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Eugene "Gene" Moore Fee: \$34.00
Cook County Recorder of Deeds
Date: 02/07/2005 01:11 PM Pg: 1 of 6

Drawn by and mail to:
Moore & Van Allen, PLLC
Bank of America Corporate Center
100 North Tryon Street, Floor 47
Charlotte, NC 28202-4003
Attn: James F. Mondani, Esq.

[Illinois- Leasehold]

STATE OF ILLINOIS

FIRST AMENDMENT TO THE AMENDED AND RESTATED LEASEHOLD MORTGAGE AND SECURITY AGREEMENT

COUNTY OF COOK

THIS FIRST AMENDMENT TO THE AMENDED AND RESTATED LEASEHOLD MORTGAGE AND SECURITY AGREEMENT (the "First Amendment") is made and entered into as of the 28th day of January, 2005, by and between

BAGCRAFT PACKAGING, L.L.C. (f/k/a Bagcraft Acquisition, L.L.C.), a Delaware limited liability company, whose address is c/o Packaging Dynamics Corporation, 3900 West 43rd Street, Chicago, Illinois 60632 ("Mortgagor"); and

BANK OF AMERICA, N.A., in its capacity as Administrative Agent (in such capacity, the "Agent") for the lenders from time to time party to the Credit Agreement described herein (the "Lenders") with a mailing address of 100 North Tryon Street, 17th Floor, Charlotte, NC 28255, Attn: Bryan Smith.

RECITALS:

WHEREAS, Packaging Dynamics Operating Company ("Borrower") and certain guarantors, including Mortgagor, entered into an Amended and Restated Credit Agreement dated

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101-77680121, Return to T. Kearney, DL; 6 pages, 2-4-05

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as of September 29, 2003 (the "Credit Agreement"), with Agent and Lenders, pursuant to which the Lenders provided a \$110,000,000.00 credit facility to the Borrower;

WHEREAS, Mortgagor previously executed that certain Amended and Restated Leasehold Mortgage and Security Agreement dated September 29, 2003, and recorded October 7, 2003 as Document Number 0328035226 in the Cook County Recorder's Office (the "Mortgage");

WHEREAS, the Mortgage secures the payment of the Credit Party obligations and the performance of all other obligations under the Credit Documents whether contingent or matured;

WHEREAS, the Borrower, Packaging Dynamics Corporation, a Delaware corporation, each of the Domestic Subsidiaries of Borrower, including Mortgagor, Agent and the Lenders, entered into that certain First Amendment to Credit Agreement, dated as of August 6, 2004 (the "Credit Agreement Modification"), pursuant to which the parties amended certain provisions of the Credit Agreement, including, without limitation, increasing the total amount of said credit facility from \$110,000,000.00 to \$161,250,000.00; and

WHEREAS, Agent and Mortgagor have agreed to amend the Mortgage to incorporate the terms of the Credit Agreement Modification as set forth herein and all defined terms used herein but not defined herein shall have the meaning given to them in the Mortgage.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Credit Agreement Modification and set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The recitals above shall be incorporated by reference herein.
2. Section 1.1 of the Mortgage shall be deleted in its entirety, and the following shall be substituted therefor:

"1.1 Credit Facility. The Agent and the Lenders have agreed to establish a \$161,250,000 credit facility (hereinafter the loans and extensions of credit thereunder may be called the "Loans") in favor of the Borrower pursuant to the terms of the Credit Agreement and as evidenced by (i) those revolving credit promissory notes and term loan promissory notes of the Borrower (as referenced and defined in the Credit Agreement, as amended, modified, supplemented, extended, renewed or replaced from time to time, the "Notes"), and (ii) those letters of credit for the account of the Borrower or any other Credit Party (as referenced in the Credit Agreement, the "Letters of Credit")."

3. The last sentence of Section 1.2 shall be deleted in its entirety, and the following shall be substituted therefor:

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“The total amount of obligations secured hereby may increase or decrease from time to time, but the total unpaid balance secured hereby plus interest thereon and any disbursements which the Agent or Lenders may make under this Mortgage, the Credit Agreement or any other document with respect hereto (e.g., for payment of taxes, special assessments or insurance on the real estate) and interest on such disbursements shall not, at any one time outstanding, exceed the total sum of \$186,250,000.”

4. To the extent that the definition of any term defined or used in the Mortgage is altered by this First Amendment, the definition contained in this First Amendment shall apply to this First Amendment and to the Mortgage, as amended hereby.

5. Mortgagor hereby represents and warrants to Agent and the Lenders that (a) the execution, delivery and performance of this First Amendment has been authorized by all requisite corporate action on the part of Mortgagor; (b) the representations and warranties contained in the Mortgage, as amended hereby, are true and correct on and as of the date hereof and on and as of the date of execution hereof as though made on and as of each such date; (c) no Event of Default under the Mortgage, as amended hereby, has occurred and is continuing; and (d) Mortgagor is in full compliance with all covenants and agreements contained in the Mortgage, as amended hereby.

6. Invalidation of any one or more of the provisions of this First Amendment shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

7. This First Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument.


8. Except as hereby modified, the terms and conditions of the Mortgage (and Exhibits) remain in full force and effect. The parties, by their execution hereof, hereby ratify, affirm and approve the Mortgage (and Exhibits), as modified by this First Amendment.

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IN WITNESS WHEREOF, the parties hereto have executed this First Amendment under seal as of the above written date.

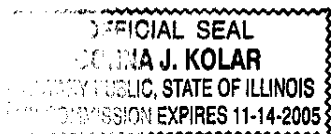
BAGCRAFT PACKAGING, L.L.C.,
a Delaware limited liability company

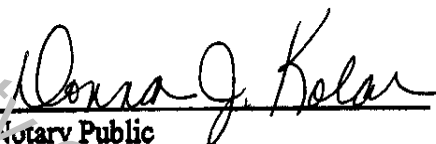
By: 
Name: Patrick T. Chambliss
Title: Vice President and Chief Financial Officer

STATE OF ILLINOIS

COUNTY OF COOK

The foregoing instrument was acknowledged before me this 26th day of January, 2005 by Patrick T. Chambliss, the Vice President and Chief Financial Officer of Bagcraft Packaging, L.L.C., a Delaware limited liability company, on behalf of the company.




Notary Public

My Commission Expires:

11-14-2005

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BANK OF AMERICA, N.A., a national banking association, as Agent

By: Mollie S. Canup

Name: Mollie S. Canup

Title: Vice President

STATE OF NC

COUNTY OF MECKLENBURG

The foregoing instrument was acknowledged before me this 10th day of JAN, 2005 by Mollie S. Canup, the Vice President of Bank of America, N.A., as Administrative Agent, a national banking association, on behalf of the association.

Sharon W. Brown
Notary Public

My Commission Expires:

7-8-2009

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EXHIBIT A

Legal Description

All of Debtor's right, title and interest in and to that tract or parcel of land and other real property interests in Cook County, Illinois more particularly described below:

A rectangular shape parcel of land in the west 1/2 of Section 2, township 38 north, range 13, east of the third principal meridian, more particularly described as follows:

Beginning at the intersection of a line 100 feet east of and parallel to the west Line of south Pulaski Road (formerly south Crawford Avenue) (said line being the east line of south Pulaski Road) and the north line of private west 43rd Street (a private Street), and said north line of private west 43rd Street being 33 feet north of and parallel to the south line of the west 1/2 of the northwest 1/4 of said Section 2; thence north along said east line of south Pulaski Road to its intersection with a line 301 feet by rectangular measurement north of and parallel to the south line of the west 1/2 of the northwest 1/4 of Section 2; thence east along last described parallel line a distance of 496.87 feet, more or less, to its intersection with a line 784.07 feet (measured parallel to aforesaid south line of the west 1/2 of the northwest 1/4 of Section 2) west of and parallel to the east line of said west 1/2 of the northwest 1/4 of Section 2; thence south along last described parallel line to its intersection with said north line of private West 43rd Street; thence west along said north line of private west 43rd Street; a distance of 500 feet more or less to the point of beginning, in Cook County, Illinois.

PIN Number:

19-02-100-013-0000

4251 S. Pulaski, Chicago, Illinois
(leasehold)