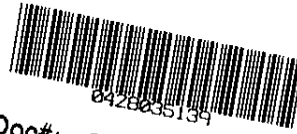


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EXECUTION
VERSION



Doc#: 0428035139
Eugene "Gene" Moore Fee: \$34.00
Cook County Recorder of Deeds
Date: 10/06/2004 09:44 AM Pg: 1 of 6

SECOND MODIFICATION OF MORTGAGE AND SECURITY AGREEMENT WITH ASSIGNMENT OF RENTS

THIS SECOND MODIFICATION OF MORTGAGE AND SECURITY AGREEMENT WITH ASSIGNMENT OF RENTS (this "Modification"), is dated as of the 30th day of June, 2004, and is executed by and between BANC ONE CAPITAL PARTNERS, LLC, a Delaware limited liability company, successor by merger to Banc One Capital Partners, L.P., having an office and place of business at c/o One Mezzanine Capital Corporation, 120 South LaSalle Street, 6th Floor, Chicago, Illinois 60603 ("Mortgagee") and LEXINGTON STEEL CORPORATION, a Delaware corporation, fka Lex Holdings, Inc., having an office and place of business at 5443 West 70th Street, Bedford Park, Illinois 60638 ("Mortgagor").

RECITALS:

WHEREAS, Mortgagee and Mortgagor are parties to a certain Note and Convertible Preferred Stock Purchase Agreement (the "Loan Agreement") dated as of June 27, 1997, pursuant to which Mortgagee agreed to purchase from Mortgagor that certain Senior Subordinated Note (the "Note") dated June 27, 1997 for the sum of Four Million Eight Hundred Thirty-Three Thousand Three Hundred Thirty Dollars (\$4,833,330.00) (the "Loan"); and

WHEREAS, the Loan Agreement is secured by, among other things, a certain Mortgage and Security Agreement with Assignment of Rents (the "Mortgage") relating to the real property described in Exhibit A attached hereto, dated as of June 27, 1997 and recorded as Instrument No.

A00191749 e.sanchez.com sales

BOX 333-CT1

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97483579, Recorder's Office, Cook County, Illinois, as modified by a First Modification of Mortgage and Security Agreement with Assignment of Rents, dated as of May 17, 2002 and recorded as Instrument No. 0020768707, Recorder's Office, Cook County, Illinois, (the Loan Agreement, the Note, the Mortgage (as modified) and all other instruments, affidavits, certificates and documents given by Mortgagor in connection with the Loan, hereinafter collectively the "Loan Documents"); and

WHEREAS, concurrently with this Modification, Mortgagee and Mortgagor have entered in a certain Amendment No. 2 to Note and Convertible Participating Preferred Stock Purchase Agreement; and

WHEREAS, Mortgagee and Mortgagor have previously entered into a certain Amendment No. 1 to Senior Subordinated Note, which, among other things, extended the Maturity Date (as defined in the Note) from June 30, 2003 to May 31, 2006.

NOW, THEREFORE, in consideration of the foregoing promises and the covenants contained herein, the parties hereto agree as follows:

1. Liability of Mortgagor. Mortgagor hereby ratifies and reconfirms Mortgagor's obligations and all liability to Mortgagee under the terms and conditions of the Loan Documents, and acknowledges that Mortgagor has no defenses to or rights of setoff against Mortgagee's obligations and all liability to Mortgagee thereunder. Mortgagor hereby further acknowledges that Mortgagee has performed all of Mortgagee's obligations under the Loan Documents.

2. Maturity Date. The Loan Documents are hereby modified to provide that the Maturity Date of the Note shall be extended to May 31, 2006, so that all principal and all accrued and unpaid interest shall be due and payable in full on May 31, 2006.

3. Outstanding Principal Balance. The parties hereto acknowledge the outstanding principal balance of the Loan as of the date of this Modification is Two Million Four Hundred Fifty-Two Thousand Eighty and 00/100 Dollars (\$2,452,080.00).

4. No Further Advances. The parties hereto acknowledge that Mortgagee shall not be obligated to make any further advances under the Loan.

5. Notices. All notices sent to Mortgagee shall hereinafter be sent in accordance with the Loan Agreement to c/o One Mezzanine Capital Corporation, 120 South LaSalle Street, 6th Floor, Chicago, Illinois 60603.

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6. Ratification of Loan Documents. The Loan Documents are in all respects ratified and confirmed by the parties hereto and the Loan Documents and this Modification shall be read, taken and construed as one and the same instrument. Mortgagor further acknowledges and agrees that all security agreements, financing statements, documents, instruments, certificates, affidavits and other security documents taken as collateral for the Loan Agreement are intended to and shall continue to secure the Loan and shall remain in full force and effect.

7. Continuation of Mortgage Lien and Security Interests. Mortgagor agrees that the lien arising under the Mortgage and all other security interests granted by Mortgagor to Mortgagee are and shall continue to be valid and existing liens and security interests on the property described in the Mortgage and/or in the other Loan Documents pursuant to which the liens and security interests were granted.

8. No Course of Dealing Waiver. Mortgagor expressly acknowledges and agrees that the execution of this Modification shall not constitute a waiver of, and shall not preclude the exercise of, any right, power, or remedy granted to Mortgagee in any of the Loan Documents, or as provided by law, except to the extent expressly provided herein. No previous modification, extension, or compromise entered into with respect to any indebtedness of Mortgagor to Mortgagee shall constitute a course of dealing or be inferred or construed as constituting an express or implied understanding to enter into any future modification, extension or compromise. No delay on the part of Mortgagee in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice Mortgagee's rights, powers or remedies.

9. Governing Law. This Agreement shall be interpreted and construed in accordance with and governed by the laws of the State of Illinois.

IN WITNESS WHEREOF, the undersigned have caused this Modification to be executed by their duly authorized representatives as of the day and year first above written.

MORTGAGOR:

LEXINGTON STEEL CORPORATION,
a Delaware corporation
(fka Lex Holdings, Inc.)

By: Robert S. Douglass
Name: Robert S. Douglass
Its: CEO

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MORTGAGEE:

BANC ONE CAPITAL PARTNERS, LLC,
a Delaware limited liability company, successor-by-
merger to Banc One Capital Partners, L.P.

By: *[Signature]*
Name: FRANK J. CHESWICK
Its: Authorized Signer

STATE OF ILLINOIS,
COUNTY OF COOK, SS:

I, KATHLEEN A. HAMILTON, a Notary Public in and for said County, in the state aforesaid, do hereby certify that ROBERT S. DOUGLASS the _____ of Lexington Steel Corporation, a Delaware corporation who is personally known to me to be the same person whose name is subscribed in the foregoing instrument as such TRUSTEE LIEN _____ appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and ass the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 21st day of SEP, 2004.

Kathleen A. Hamilton
Notary Public

Commission Expiration: 3-28-06



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STATE OF ILLINOIS,
COUNTY OF COOK, SS:

The foregoing document was acknowledged before me on this 21st day of Sept, 2004, by ROBERT S. DOUGLASS, the _____ of Banc One Capital Partners, LLC, a Delaware limited liability company, successor by merger to Banc One Capital Partners, L.P., on behalf of the limited liability company.

Katherine A. Hamilton

Notary Public



Commission Expiration: 3-28-06

This instrument prepared by (and after recording return to): Gordon W. Johnston, Esq., Bricker & Eckler LLP, 100 S. Third Street, Columbus, Ohio 43215

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EXHIBIT A

Lots 6, 7 and 8 (except the West 331.77 feet thereof) in Central 70, a subdivision in the South 1/2 of Section 21, Township 38 North, Range 13, East of the Third Principal Meridian, in Cook County, Illinois.

Common Address: 5443 West 70th Place
Bedford Park, Illinois

PIN: 19-21-302-003-0000
19-21-302-004-0000
19-21-302-013-0000