bankruptcy Code, as to which trustee(s) such terms and provisions likewise shall be binding. The Successful Bidder has not engaged in collusive bidding or otherwise violated the provisions of section 363(m) of the Bankruptcy Code.

17. The failure specifically to include any particular provisions of the Purchase Agreement in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Purchase Agreement be authorized and approved in its entirety.

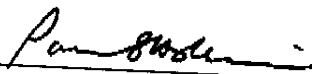
18. The Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by both parties, and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates.

19. As provided by Federal Rule of Bankruptcy Procedure 6004(g), this Order shall not be stayed for 10 days after the entry of the Order and shall be effective and enforceable immediately upon entry of this Order.

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Date: July 15, 2004

ENTERED:



Hon. Pamela S. Hollis
UNITED STATES BANKRUPTCY JUDGE

JUL 15 2004

Order prepared by:

Mark K. Thomas (ARDC # 06181453)
John P. Sieger (ARDC #06240033)
Michael C. Kure (ARDC # 06271421)
JENNER & BLOCK LLP
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Chicago, IL 60610
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Counsel for the Debtors
and Debtors in Possession

1124771

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EXHIBIT A

Purchase Agreement

(Attached hereto.)

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AGREEMENT FOR PURCHASE OF REAL ESTATE

THIS AGREEMENT FOR PURCHASE OF REAL ESTATE (this "Agreement") is made and entered into as of the 27th day of May, 2004, by and between ARCHIBALD CANDY CORPORATION, a Delaware corporation ("Seller"), and Van Buren/Aberdeen, an Illinois limited liability company ("Purchaser").

RECITALS:

- A. Seller is the owner of the Property (as hereinafter defined).
- B. Seller desires to sell the Property to Purchaser, and Purchaser desires to purchase the Property from Seller, free and clear of any liens, claims and encumbrances, except as set forth herein, pursuant to Section 363 of the Bankruptcy Code, upon and subject to the terms and conditions of this Agreement.
- C. Purchaser acknowledges that Seller is a debtor and debtor-in-possession in a Chapter 11 bankruptcy proceeding pending in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court"), under Case No. 04 B 03200 (the "Bankruptcy Case"). Purchaser and Seller contemplate that the transactions contemplated under this Agreement shall be effectuated pursuant to Section 363 of the Bankruptcy Code, and shall be subject to approval by the Bankruptcy Court.

NOW, THEREFORE, in consideration of and in reliance upon the above Recitals, which are incorporated herein, the terms, covenants and conditions contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

1. PURCHASE AND SALE OF PROPERTY

Subject to the terms and conditions of this Agreement Seller shall sell, convey and assign to Purchaser and Purchaser shall purchase all right, title and interest of Seller in the following described property (all of which is hereinafter collectively referred to as the "Property"):

- (a) those certain tracts of real estate located in Chicago, Illinois, whose common address is 1101-1137 West Jackson Boulevard, Chicago, Illinois, which real estate is more particularly described in Exhibit A attached hereto, together with (i) all and singular easements, covenants, agreements, rights, privileges, tenements, hereditaments and appurtenances thereunto now or hereafter belonging or appertaining thereto and (ii) any and all oil, gas and mineral rights relating to the real estate, water and water rights, ditch and ditch company stock and any other rights to use and appropriate water from or relating to the real estate (collectively, the "Land");

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(b) all right, title and interest of Seller in and to any land lying in the bed of any street, alley, road or avenue within, in front of, behind or otherwise adjoining the Land or any of it (all of the foregoing being included within the term "Land"); and

(c) all of the buildings, structures, fixtures, facilities, installations and other improvements of every kind and description now or hereafter in, on, over and under the Land, including, without limitation, any and all plumbing, air conditioning, heating, ventilating, mechanical, electrical and other utility systems, parking lots and facilities, landscaping, roadways, sidewalks, swimming pools and other recreational facilities, security devices, signs and light fixtures (collectively, the "Improvements") (the Land and Improvements being together referred to as the "Premises").

2. PURCHASE PRICE

The total consideration to be paid by Purchaser to Seller for the Property (the "Purchase Price") is Twelve Million Two Hundred Thousand and No/100 Dollars (\$12,200,000), which shall be paid as follows:

(a) Earnest Money.

(i) Contemporaneously with the execution and delivery of this Agreement by both Purchaser and Seller (the date this Agreement is executed and delivered by both Purchaser and Seller shall be referred to herein as the "Effective Date"), Purchaser shall deliver to Land America Title (in such capacity, "Escrowee"), whose address is 10 South LaSalle Street, 25th Floor, Chicago, Illinois 60602, Attention: Gary Cichon, the sum of One Hundred Thousand and No/100 Dollars (\$100,000.00) in the form of a check payable to Escrowee, or a federal funds wire transfer to an account designated by Escrowee, which together with any interest earned thereon is referred to in this Agreement as the "Initial Earnest Money". Purchaser shall deliver an additional Five Hundred Ten Thousand and No/100 Dollars (\$510,000.00) [5% of the Purchase Price minus \$100,000] of earnest money to Escrowee within two business days after entry of the Approval Order (as hereinafter defined), (the "Approval Earnest Money" and together with the Initial Earnest Money, the "Earnest Money"). If Purchaser and Seller so direct the Escrowee, Escrowee shall invest the Earnest Money in an interest bearing savings account or short term U.S. Treasury Bills or similar cash equivalent securities. Any and all interest earned on the Earnest Money shall be reported to Purchaser's federal tax identification number, and the interest earned on such funds shall be paid or credited to the party entitled to receive the Earnest Money as provided for in this Agreement. The Earnest Money shall be held by Escrowee pursuant to a joint order escrow agreement between Seller and Purchaser in the form attached as Exhibit B hereto. The Earnest Money shall be non-refundable except in the event of termination of this Agreement as set forth in Paragraph 6 or Paragraph 10(a), (b), (d) or (e) hereof.

(ii) If the transaction contemplated by this Agreement closes in accordance with the terms and conditions of this Agreement, at Closing (as defined

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hereinafter), the Earnest Money shall be delivered by the Escrowee to Seller as payment toward the Purchase Price.

(b) Cash at Closing. At Closing, Purchaser shall pay to Seller the Purchase Price less the Earnest Money, plus or minus the adjustments and prorations required by this Agreement; such sum shall be paid by wire transfer of immediately available good funds to an account designated by Seller (such amount, as adjusted, being referred to herein as the "Cash Balance"). All payments shall be made so as to have been received by Seller by 1:00 p.m. prevailing Central Standard Time on the date of the Closing.

3. OPERATION OF PROPERTY THROUGH CLOSING

From the date of this Agreement through and including the first to occur of (a) the termination of this Agreement or (b) the Closing Date (as hereinafter defined):

(i) Seller shall use its current level of efforts to keep the Property in its present condition, wear and tear and acts of God and casualty excepted.

(ii) Seller covenants and agrees not to create or consent to the imposition of any lien, lease or tenancy encumbrance, easement, reservation, limitation, covenant, condition or restriction upon the Property.

4. STATUS OF TITLE TO PROPERTY

(a) State of Title. At Closing, Seller shall convey to Purchaser the entire fee simple estate in and to the Premises by a recordable special warranty deed, subject only to: (i) those covenants, conditions and restrictions and other exceptions to title of record which are approved or deemed approved hereunder by Purchaser; (ii) the lien of general real estate taxes which are not yet due or payable, and (iii) any title exceptions arising by reason of acts of the Purchaser (the above-enumerated exceptions are collectively referred to as the "Permitted Exceptions").

(b) Preliminary Evidence of Title. Purchaser acknowledges that Seller has furnished or made available to Purchaser:

(i) a commitment (the "Title Commitment") for an ALTA Owner's Title Insurance Policy proposing to insure Purchaser and committing to insure the Premises in the amount of the Purchase Price, issued by Lawyer's Title Insurance Company, or such other Title Insurance Company as the parties shall mutually agree, (in such capacity, the "Title Insurer");

(ii) copies of all documents of record referred to in the Title Commitment (other than those deeds of trust or other security instruments as to which Seller shall be obtaining releases at Closing); and

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(iii) any existing plat of Survey in Seller's possession (the "Survey"). Any costs associated with updating the Survey or causing the Survey to be certified to Purchaser shall be borne by Purchaser.

5. CLOSING

(a) Closing Date. The "Closing" of the transaction contemplated by this Agreement (that is, the payment of the Cash Balance, the transfer of title to the Property, and the satisfaction of all other terms and conditions of this Agreement) shall occur at 10:00 a.m. prevailing Central Standard Time at the offices of Escrowee (or at such other location as agreed upon by the parties) not later than Forty-Five (45) days after the the entry of the Approval Order, or such other date as the parties mutually agree in writing. The "Closing Date" shall be the date of Closing.

(b) Closing Documents.

(i) Seller. On the Closing Date, Seller shall deliver or cause to be delivered to Purchaser the following (except that item C may be delivered to Purchaser at the Property):

- (A) a special warranty deed, subject only to the Permitted Exceptions, in the form attached hereto as Exhibit C;
- (B) a certification as to the Seller's non-foreign status which complies with the provisions of Section 1445(b)(2) of the Internal Revenue Code of 1986, as amended;
- (C) all keys to any portion of the Premises which are in Seller's possession;
- (D) properly completed transfer tax forms, if required;
- (E) a counterpart to the closing statement (the "Closing Statement") between Seller and Purchaser, setting forth the prorations and adjustments to the Purchase Price to be made in accordance herewith; and
- (F) any other documents customarily provided by Seller to the Title Insurer or Purchaser in similar transactions in Chicago, Illinois.

(ii) Purchaser. Purchaser, or its permitted nominee or assignee, shall deliver or cause to be delivered to Seller at Closing: (a) the Cash Balance; (b) Purchaser's counterpart to the Closing Statement; and (c) such other documents as

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Purchaser customarily provides to the Title Insurer or Seller in similar transactions in Chicago, Illinois.

(c) Closing Prorations and Adjustment. A statement of prorations and other adjustments shall be prepared by Seller and/or Escrowee in conformity with the provisions of this Agreement and submitted to Purchaser prior to the Closing Date. For purposes of prorations, provided that the Cash Balance is paid directly to Seller by 1:00 p.m. prevailing Central Standard Time on the Closing Date, Purchaser shall be deemed the owner of the Property on the Closing Date. In addition to prorations and other adjustments that may otherwise be provided for in this Agreement, real property taxes and assessments due and payable for the year in which the Closing occurs (prorated on the basis of 105% of the most recent ascertainable bill) are to be prorated or adjusted as of the Closing Date.

(d) Closing Costs. Purchaser shall be responsible for and shall pay the cost of the title insurance premium, all title insurance endorsements and extended coverage, Survey update costs, recording fees and the title company closing escrow fees. In addition, all costs of Purchaser's due diligence activities including engineering, environmental reports and expense audits shall be paid by Purchaser. Seller and Purchaser shall each be responsible for the fees and costs of their respective attorneys. Purchaser shall be responsible for the cost of transfer taxes on the deed.

(e) Possession. Upon Closing, Seller shall deliver to Purchaser full, complete and exclusive possession of the Property, subject only to the Permitted Exceptions.

6. CASUALTY LOSS AND CONDEMNATION

If, prior to Closing, the Property or any part thereof shall be condemned, or destroyed or materially damaged by fire or other casualty (that is, damage or destruction which Seller reasonably estimates could cost in excess of \$1,000,000.00 to repair or restore or which materially impedes access to the Premises or any material part thereof), either party shall have the option to terminate this Agreement, which shall be exercised by delivering written notice thereof within ten (10) days following the date Seller or Purchaser receives written notice of the condemnation or material damage from the other (but in any event at least three (3) business days prior to Closing). If either party elects to terminate this Agreement pursuant to this Paragraph 6, the Earnest Money shall be returned to Purchaser by the Escrowee, in which event this Agreement shall, without further action of the parties, become null and void and neither party shall have any rights or obligations under this Agreement except for Purchaser's obligations under Paragraph 9 (the "Surviving Obligations").

7. REPRESENTATIONS AND WARRANTIES

(a) The Seller represents and warrants to Purchaser that the following are true, complete and correct as of the date of this Agreement:

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(i) Other than the Bankruptcy Case, there is no action, proceeding or investigation pending against Seller or the Property before any court or governmental department, commission, board, agency or instrumentality.

(ii) Except as set forth on Exhibit D attached hereto, Seller has not received from any governmental authority written notice of any violation of any zoning, building, fire or health code or any other statute, ordinance, rule or regulation applicable to the Property, or any part thereof, that will not have been corrected prior to Closing.

(iii) (A) Seller is duly organized, validly existing and qualified and empowered to conduct its business, and has full power and authority to enter into and fully perform and comply with the terms of this Agreement, subject to the approval of the Bankruptcy Court, (B) neither the execution and delivery of this Agreement nor its performance will conflict with or result in the breach of any contract, agreement, law, rule or regulation to which Seller is a party or by which any of the Seller is bound; and (C) the individuals executing this Agreement and the instruments referenced herein on behalf of the Seller have the legal power, right, and actual authority to bind the Seller to the terms and conditions hereof and thereof.

(iv) Except as set forth on *Schedule 7(a)(iv)* attached hereto, Seller has not received any written notice of any civil, criminal or administrative suit, claim, hearing, violation, investigation, proceeding or demand against Seller or the Property relating in any way to a Release or compliance with Environmental Laws. For purposes of this Agreement, the phrase "Environmental Laws" shall mean any federal, state or local law, statute, ordinance, order, decree, rule or regulation and any common laws regarding health, safety, radioactive materials, or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651, et seq., the Clean Air Act, 42 U.S.C. § 7401, et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251, et seq., the Safe Drinking Water Act, 42 U.S.C. § 3001, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1802, et seq. and the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 11001, et seq., the Endangered Species Act of 1973, 16 U.S.C. § 1531 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. § 136 et seq. and other comparable federal, state or local laws, each as amended, and all rules, regulations and guidance documents promulgated pursuant thereto or published thereunder. The phrase "Hazardous Materials" shall mean each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as hazardous or toxic under Environmental Laws or the Release of which is regulated under Environmental Laws. The term "Release" shall mean the discharge, disposal, deposit, injection, dumping, spilling, leaking, leaching, placing, presence, pumping, pouring, emitting, emptying, escaping, or other release of any Hazardous Material. For purposes

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of the representations and warranties set forth in this clause (iv) of Paragraph 7(a), "Hazardous Materials" shall not include consumer products, office supplies, pool chemicals and cleaning and maintenance supplies stored and used in the ordinary course of operation of the Property and in compliance with applicable Environmental Laws.

(v) Seller is not a foreign limited partnership, person or other entity within the meaning of Section 1445(b)(2) of the Internal Revenue Code of 1986, as amended.

(b) Seller represents and warrants to Purchaser that, as of the Closing, each of the warranties and representations set forth in Paragraph 7(a) above shall be true, complete and correct in all material respects except for changes in the operation of the Property occurring prior to Closing which are specifically permitted by this Agreement. As used in this Agreement, the terms "knowledge" of or "actual knowledge of" or "receipt of written notice by" Seller shall mean the actual knowledge of or notice received by Richard Anglin. Seller shall have no duty to conduct any further inquiry in making such representations and warranties, and no knowledge of or notice to any other person shall be imputed to Seller or to Richard Anglin.

(c) NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, EXCEPT AS PROVIDED IN PARAGRAPH 7 HEREOF, IT IS UNDERSTOOD AND AGREED THAT SELLER AND ITS REPRESENTATIVES AND/OR AGENTS HAVE NOT MADE AND ARE NOT NOW MAKING, AND THEY SPECIFICALLY DISCLAIM, ALL WARRANTIES, REPRESENTATIONS OR GUARANTIES OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, WITH RESPECT TO THE PREMISES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES, REPRESENTATIONS OR GUARANTIES AS TO (I) MATTERS OF TITLE (OTHER THAN SELLER'S LIMITED WARRANTY OF TITLE SET FORTH IN THE DEED AND ANCILLARY CONVEYANCE DOCUMENTS TO BE DELIVERED AT CLOSING), (II) ENVIRONMENTAL MATTERS RELATING TO THE PREMISES OR ANY PORTION THEREOF, (III) GEOLOGICAL CONDITIONS, INCLUDING, WITHOUT LIMITATION, SUBSIDENCE, SUBSURFACE CONDITIONS, WATER TABLE, UNDERGROUND WATER RESERVOIRS, LIMITATIONS REGARDING THE WITHDRAWAL OF WATER, AND EARTHQUAKE FAULTS AND THE RESULTING DAMAGE OF PAST AND/OR FUTURE EARTHQUAKES, (IV) WHETHER, AND THE EXTENT TO WHICH, THE PREMISES OR ANY PORTION THEREOF IS AFFECTED BY ANY STREAM (SURFACE OR UNDERGROUND), BODY OF WATER, FLOOD PRONE AREA, FLOOD PLAIN, FLOODWAY OR SPECIAL FLOOD HAZARD, (V) DRAINAGE, (VI) SOIL CONDITIONS, INCLUDING THE EXISTENCE OF INSTABILITY, PAST SOIL REPAIRS, SOIL ADDITIONS OR CONDITIONS OF SOIL FILL, OR SUSCEPTIBILITY TO LANDSLIDES, OR THE SUFFICIENCY OF ANY UNDERSHORE, (VII) ZONING TO WHICH THE PREMISES OR ANY PORTION THEREOF MAY BE SUBJECT, (VIII) THE AVAILABILITY OF ANY UTILITIES TO THE PREMISES OR ANY PORTION THEREOF INCLUDING, WITHOUT LIMITATION, WATER, SEWAGE,

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GAS AND ELECTRIC, (IX) USAGES OF ADJOINING PREMISES, (X) ACCESS TO THE PREMISES OR ANY PORTION THEREOF, (XI) THE VALUE, COMPLIANCE WITH THE PLANS AND SPECIFICATIONS, SIZE, LOCATION, AGE, USE, DESIGN, QUALITY, DESCRIPTION, SUITABILITY, STRUCTURAL INTEGRITY, OPERATION, TITLE TO, OR PHYSICAL OR FINANCIAL CONDITION OF THE PREMISES OR ANY PORTION THEREOF, OR ANY INCOME, EXPENSES, CHARGES, LIENS, ENCUMBRANCES, RIGHTS OR CLAIMS ON OR AFFECTING OR PERTAINING TO THE PREMISES OR ANY PART THEREOF, OR ANY INCOME, EXPENSES, CHARGES, LIENS, ENCUMBRANCES, RIGHTS OR CLAIMS ON OR AFFECTING OR PERTAINING TO THE PREMISES OR ANY PART THEREOF, (XII) THE PRESENCE OF HAZARDOUS MATERIALS IN OR ON, UNDER OR IN THE VICINITY OF THE PREMISES, (XIII) THE CONDITION OR USE OF THE PREMISES OR COMPLIANCE OF THE PREMISES WITH ANY OR ALL PAST, PRESENT OR FUTURE FEDERAL, STATE OR LOCAL ORDINANCES, CODES OR OTHER SIMILAR LAWS, (XIV) THE EXISTENCE OR NON-EXISTENCE OF UNDERGROUND STORAGE TANKS, (XV) ANY OTHER MATTER AFFECTING THE STABILITY OR INTEGRITY OF THE PREMISES, (XVI) THE EXISTENCE OF VESTED LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PREMISES, (XVII) THE MERCHANTABILITY OF THE PROPERTY OR FITNESS OF THE PROPERTY FOR ANY PARTICULAR PURPOSE (PURCHASER AFFIRMING THAT PURCHASER HAS NOT RELIED ON SELLER'S SKILL OR JUDGMENT TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT SELLER MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE), OR (XVIII) TAX CONSEQUENCES.

PURCHASER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER OR ITS REPRESENTATIVES OR ANY OF THEIR RESPECTIVE AGENTS, AND ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS HAVE BEEN MADE, EXCEPT AS SET FORTH IN PARAGRAPH 7 HEREOF. PURCHASER WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY AS PURCHASER DEEMS NECESSARY, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND SHALL RELY UPON SAME UPON CLOSING, PURCHASER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, WHICH MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INSPECTIONS AND INVESTIGATIONS. PURCHASER ACKNOWLEDGES AND AGREES THAT UPON CLOSING, SELLER SHALL SELL AND CONVEY TO PURCHASER AND PURCHASER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS", WITH ALL FAULTS AND DEFECTS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PROPERTY BY SELLER, ANY AGENT OF SELLER OR ANY THIRD PARTY. PURCHASER AND ANYONE CLAIMING

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BY, THROUGH OR UNDER PURCHASER, EACH HEREBY FULLY RELEASES SELLER, ITS SUBSIDIARIES, AFFILIATES, EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, ATTORNEYS, PARTNERS, AND AGENTS FROM ANY AND ALL CLAIMS THAT IT MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST SELLER AND ITS SUBSIDIARIES, AFFILIATES, EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, ATTORNEYS, PARTNERS, AND AGENTS FOR ANY COSTS, LOSS, LIABILITY, DAMAGE, EXPENSE, DEMAND, ACTION OR CAUSE OF ACTION ARISING FROM OR RELATED TO ANY CONSTRUCTION DEFECTS, ERRORS, OMISSIONS, OR OTHER CONDITIONS AFFECTING THE PROPERTY. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH OF ITS EXPRESSED TERMS AND PROVISIONS, INCLUDING, BUT NOT LIMITED TO, THOSE RELATING TO UNKNOWN AND UNSUSPECTED CLAIMS, DAMAGES, AND CAUSES OF ACTION. THIS COVENANT RELEASING SELLER SHALL BE A COVENANT RUNNING WITH THE PREMISES AND SHALL BE BINDING UPON PURCHASER AND ALL SUBSEQUENT OWNERS OF THE PREMISES OR ANY PORTION THEREOF. PURCHASER RELEASES SELLER OF ALL RIGHTS, EXPRESS OR IMPLIED, PURCHASER MAY HAVE AGAINST SELLER ARISING OUT OF OR RESULTING FROM ANY ERRORS, OMISSIONS OR DEFECTS IN THE PROPERTY. PURCHASER FURTHER UNDERSTANDS THAT SOME OF SELLER'S PREDECESSORS IN INTEREST MAY BE OR BECOME INSOLVENT, BANKRUPT, JUDGMENT PROOF OR OTHERWISE INCAPABLE OF RESPONDING IN DAMAGES, AND PURCHASER MAY HAVE NO REMEDY AGAINST SUCH PREDECESSORS, CONTRACTORS OR CONSULTANTS. THIS WAIVER AND RELEASE OF CLAIMS SHALL SURVIVE THE CLOSING. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THIS SUBPARAGRAPH IS SUBJECT TO THE REPRESENTATIONS, WARRANTIES AND COVENANTS (WHICH SURVIVE CLOSING) OF SELLER CONTAINED HEREIN OR IN THE CLOSING DOCUMENTS.

(d) The foregoing warranties and representations of Seller in this Paragraph 7 shall be deemed to be remade and restated by Seller at Closing but shall not survive and shall be extinguished upon the Closing.

(e) Purchaser's Representations and Warranties.

(i) Purchaser represents to Seller that neither the execution and delivery of this Agreement nor its performance will conflict with or result in the breach of any contract, agreement, law, rule or regulation to which Purchaser is a party or by which it is bound.

(ii) Purchaser has the legal power, right, and actual authority to be bound to the terms and conditions hereof and thereof.

(iii) Purchaser is sophisticated and experienced in the acquisition, ownership and operation of projects similar to the Property, and has full

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knowledge of all applicable federal, state and local laws, rules, regulations and ordinances in connection therewith.

(iv) No pending or, to the knowledge of Purchaser, threatened litigation exists which if determined adversely would restrain the consummation of the transactions contemplated by this Agreement or would declare illegal, invalid or non-binding any of Purchaser's obligations or covenants to Seller.

8. BANKRUPTCY MATTERS

(a) By June 15, 2004, which date Seller may extend in its sole discretion, Seller shall seek to have the Bankruptcy Court enter the Bid Procedures Order (as defined below) and, by July 15, 2004, which date Seller may extend in its sole discretion, Seller shall seek to have the Bankruptcy Court enter the Approval Order (as defined below), and each of the Bid Procedures Order and the Approval Order shall be in full force and effect, and shall not be stayed, modified, vacated or reversed.

(b) The term "Bid Procedures Order" means an order, in form and substance reasonably satisfactory to Purchaser, identifying Purchaser as the "stalking horse" and approving certain bid protections and procedures for the sale of the Property, including (i) approval of payment to Purchaser under specified circumstances of the Break-up Fee as set forth below; (ii) a requirement that all competing bidders make a cash deposit of not less than 5% of the cash purchase price payable for the Property, which deposit shall be non-refundable if the offer is accepted by Seller and approved by the Bankruptcy Court; (iii) an initial overbid amount of not less than 5% of the cash purchase price payable by Purchaser for the Property; and (iv) procedures for submission and evaluation of competitive bids and a deadline for the submission of competitive bids. Bids that comply with the terms of the Bid Procedures Order will be referred to herein as a "Competing Bid". Competing Bids shall include: (A) evidence reasonably satisfactory to Seller establishing such potential bidders' financial capability to timely consummate a purchase of the Property; (B) a copy of this form of agreement marked to show changes; (C) a clean, execution copy of such agreement; and (D) any other bid package requirements. Purchaser's bid is deemed a Competing Bid.

(c) Seller shall solicit offers for the sale of the Property only to the extent of and as provided by the Bid Procedures Order.

(d) If one or more Competing Bids are submitted in accordance with the Bidding Procedures Order, Seller will conduct an auction for the Property (the "Auction").

(e) At the Auction (as defined below), Seller shall have the right to select the highest or otherwise best bid from Purchaser or any Competing Bid from a person or entity who submitted a Competing Bid.

(f) At the Auction, Purchaser shall have the right to submit further bids.

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(g) If Seller consummates a sale of the Property to a person or entity other than Purchaser in connection with a Competing Bid at a time when Purchaser is not in breach of the terms of this Agreement, then Seller shall pay Purchaser 3% of the Purchase Price (the "Break-Up Fee").

(h) The payment of the Break-Up Fee shall be made by wire transfer of immediately available funds promptly following the closing and funding of the transactions contemplated by any Competing Bid. Seller is authorized without further Bankruptcy Court action to pay the Break-Up Fee.

(i) The term "Approval Order" means an order entered by the Bankruptcy Court (i) approving the sale of the Property under the terms and conditions of this Agreement free and clear of any liens, claims and encumbrances, except Permitted Exceptions, pursuant to Sections 363(b) and 363(f) of the Bankruptcy Code, (ii) containing findings of fact and rulings that Purchaser is a good faith purchaser entitled to the protections of Section 363(m) of the Bankruptcy Code and (iii) which is otherwise reasonably acceptable to Purchaser.

(j) Seller shall comply (or obtain an order from the Bankruptcy Court waiving compliance) with all requirements under the Bankruptcy Code and Federal Rules of Bankruptcy Procedure in connection with obtaining approval of the sale of the Property under this Agreement. Notice of all applicable hearings, motions and orders and the objection deadline shall be served by Seller in accordance with Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure and any applicable local rules of the Bankruptcy Court on all persons or entities required to receive notice in the Bankruptcy Case under such rules, including, but not limited to, counsel to the official committee of unsecured creditors appointed in the Bankruptcy Case, the Office of the United States Trustee, and each of the Seller's creditors.

9. **BROKERAGE.** Each party represents and warrants to the other party that it has dealt with no broker or finder in connection with this transaction other than Seller's retention of Colliers, Bennett & Kahnweiler, Inc. ("Named Broker"). If and when the transaction contemplated hereby closes, Seller shall pay the Named Broker a commission pursuant to the terms of a separate agreement entered into by Seller and Named Broker. Each party indemnifies and holds the other party harmless from and against any all other claims of all brokers and finders claiming by, through or under said party and in any way related to the sale and purchase of the Property pursuant to this Agreement, including, without limitation, reasonable attorneys' fees incurred by the other party in connection with such claims.

10. **TERMINATION.** This Agreement may be terminated:

(a) by the mutual written agreement of Purchaser and Seller;

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(b) by Purchaser or Seller, prior to the Closing, if there shall be in effect any Final Order (as hereinafter defined) restraining, enjoining or otherwise prohibiting the consummation of the transaction contemplated hereby; "Final Order" means an Order as to which the time to file an appeal, a motion for rehearing, reargument, revocation or reconsideration or a petition for writ of certiorari has expired and no such appeal, motion or petition is pending;

(c) by Seller, prior to the Closing, if there has been a material misrepresentation or material breach by Purchaser of any of its representations, warranties or covenants set forth in this Agreement or the Exhibits hereto, if in the case of a material breach of a covenant Purchaser fails to cure such breach within ten days following notification thereof by Seller to Purchaser; provided that Seller is not in material breach of any of its representations, warranties or covenants contained in this Agreement;

(d) by Purchaser, prior to the Closing, if there has been a material misrepresentation or material breach by Seller of any of its representations, warranties or covenants set forth in this Agreement or the Exhibits hereto, if in the case of a material breach of a covenant Seller fails to cure such breach within ten days following notification thereof by Purchaser to Seller; provided that Purchaser is not in material breach of any of its representations, warranties or covenants contained in this Agreement; or

(e) by Purchaser, if Seller consummates a sale of the Property to a person or entity other than Purchaser in connection with a Competing Bid at a time when Purchaser is not in breach of the terms of this Agreement.

In the event of termination of this Agreement by either Purchaser or Seller as provided above, this Agreement shall immediately become void and of no further force and effect, except that (i) the Surviving Obligations shall survive such termination indefinitely and (ii) nothing in this Paragraph 10 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement prior to such termination.

11. MISCELLANEOUS

(a) Assignment. Neither party hereto shall assign or transfer its interest in this Agreement, except that Purchaser may assign its interest under this Agreement to an entity of which Purchaser is the general partner or managing member, provided in all cases Purchaser remains fully liable hereunder. Notwithstanding anything to the contrary herein, in no event shall any such assignment hereof relieve the assignor of its obligations hereunder. Subject to the foregoing, this Agreement shall inure to the benefit of and shall be binding upon Seller and Purchaser and their respective successors and assigns.

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(b) Entire Agreement. This Agreement constitutes the entire agreement between Seller and Purchaser with respect to the Property and shall not be modified or amended except in a written document signed by Seller and Purchaser. Any prior agreement or understanding between Seller and Purchaser concerning the Property is hereby rendered null and void.

(c) Time is of the Essence. Time is of the essence of this Agreement.

(d) Headings. The headings of this Agreement are for convenience of reference only and do not in any way limit or amplify the terms and provisions hereof.

(e) Construction. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

(f) Notices. All notices, requests, demands or other communications required or permitted under this Agreement shall be in writing and shall be deemed effective when (i) delivered personally, (ii) sent by certified mail, return receipt requested, postage prepaid, addressed to the intended recipient at the address specified in this subparagraph, (iii) sent by facsimile transmission, provided that receipt for such facsimile is verified by the sender and followed by notice sent in accordance with one of the other means set forth herein, or (iv) deposited into the custody of a recognized overnight courier or delivery service (such as Federal Express), addressed as follows:

If to Seller: Archibald Candy Corporation
1137 W. Jackson Blvd.
Chicago, IL 60607
Attn: Jim Ross and Richard Anglin

with a copy to: Jenner & Block LLP
One IBM Plaza
Chicago, IL 60611
Attn: Mark K. Thomas, Esq.

with a copy to: McDermott, Will & Emery
227 West Monroe Street
Chicago, IL 60606
Attn: James V. Inendino, Esq.

If to Purchaser: Van Buren/Aberdeen, LLC
656 West Randolph Street
Suite 400W
Chicago, Illinois 60661
Attn: J. Michael Drew

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With a copy to: Structured Development, LLC
 656 West Randolph Street
 Suite 400W
 Chicago, Illinois 60661
 Attn: Daniel A. Lukas

With a copy to: Marc Realty, LLC
 55 East Jackson Boulevard
 Suite 500
 Chicago, Illinois 60604
 Attn: Gerald L. Nudo

All notices given in accordance with the terms hereof shall be deemed given and received when delivered. Either party hereto may change the address for receiving notices, requests, demands or other communication by notice sent in accordance with the terms of this Paragraph.

(g) Governing Law. This Agreement shall be governed and interpreted in accordance with the internal laws of the State of Illinois.

(h) Counterparts. This Agreement may be executed in any number of identical counterparts, via facsimile or original signature, any or all of which may contain the signatures of fewer than all of the parties but all of which shall be taken together as a single instrument.

(i) No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties hereto, to any person or entity other than the parties hereto.

(j) Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(k) Exhibits. The following exhibits are acknowledged to be attached to and form a part of this Agreement:

- Exhibit A Legal Description
- Exhibit B Form of Escrow Agreement
- Exhibit C Form of Deed
- Exhibit D Code Violation Notices


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

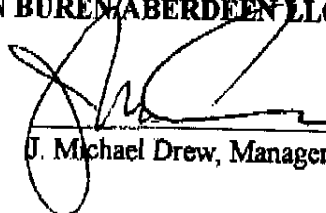
SELLER:

ARCHIBALD CANDY CORPORATION

By: 
Name: RICHARD ANGLIN
Title: VP. CEO

PURCHASER:

VAN BUREN/ABERDEEN LLC

By: 
J. Michael Drew, Manager

Property of Cook County Clerk's Office

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EXHIBIT A

Legal Description of Real Property

Property of Cook County Clerk's Office

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~~LAWIERS TITLE INSURANCE CORPORATION
10 S. LaSalle St., Suite 2500
Chicago, IL 60603~~

~~SCHEDULE A CONTINUED - CASE NO. 04-07700~~

LEGAL DESCRIPTION:

PARCEL 1A:

LOTS 17 TO 26 INCLUSIVE IN WRIGHTS SUBDIVISION OF THE WEST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 1B:

THAT PART OF VACATED GARDEN STREET LYING SOUTH OF AND ADJOINING LOTS 17 TO 21 INCLUSIVE AND NORTH OF AND ADJOINING LOTS 22 TO 26 INCLUSIVE IN WRIGHTS SUBDIVISION OF THE WEST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 1C:

LOTS 7 TO 26 INCLUSIVE IN THE SUBDIVISION OF THE EAST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 1D:

THAT PART OF VACATED GARDEN STREET LYING SOUTH OF AND ADJOINING LOTS 17 TO 21 INCLUSIVE AND NORTH OF AND ADJOINING LOTS 22 TO 26 INCLUSIVE IN SUBDIVISION OF THE EAST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 1E:

ALL OF THE HERETOFORE VACATED NORTH-SOUTH 20 FOOT ALLEY LYING WEST OF THE WEST LINE OF LOTS 1 TO 16, BOTH INCLUSIVE, LYING EAST OF THE EAST LINE OF LOTS 17 AND 22, LYING EAST OF THE EAST LINE OF THE 40 FOOT PUBLIC ALLEY VACATED BY DOCUMENT NUMBER 20386525, BEING A LINE DRAWN FROM THE SOUTHEAST CORNER OF LOT 17 TO THE NORTHEAST CORNER OF LOT 22, LYING SOUTH OF A LINE DRAWN FROM THE NORTHWEST CORNER OF LOT 1 TO THE NORTHEAST CORNER OF LOT 17, AND LYING NORTH OF A LINE DRAWN FROM THE SOUTHWEST CORNER OF LOT 16 TO THE SOUTHEAST CORNER OF LOT 22 (EXCEPT FROM THE ABOVE TRACT, THE EAST 1/2 OF THE NORTH-SOUTH 20 FOOT VACATED ALLEY WEST OF AND ADJOINING LOTS 1 THROUGH 6, INCLUSIVE, IN THE SUBDIVISION OF

(Continued)

~~SCHEDULE A - PAGE 2~~

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~~LAWYERS TITLE INSURANCE CORPORATION~~

~~SCHEDULE A~~

LEGAL DESCRIPTION CONTINUED

THE EAST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN) ALL IN SUBDIVISION OF THE EAST 1/2 OF BLOCK 24 IN CANAL TRUSTEE'S SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 1 TO 6 INCLUSIVE, AND THE EAST HALF OF THE VACATED 20 FOOT ALLEY LYING WEST OF AND ADJOINING THOSE LOTS, IN THE SUBDIVISION OF THE EAST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

~~CASE NUMBER 04-07700~~

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EXHIBIT B

Form of Escrow Agreement

EARNEST MONEY ESCROW AGREEMENT

ESCROW NO. 04-07770

DATE: May 27, 2004

1. The accompanying \$100,000.00 (as may be increased to an amount up to \$_____) is deposited with Land America Title, 10 South LaSalle Street, 25th Floor, Chicago, Illinois 60602, as Escrowee, to be delivered by it upon the joint order of the undersigned or their respective legal representatives or assigns.
2. Escrowee is hereby expressly authorized to disregard, in its sole discretion, any and all notices or warnings given by any of the parties hereto, or by any other person or corporation, but the said Escrowee is hereby expressly authorized to regard and to comply with and obey any and all orders, judgments or decrees entered or issued by any court with or without jurisdiction, and in case the said Escrowee obeys or complies with any such order, judgment or decree of any court it shall not be liable to any of the parties hereto or any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being entered without jurisdiction or being subsequently reversed, modified, annulled, set aside or vacated. In case of any suit or proceeding regarding this escrow, to which said Escrowee is or may at any time become a party, the undersigned jointly and severally agree to pay said Escrowee upon demand any and all costs, fees and expenses (including attorneys' fees, whether such attorneys shall be regularly retained or specifically employed) which it may incur or become liable for on account thereof.
3. In no case shall the above mentioned deposits be surrendered except on an order signed by both of the parties hereto, their respective legal representatives or assigns, or in obedience of the process or order of court as aforesaid.
4. Deposits made pursuant to these instructions may be invested on behalf of any party or parties thereto, provided, that any direction to Escrowee for such investment shall be expressed in writing and contain the consent of all other parties to this escrow, and also provided that Escrowee is in receipt of the taxpayer's identification number and investment forms as required. Earnings arising from the investment of funds deposited hereunder, less the cost of making such investment, shall be paid to or for the account of Purchaser at such time as the funds deposited hereunder are surrendered by Escrowee in accordance with the terms of this Agreement. Escrowee will, upon request, furnish information concerning its procedures and fee schedules for investment.
5. Except as to deposits of funds for which Escrowee has received express written direction concerning investment or other handling, the parties hereto agree that the Escrowee shall be under no duty to invest or reinvest any deposits at any time held by it hereunder; and, further, that Escrowee may commingle such deposits with other deposits

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or with its own funds in the manner provided for the administration of funds under Section 3 of Illinois Banking and Finance Act (Chap. 17, Para. 1555 Ill. Rev. Stat.); provided, however, nothing herein shall diminish Escrowee's obligation to apply the full amount of the deposits in accordance with the terms of this Agreement.

6. In the event the Escrowee is requested to invest deposits hereunder, Escrowee is not to be held responsible for any loss of principal or interest which may be incurred as a result of making the investments or redeeming said investment for the purposes of these escrow instructions, unless Escrowee shall act in a negligent manner.

7. Escrow fee of \$ _____ is to be charged to Purchaser.

8. All notices, requests, demands or other communications required or permitted under this Agreement shall be in writing and delivered personally or by facsimile transmission, or by overnight courier (such as Federal Express), addressed as follows:

If to Seller: Archibald Candy Corporation
1137 W. Jackson Blvd.
Chicago, IL 60607
Attn: Jim Ross and Richard Anglin

with a copy to: Jenner & Block LLP
One IBM Plaza
Chicago, IL 60611
Attn: Mark K. Thomas, Esq.

with a copy to: McDermott, Will & Emery
227 West Monroe Street
Chicago, IL 60606
Attn: James V. Inendino, Esq.

If to Purchaser: Van Buren/Aberdeen, LLC
656 West Randolph Street
Suite 400W
Chicago, Illinois 60661
Attn: J. Michael Drew
Fax No.: 312-261-5776

With a copy to: Structured Development, LLC
656 West Randolph Street
Suite 400W
Chicago, Illinois 60661
Attn: Daniel A. Lukas
Fax No.: 312-261-5776

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With a copy to: Marc Realty, LLC
55 East Jackson Boulevard
Suite 500
Chicago, Illinois 60604
Attn: Gerald L. Nudo
Fax No.: 312-994-9203

If to Escrow Agent: Land America Title
10 South LaSalle Street
25th Floor
Chicago, Illinois 60602
Attention: Gary Cichon

All notices given in accordance with the terms hereof shall be deemed given and received when delivered. Any party hereto may change the address for receiving notices, requests, demands or other communication by notice sent in accordance with the terms of this Paragraph.

9. This Agreement may be executed in any number of identical counterparts, via facsimile or original signature, any or all of which may contain the signatures of fewer than all of the parties but all of which shall be taken together as a single instrument.

SELLER: ARCHIBALD CANDY CORPORATION

By: _____
Name: _____
Title: _____

PURCHASER: VAN BUREN/ABERDEEN LLC

By: _____
J. Michael Drew, Manager

Accepted and Agreed this ____ day of _____, 2004:

Land America Title,
as Escrow Agent

By: _____
Name: _____
Title: _____

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EXHIBIT C

Form of Special Warranty Deed

[See attached]

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This document prepared by:

James V. Inendino, Esq.
McDermott, Will & Emery
227 West Monroe Street
Chicago, IL 60606-5096

After recording return to:

ILLINOIS SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED, made this _____ day of _____ 2004, between **Archibald Candy Corporation**, a Delaware corporation authorized to transact business in the State of Illinois having an office at 1137 W. Jackson Blvd., Chicago, IL 60607, as debtor and debtor-in-possession under In Re: Archibald Candy Corporation, et. al., United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, Case No. 04 B 03200 ("Grantor"), and _____, LLC, an _____ limited liability company having an office at _____, 656 West Randolph Street Suite 400W, Chicago, , Illinois 60661 ("Grantee").

WITNESSETH that Grantor, in consideration of the sum of **Ten Dollars (\$10.00)** and other good and valuable consideration paid, the receipt of which are hereby acknowledged, does **SELL AND CONVEY** unto Grantee, its successors and assigns:

ALL THAT CERTAIN tract, parcel or piece of land situated in the County of Cook, State of Illinois, more fully described in Exhibit "A" attached hereto and incorporated herein by this reference.

SUBJECT TO those permitted encumbrances shown on Exhibit "B" attached hereto and incorporated herein by this reference.

TO HAVE AND TO HOLD the premises aforesaid with all and singular, the rights, privileges, appurtenances and immunities thereto belonging or in anywise appertaining unto Grantee, its successors and assigns forever, together with all oil, gas and minerals thereon, if any, and the following rights, if any, owned by or in favor of Grantor, all water and water rights, ditch and ditch company stock and any other rights to use and appropriate water from or relating to the premises, all other utility rights allocated or reserved thereto, all development rights with respect thereto and any right, title and interest of Grantor in and to adjacent streets, alleys, rights-of-way and any adjacent strips or gores of real property; Grantor hereby covenants that the said premises

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are free and clear from any encumbrance made or suffered by Grantor other than those permitted encumbrances described on Exhibit "B"; and that it will *WARRANT* and *DEFEND* the title to said premises unto Grantee and its successors and assigns forever, against the lawful claims and demands of all persons claiming by, through, or under Grantor, but against none other.

IN WITNESS WHEREOF, Grantor has set its hand unto this Special Warranty Deed the day and year written above.

Archibald Candy Corporation,
a Delaware corporation

By: _____
Name: Richard J. Anglin
Title: Vice President

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 Richard J. Anglin personally known to me to be the Vice President of Archibald Candy Corporation, a Delaware corporation, and 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 as such Vice President, he signed and delivered said instrument as Vice President of said corporation, as his free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal this ____ day of _____, 2004.

Commission expires _____, 200__

Notary Public

Mail Tax Bills To:

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EXHIBIT A

LEGAL DESCRIPTION

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LEGAL DESCRIPTION:

PARCEL 1:

LOTS 17 TO 26 INCLUSIVE IN WRIGHTS SUBDIVISION OF THE WEST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 2:

THAT PART OF VACATED GARDEN STREET LYING SOUTH OF AND ADJOINING LOTS 17 TO 21 INCLUSIVE AND NORTH OF AND ADJOINING LOTS 22 TO 26 INCLUSIVE IN WRIGHTS SUBDIVISION OF THE WEST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 3:

LOTS 7 TO 26 INCLUSIVE IN THE SUBDIVISION OF THE EAST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 4:

THAT PART OF VACATED GARDEN STREET LYING SOUTH OF AND ADJOINING LOTS 17 TO 21 INCLUSIVE AND NORTH OF AND ADJOINING LOTS 22 TO 26 INCLUSIVE IN SUBDIVISION OF THE EAST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

(Continued)

~~SCHEDULE A PAGE 2~~
~~CASE NUMBER 05-16170~~
~~POLICY NUMBER 0318-7635~~
~~ALTA LOAN POLICY 10/17/92~~

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PARCEL 5:

ALL OF THE HERETOFORE VACATED NORTH-SOUTH 20 FOOT ALLEY LYING WEST OF THE WEST LINE OF LOTS 1 TO 16, BOTH INCLUSIVE, LYING EAST OF THE EAST LINE OF LOTS 17 AND 22, LYING EAST OF THE EAST LINE OF THE 40 FOOT PUBLIC ALLEY VACATED BY DOCUMENT NUMBER 20386525, BEING A LINE DRAWN FROM THE SOUTHEAST CORNER OF LOT 17 TO THE NORTHEAST CORNER OF LOT 22, LYING SOUTH OF A LINE DRAWN FROM THE NORTHWEST CORNER OF LOT 1 TO THE NORTHEAST CORNER OF LOT 17, AND LYING NORTH OF A LINE DRAWN FROM THE SOUTHWEST CORNER OF LOT 16 TO THE SOUTHEAST CORNER OF LOT 22 (EXCEPT FROM THE ABOVE TRACT THE EAST 1/2 OF THE NORTH-SOUTH 20 FOOT VACATED ALLEY WEST OF AND ADJOINING LOTS 1 THROUGH 6, INCLUSIVE, IN THE SUBDIVISION OF THE EAST 1/2 OF BLOCK 24 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ALL IN SUBDIVISION OF THE EAST 1/2 OF BLOCK 24 IN CANAL TRUSTEE'S SUBDIVISION OF THE WEST 1/2 AND THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

~~CASE NUMBER 03-16178~~
~~POLICY NUMBER 0318-7635~~
~~ALTA LOAN POLICY 10/17/92~~

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EXHIBIT B

PERMITTED EXCEPTIONS

- 1) REAL ESTATE TAXES FOR THE YEAR 2004 AND SUBSEQUENT YEARS.

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LOAN POLICY

~~SCHEDULE B PART I~~

CASE NUMBER	DATE OF POLICY	POLICY NUMBER
03-16170	July 1, 2003	0318-7695

~~THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:~~

~~1. General taxes for the second installment of 2002, all of 2003 and subsequent years, none now due and payable.~~

~~Permanent Tax Parcel Number(s)~~

17-17-223-010
 17-17-223-011
 17-17-223-012
 17-17-223-013
 17-17-223-014
 17-17-223-015
 17-17-223-016
 17-17-223-017
 17-17-223-021
 17-17-223-022
 17-17-223-023
 17-17-223-024
 17-17-223-025
 17-17-223-026

2. Terms, provisions and conditions contained in easement grant dated May 21, 1987 and recorded June 8, 1987 as Document Number 87309150 made by Archibald Candy Corporation to Commonwealth Edison Company, its successors or assigns, by which grantor granted to grantee a perpetual right, easement, permission and authority to construct, operate, use, maintain, repair, relocate, replace, renew and remove poles, crossarms, wires, cables, conduit and other overhead or underground equipment, or both, for the transmission and distribution of electric energy in, under, over, across and along that portion of the alley owned by Archibald adjacent to the premises, with the right of ingress and egress from said portion of the alley at all times for any and all such purposes.

(Affects all of the North and South public alley, 20 feet wide, lying West of and adjoining the West line of Lots 1 to 16, both inclusive, and lying East of and adjoining the East line of Lots 17 and 22, and the vacated East and West public
 (Continued)

~~ALTA LOAN POLICY 10/17/92~~

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EXCEPTIONS CONTINUED~~

alley, 40 feet wide, lying between Lots 17 and 22, which lies South of the North Line of Lot 16 extended West, all in the Subdivision of the East half of Block 24 in Canal Trustees Subdivision of the West Half and the West Half of the Northeast Quarter of Section 17, Township 39 North, Range 14 East of the Third Principal Meridian).

3. Terms, provisions and conditions of the easement grant dated May 21, 1987 and recorded June 8, 1987 as Document Number 87309149 made by Fannie May Candy Shops, Inc. to Commonwealth Edison Company, its successors or assigns by which the grantor gave grantee a perpetual right, easement, permission and authority to construct, operate, use, maintain, repair, relocate, replace, renew and remove poles, crossarms, wires, cables, conduit and other overhead or underground equipment, or both, for the transmission and distribution of electric energy in, over, across and along the alley to the extent of Fannie Mays ownership interest.

~~Policy affirmatively insures the lender that the easements and/or agreements listed as exception 2 do not interfere with the use and occupancy of the buildings, improvements or the premises described in Schedule A hereof.~~

4. Rights of the Department of water and sewers and the City of Chicago in and to said vacated Garden Street as set forth in letter dated March 8, 1968 from the Commissioner of said department to R. P. O'Brien, secretary board of underground work of public utilities of Chicago.

(Affects that part of the land in vacated Garden Street)

~~Policy affirmatively insures the lender that the easements and/or agreements listed as exception 2 do not interfere with the use and occupancy of the buildings, improvements or the premises described in Schedule A hereof.~~

5. Rights of the public and adjoining owners in and to that part of the land falling in street and alleys.

~~Policy affirmatively insures the lender that the easements and/or agreements listed as exception 2 do not interfere with the use and occupancy of the buildings, improvements or the premises described in Schedule A hereof.~~

6. Rights of the public and Quasi-public utilities, if any, for the maintenance therein of poles, conduits, sewer, etc., in streets and alleys.

~~Policy affirmatively insures the lender that the easements and/or agreements listed as exception 2 do not interfere with the use and occupancy of the buildings, improvements or the premises described in Schedule A hereof.~~

7. Right, title and interest of the City of Chicago, a municipal corporation, for public easement purposes to that part of the land falling in alley.

(Continued)

~~CASE NUMBER 03-16170
POLICY NUMBER 0318-7635
AFTER LOAN POLICY 10/17/92~~

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~~LAWYERS TITLE INSURANCE CORPORATION~~

~~SCHEDULE B EXCEPTIONS CONTINUED~~

~~Policy affirmatively insures the lender that the easements and/or agreements listed as exception 2 do not interfere with the use and occupancy of the buildings, improvements or the premises described in Schedule A hereof.~~

8. Reservation of easement contained in Ordinance recorded May 27, 1986 as Document Number 86209649 to Commonwealth Edison Company and Illinois Bell Telephone Company.

~~Policy affirmatively insures the lender that the easements and/or agreements listed as exception 2 do not interfere with the use and occupancy of the buildings, improvements or the premises described in Schedule A hereof.~~

9. Reservation of easement contained in Ordinance recorded May 27, 1986 as Document Number 86209649 over all the public alley as vacated by said Ordinance in favor of the existing city facilities and for maintenance, renewal and reconstruction of said facilities or the construction of additional municipally owned electrical facilities.

~~Policy affirmatively insures the lender that the easements and/or agreements listed as exception 2 do not interfere with the use and occupancy of the buildings, improvements or the premises described in Schedule A hereof.~~

10. Matters disclosed by survey dated July 8, 2002, last revised June 11, 2003, by National Survey Service, Inc., No. N-125097:

A. Building located on Parcel 3 encroaches at various points, up to .20 foot Northerly onto the public way.

~~END OF SCHEDULE B, PART I~~

~~CASE NUMBER 03 16170
POLICY NUMBER U318-7635
ALTA LOAN POLICY 10/17/92~~

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EXHIBIT D

Schedule of Building Code or Zoning Violations

None

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Schedule 7(a)(iv)

None, other than those conditions as disclosed in the following environmental reports:

1. That certain Phase 1 Environmental Site Assessment Update dated March 24, 2004 prepared by Clayton Group Services.
2. That certain Asbestos Building Survey Report prepared by Environmental S/E Services, Inc. (undated)

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