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THIS DOCUMENT PREPARED
BY AND AFTER RECORDING
SHOULD BE RETURNED TO:
THOMAS S. EISNER
900 Maple Road
Homewood, IL 60430



Doc#: 0509847026
Eugene "Gene" Moore Fee: \$56.00
Cook County Recorder of Deeds
Date: 04/08/2005 09:42 AM Pg: 1 of 17

THIRD LOAN MODIFICATION AGREEMENT

THIS THIRD LOAN MODIFICATION AGREEMENT is made as of this 23rd day of November, 2004, by and between HUMAN RESOURCES DEVELOPMENT INSTITUTE, INC., an Illinois not-for-profit corporation ("Borrower"); and, SHOREBANK ("Lender"),

WITNESSETH:

WHEREAS, Borrower, April 5, 2001, borrowed the sum of Two Million and 00/100 Dollars (\$2,000,000.00) from Lender pursuant to a promissory note (the "Note"), a copy of which is attached hereto as Exhibit "A". The proceeds of the Note were used by Borrower pursuant to and in compliance with a business loan agreement (asset based) dated April 5, 2001 (the "Loan Agreement"), a copy of which is attached hereto as Exhibit "B"; and,

WHEREAS, Borrower, April 18, 2002, entered into an agreement, a copy of which is attached hereto as Exhibit "C", extending the Note maturity date from April 5, 2002, to July 31, 2002; and, July 1, 2002, entered into a loan modification agreement, a copy of which is attached hereto as Exhibit "D", which, among other things, acknowledged

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Borrower's merger with Behavior Research and Action in the Social Sciences Foundation Incorporated ("Brass"); that, Borrower was, as a result of the merger, the surviving entity; and, that, subsequent to the merger, Borrower became the owner of all assets previously owned by Brass, including, but not necessarily limited to, Brass' accounts receivable and real estate; and, November 30, 2002 entered into a second loan modification agreement, a copy of which is attached hereto as Exhibit "E", which, among other things, increased the Borrowing Base, as defined in the Loan Agreement (the "Borrowing Base"), to the lesser of Two Million Four Hundred Thousand and 00/100 Dollars (\$2,400,000.00), and fifty percent (50.0%) of the aggregate amount of Borrower's Eligible Accounts, as defined in the Loan Agreement (the "Eligible Accounts"); and, extending the Note maturity date to November 30, 2003; and,

WHEREAS, Borrower and Lender heretofore entered into agreements increasing the Borrowing Base to Three Million Four Hundred Thousand and 00/100 Dollars (\$3,400,000.00), pursuant to and as provided in those agreements; and extending the Note maturity date to June 30, 2004;

WHEREAS, Borrower desires to modify the Note, as herein provided, and Lender is willing to modify the Note as requested by Borrower, pursuant to the terms and provisions contained herein; and

WHEREAS, the Note and all obligations of Borrower contained therein are presently secured and collateralized by the following:

a.) commercial security agreement dated April 5, 2001, executed by Borrower and Lender, granting Lender liens in all Borrower's inventory, accounts, chattel paper, equipment, and general intangibles;

b.) Uniform Commercial Code--Financing Statements--forms UCC-1 and UCC-2, executed by Borrower in favor of Lender, perfecting the security interests granted Lender pursuant to the commercial security agreement;

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c.) first mortgage dated April 5, 2001 (the "Borrower Mortgage"), executed by Borrower in favor of Lender, granting Lender first mortgage liens encumbering the real property commonly known as 47-51 East 104th Street; 10901 South Edbrooke Avenue; 222 South Jefferson Street; 11352 South State Street; 11335 South State Street; 2207 West 18th Street; 11316 South Martin Luther King Drive; and, 11320 South Martin Luther King Drive, all in Chicago, Illinois (collectively, "Borrower's Real Estate");

d.) first mortgage dated April 5, 2001 (the "Southwood Mortgage"), executed by Southwood Corporation, an Illinois not-for-profit corporation ("Southwood"), in favor of Lender, granting Lender a first mortgage lien encumbering the real property commonly known as 8151 South Western Avenue, Chicago, Illinois (the "Southwood Real Estate");

e.) first mortgage dated November 30, 2002 (the "Brass Mortgage"), executed by Borrower in favor of Lender, granting Lender a first mortgage liens encumbering the real property commonly known as 340 East 51st Street; 8000 South Racine Street, and, 1223 West Marquette Street, all in Chicago, Illinois (collectively, the "Brass Real Estate");

f.) Uniform Commercial Code-Financing Statements-forms UCC-1 and UCC-2, executed by Borrower in favor of Lender, granting Lender liens in all fixtures and attachments to Borrower's Real Estate; and

g.) Uniform Commercial Code-Financing Statements-forms UCC-1 and UCC-2, executed by Southwood in favor of Lender, granting Lender liens in all fixtures and attachments to the Southwood Real Estate

Copies of those documents hereinabove enumerated in paragraphs a.) through g.) are attached hereto as Group Exhibit "F" and are sometimes collectively referred to herein as the "Existing Collateral Documents".

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

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1.) INCORPORATION OF RECITALS.

The preambles and recitals set forth above are incorporated by reference as though fully set forth herein.

2.) AMENDMENT OF NOTE.

The Note is hereby amended as follows:

a.) the Note maturity date is hereby extended to November 30, 2005;

b.) all payments heretofore due from Borrower pursuant to that paragraph of the Note captioned **PAYMENT**, have been made in a timely manner;

c.) effective as of the date of this Agreement, the following provisions (the "Deleted Note Provisions") are hereby deleted therefrom in their entirety:

- i.) that provision of the Note captioned "Principal";
- ii.) that provision of the Note captioned "Maturity";
- iii.) that provision of the Note captioned "Principal Amount";
- iv.) that provision of the Term captioned "Initial Rate";
- v.) that paragraph of the Note captioned "PAYMENT";
- vi.) that paragraph of the Note captioned "VARIABLE INTEREST RATE";
- vii.) that paragraph of the Note captioned "COLLATERAL";
- viii.) that paragraph of the Note captioned "LINE OF CREDIT".

d.) effective as of the date of this Agreement, and for the balance of the term of the Note, the following provisions are hereby inserted in place of the Deleted Note Provisions, or are added to, and made part of the Note:

- i.) Principal is Two Million and 00/100 Dollars (\$2,000,000.00);

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- ii.) Maturity is November 30, 2005;
- iii.) Principal Amount is Two Million and 00/100 Dollars (\$2,000,000.00);
- iv.) The Initial Rate is five and one-half percent (5.50%) per annum;
- v.) PAYMENT. Borrower will pay this loan in accordance with the following payment schedule:

consecutive payments of interest only on the principal balance from time to time outstanding, with interest calculated at one percentage point (1.00%) over the Index, commencing December 1, 2004, and continuing on the first (1st) day of each month thereafter through November 1, 2005, followed by one (1) payment of the then outstanding principal balance, plus all accrued and unpaid Interest, due November 30, 2005.

Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address above or at such other place as Lender may designate in writing.

vi.) VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Wall Street Journal Prime Rate designated by Lender (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of one percentage point (1.00%) percentage point over the Index, resulting in an initial rate of five and one-half percent (5.50%) per annum. NOTICE: Under no circumstances will the interest

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rate on this Note be more than the maximum rate allowed by applicable law.

vii.) COLLATERAL. Borrower acknowledges this Note is secured by (a) perfected security interests constituting liens under the Uniform Commercial Code in all Borrower's business assets located or generated from services rendered in the State of Illinois, subordinate only to liens previously granted therein to Lender; (b) first mortgage liens and first assignments of rents, executed by Borrower and by all other title holders, encumbering those parcels of real estate commonly known as 11335 South State Street, Chicago, Illinois; 10901 South Edbrooke Avenue, Chicago, Illinois; 11352 South State Street, Chicago, Illinois; 11316 South King Drive, Chicago, Illinois; 11320 South King Drive, Chicago, Illinois; 9151 South Western Avenue, Chicago, Illinois; 2207 West 18th Street, Chicago, Illinois; 222 South Jefferson Street, Chicago, Illinois; 8000 South Racine Street, Chicago, Illinois; 340 East 51st Street, Chicago, Illinois; and, 1223 West Marquette Street, Chicago, Illinois.

viii.) LINE OF CREDIT. This Note evidences a revolving line of credit. Advances under this Note may be requested orally by Borrower or as provided in this paragraph. All oral requests shall be confirmed in writing on the day of the request. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following persons currently are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of their authority: those persons from time to time designated, in writing, by Borrower. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure.

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e.) all other terms and conditions of the Term Note remain in full force and effect according to their original tenor.

3.) AMENDMENT OF EXISTING COLLATERAL DOCUMENTS.

a.) The Existing Collateral Documents are hereby amended to incorporate and include therein those modifications to the Note hereinabove described, Borrower acknowledging that, as so modified, the Existing Collateral Documents secure and collateralize all obligations, liabilities and responsibilities of Borrower pursuant to the Note. Borrower and Lender further acknowledge and agree that, except as is hereinafter provided, the Existing Collateral Documents, as herein modified, shall remain in full force and effect;

b.) the legal descriptions of Borrower's Real Estate, the Southwood Real Estate, and the Brass Real Estate, are attached hereto as Exhibit "G".

4.) AMENDMENT OF THE LOAN AGREEMENT.

The Loan Agreement is hereby amended as follows:

a.) the Loan Agreement is amended to incorporate therein those modifications to the Note and the Existing Collateral Documents provided for in this Agreement;

b.) that paragraph of the Loan Agreement captioned FINANCIAL STATEMENTS is hereby deleted in its entirety and the following is hereby inserted in its place:

"FINANCIAL STATEMENTS. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than one hundred eighty (180) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant satisfactory to Lender.

Annual Projected Budget. As soon as possible, Borrower's projected budget, including projected revenues and expenses, for the following fiscal year, prepared by Borrower.

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All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct."

c.) that paragraph of the Loan Agreement captioned **DISBURSEMENT OF NOTE PROCEEDS** is hereby deleted in its entirety and the following is hereby inserted in its place:

"**DISBURSEMENT OF NOTE PROCEEDS.** Borrower shall only be entitled to Advances, pursuant to the Borrowing Base, for Accounts for which Lender has received Notices of Assignment of Claims Under Governmental Contract, receipted by the appropriate governmental agency department or entity for each such contract (the "Agency Assignment Notices") or, for Accounts with Cook County, the Federal Government, or the City of Chicago, Illinois. Borrower shall furnish Lender, not later than November 30 of each year during the Note term, as from time to time extended in Lender's sole and absolute discretion, current Agency Assignment Notices."

d.) that paragraph of the Loan Agreement captioned **BORROWING BASE** is hereby deleted in its entirety and the following is hereby inserted in its place:

"**Borrowing Base.** The words "Borrowing Base" mean, as determined by Lender from time to time, the lesser of (1) \$2,000,000.00 or (2) seventy-five percent (75.00%) of the aggregate amount of Eligible Accounts (not to exceed in corresponding Loan amount based on Eligible Accounts \$2,000,000.00). Borrower shall furnish Lender Borrowing Base certificates, in form acceptable to Lender, with each Accounts Report furnished thereto; and, in addition, with each requested Advance."

e.) that paragraph of the Loan Agreement captioned **LOAN FEES AND EXPENSES** is hereby deleted in its entirety and the following is hereby inserted in its place:

"**LOAN FEES AND EXPENSES.** Borrower agrees to pay Lender's loan fee in the amount of Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00), and Lender's Attorney's fees in the amount of One Thousand Five Hundred and 00/100 Dollars (\$1,500.00)."

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f.) that paragraph of the Loan Agreement captioned AUTOMATIC ACCOUNT DEBIT is hereby deleted in its entirety.

g.) all other terms and conditions of the Loan Agreement remain in full force and effect according to their original tenor.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, or caused it to be executed by their duly authorized officers, all as of the date and year first above written.

SHOREBANK

HUMAN RESOURCES DEVELOPMENT INSTITUTE, INC.,

an Illinois not-for-profit corporation

By: Marina [Signature]

By: Tessa Thomas, Ph.D. [Signature]

Its: Commercial Loan officer

Its: President and CEO 11/22/04

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CONSENT

The undersigned, acting by and through its duly authorized officer hereby consents to the terms and provisions contained in the within loan modification agreement.

DATE: 11/23, 2004

SOUTHWOOD CORPORATION,
an Illinois not-for-profit corporation

By: _____

James G. Peoples

Its: _____

Chairman

Property of Cook County Clerk's Office

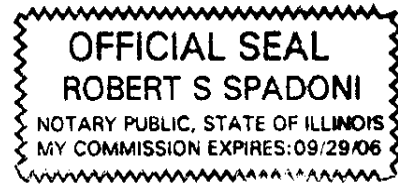
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STATE OF ILLINOIS)
)
COUNTY OF COOK)

I, the undersigned, a notary public in and for said county, in the state aforesaid, do hereby certify that James Y. Peoples and _____ of **SOUTHWOOD CORPORATION**, an Illinois not-for-profit corporation, known to me to be the same person whose name is subscribed to the foregoing instrument as such Chairman and _____, respectively, 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 as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 23rd day of November 2004.

Robert S. Spadoni
NOTARY PUBLIC

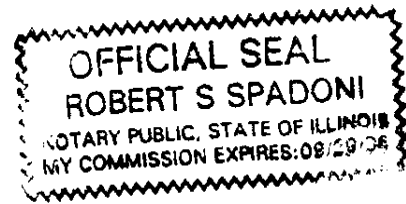


STATE OF ILLINOIS)
)
COUNTY OF COOK)

I, the undersigned, a notary public in and for said county, in the state aforesaid, do hereby certify that Terre Thomas, Ph.D and _____ of **HUMAN RESOURCES DEVELOPMENT INSTITUTE, INC.**, an Illinois not-for-profit corporation, known to me to be the same person whose name is subscribed to the foregoing instrument as such President/CEO and _____, respectively, 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 as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

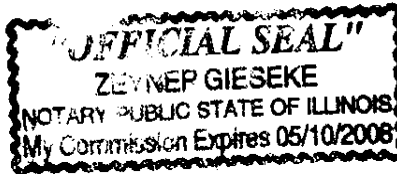
Given under my hand and notarial seal this 23rd day of November 2004.

Robert S. Spadoni
NOTARY PUBLIC



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STATE OF ILLINOIS)
)
COUNTY OF C O O K)



I, the undersigned, a notary public in and for said county, in the state aforesaid, do hereby certify that on this day personally appeared before me Marina Titova, personally known to me to be the same person whose name is subscribed to the foregoing instrument and personally known to me to be an officer of **SHOREBANK**, and acknowledged that as such officer, he/she signed and delivered the said instrument, pursuant to authority given by the Board of Directors of said corporation as their 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 notarial seal this 30th day of November, 2004.

Zeynep Gieseke
NOTARY PUBLIC
(NOTARIAL SEAL)

my commission expires: 05/10/2008

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LEGAL DESCRIPTIONS OF REAL PROPERTY

property address:

47-51 East 104th Street
Chicago, Illinois

legal description:

Lot 27 (except that part thereof dedicated for public alleys, as shown by plat of dedication recorded July 11, 1931 as document 10935846, in Block 292 of plats pages 22 and 23), all of Lots 28, 29, 30 and 31 also vacated alley lying North and Northerly of the North and Northerly line of Lot 27 aforesaid and South and Southerly of the South and Southerly line of Lots 28, 29, 30 and 31 aforesaid, and West of the East line of Lot 28 aforesaid extended Southerly and East of the West line of Lot 31 aforesaid extended Southerly all in Peshorn's Addition to Pullman, a Subdivision in Section 15, Township 37 North, Range 14 East of the Third Principal Meridian, according to the plat thereof recorded January 7, 1891 as document 1399415 in Book 45 of Plats Page 28 in Cook County, Illinois

permanent real estate index number:

25-15-111-022

property address:

10901 South Edbrooke Avenue
Chicago, Illinois

legal description:

Lots 25 and 26 in Block 1 in Homestead Addition to Pullman being a Subdivision in the West ½ of the Southwest ¼ of Section 15, Township 37 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois

permanent real estate index number:

25-15-319-001

property address:

222 South Jefferson Street
Chicago, Illinois

legal description:

Lot 11 in the Subdivision of the East ½ of Block 27, in School Section Addition to Chicago in Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois

permanent real estate index number:

17-16-111-022

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property address:

11352 South State Street
Chicago, Illinois

legal description:

Lots 7 through 10 both inclusive, in the Resubdivision of Block 6 in First Addition to Pullman being a Subdivision of East 775 feet of the East $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of Section 21, Township 37 North, Range 14 East of the Third Principal Meridian, (except that part shown as occupied by the C&W Illinois Railroad) in Cook County, Illinois

permanent real estate index number:

25-21-223-036

property address:

11335 South State Street
Chicago, Illinois

legal description:

Lot 12 and the West 3 feet of Lot 13 in Block 3 in Kionka's Subdivision of Lots 1 and 2 in Subdivision of Lot 3 in Assessors Division of the West $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of Section 22, Township 37 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois

permanent real estate index number:

25-22-110-030

property address:

2207 West 18th Street
Chicago, Illinois

legal description:

Lot 1 and all of Lot 2 and the East $\frac{1}{2}$ of Lot 3 in Block 3 in Johnson's Subdivision of the North $\frac{1}{2}$ of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 19, Township 37 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois

permanent real estate index number:

17-19-303-018;

17-19-303-019

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property address:

11316 South Martin Luther King Drive
Chicago, Illinois

legal description:

PARCEL 1:

The South 77 feet of the North 201 feet of the East 135.50 feet of the following described land taken as a tract, to-wit: the North 150 feet of the East 266.30 feet of Block 3, also the North 355.50 feet of the East 125 feet of said Block 3, all in Pullman Park Addition to Pullman, a Subdivision of the East ½ of the Northwest ¼ of fractional Section 22, and that part of the Northeast ¼ of said Section lying West of the right-of-way of the I.C.R.R., all in Township 37 North, Range 14 East of the Third Principal Meridian, and lying North of the Indian Boundary Line and also Lots 1, 2, 3, 4, 5, and 6 (except the South 16 feet of said Lot 6, and the vacated alleys lying North and East of said Lots, in Seventh Palmer Addition, a Subdivision of parts of Lot 1 in said Block 3, all in Cook County, Illinois

PARCEL 2:

Easement for ingress and egress appurtenant to and for the use and benefit of Parcel 1 as set forth and defined in the grant of easement recorded as document number 88138430 and as created by the deed recorded as document number 88139348, in Cook County, Illinois

permanent real estate index number:

25-22-117-001;
25-22-117-052;
25-22-117-054

Cook County Clerk's Office

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property address:

11320 South Martin Luther King Drive
Chicago, Illinois

legal description:

The following described land taken as a tract (except the North 201 feet thereof) to wit: the North 150 feet of the East 266.30 feet of Block 3, also the North 359.50 feet of the East 125 feet of said Block 3, all in Pullman Park Addition to Pullman, a Subdivision of the East ½ of the Northwest ¼ of Fractional Section 22, and that part of the Northeast ¼ of said Section lying West of the right of way of the I.C.R.R., all in Township 37 North, Range 14 East of the Third Principal Meridian, and lying north of the Indian Boundary Line, and also Lots 1, 2, 3, 4, 5 and 6 (except the South 16 feet of said Lot 6) and the vacated alleys lying North and East of said Lots, in Seventh Palmer Park Addition, a Subdivision of parts of Lots 1 in said Block 3, all in Cook County, Illinois

permanent real estate index number:

25-22-117-052;
25-22-117-054

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Lots 15, 16, 17, 18 and 19 in Block 4 in Fourth Addition to Hinkamp and Company's Western Avenue Subdivision of the West 1/2 of the Northwest 1/4 of Section 31, Township 38 North, Range 14 East of the Third Principal Meridian, according to the plat thereof recorded March 25, 1927 as document number 9393488 in Cook County, Illinois

The Real Property or its address is commonly known as 8151 South Western Avenue, Chicago, IL. The Real Property tax identification number is 20-31-117-003; 20-31-117-004; 20-31-117-005; 20-31-117-025.

Property of Cook County Clerk's Office