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This instrument prepared by
and please return to:

Polsinelli Shughart PC
161 North Clark Street, Suite 4200
Chicago, Illinois 60601-3316
Attention: Kimberly K. Enders, Esq.

Doc#: 1100503095 Fee: \$90.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 01/05/2011 03:59 PM Pg: 1 of 28

Loan #112027227

Loan #1062

Loan #1063

P.I.N.: 17-06-202-036-0000
COMMONLY KNOWN AS: 1512-1514 North Wood Street, Chicago, IL 60609

SECOND LOAN MODIFICATION AGREEMENT

This instrument is a Second Loan Modification Agreement ("**Second Modification**") among First Chicago Bank & Trust, an Illinois state chartered bank ("**Lender**"), 1512-14 North Wood, LLC, an Illinois limited liability company ("**Borrower**") and Steven Golovan and John Lally (collectively, "**Guarantors**").

RECITALS:

A. Borrower holds fee simple title to the real estate commonly known as 1512-1514 North Wood Street, Chicago, Illinois, which is legally described on Exhibit A attached hereto ("**Real Estate**"). The real estate is improved with a six-unit apartment building ("**Building**"). Guarantors are the managers and members of Borrower.

B. On September 29, 2009, Lender granted a loan to Borrower in the amount of \$1,973,000.00 ("**Loan No. 1**"), which is evidenced by a Promissory Note in the principal amount of \$1,973,000.00 ("**Note No. 1**"). The purpose of the Loan was to refinance debt secured by the

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Real Estate. Lender also made a loan to Steven Golovan in the amount of \$478,279.12 (“**Loan No. 2**”), pursuant to which Steven Golovan executed and delivered to Lender a Revised Promissory Note in the amount of \$478,279.12 (“**Note No. 2**”), and Lender made a loan to John Lally in the amount of \$499,318.21 (“**Loan No. 3**” and collectively with Loan No. 1 and Loan No. 2, the “**Loans**”), pursuant to which John Lally executed and delivered to Lender a Revised Promissory Note in the amount of \$499,318.21 (“**Note No. 3**” and collectively with Note No. 1 and Note No. 2, the “**Notes**”). Concurrently therewith, Borrower and Guarantors executed and delivered to Lender the following documents (collectively “**Security Documents**”):

1. a Real Estate Mortgage, Assignment of Rents, Security Agreement and UCC Fixture Filing, which was recorded with the Cook County Recorder of Deeds on November 12, 2009 as Document No. 0934657056 (“**Mortgage**”);
2. a Guaranty of Note, Mortgage and Other Undertakings executed by Guarantors (“**Guaranty**”);
3. a UCC Financing Statement authorized by Borrower and filed with the Secretary of State of Illinois;
4. an Environmental, ADA and ERISA Indemnification Agreement executed by Borrower and Guarantors;
5. a Certification of No Management Agreement executed by Borrower;
6. an Error and Omissions/Compliance Agreement executed by Borrower;
7. a Lockbox Collection Service Agreement executed by Borrower (“**Lockbox Agreement**”) regarding collection of rents from the Real Estate; and
8. a Loan Settlement Statement executed by Borrower.

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C. On September 27, 2010, to take effect as of August 5, 2010, Borrower, Guarantors and Lender entered into a Loan Modification Agreement (“**Modification**”), pursuant to which Lender extended the maturity dates of the Loans from August 5, 2010 until November 5, 2010. The Modification was recorded with the Cook County Recorder of Deeds on October 6, 2010 as Document No. 1027945040.

D. Borrower has now requested Lender to (i) increase the amount of Loan No. 1 by \$100,000.00 to provide funds to rehabilitate the Building and convert the apartments into six (6) condominium units for sale to third parties, and (ii) extend the maturity dates of the Loans from November 5, 2010 until December 5, 2011. Lender is agreeable to these requests subject to the covenants, conditions and restrictions contained herein, including but not limited to Borrower’s payment of a Back-End Fee as hereinafter defined and the continuance of the Lockbox Agreement.

NOW, THEREFORE, in consideration of good and valuable consideration, the parties agree as follows:

1. The amount of Loan No. 1 is hereby increased by \$100,000.00 (“**Additional Loan**”) from \$1,973,000.00 to \$2,073,000.00 and the date for final payment of the Loan is hereby extended to December 5, 2011. The Additional Loan will be used to pay the cost of rehabilitating and conversion of the apartment units into six (6) condominium units (“**Units**”) for sale to third parties (the “**Project**”) and will be disbursed as provided in Sections 10 through 16 hereof. Note No. 1 is hereby modified and amended in its entirety by the Revised Note in the amount of \$2,073,000.00 (“**Revised Note No. 1**”), a copy of which is attached hereto as **Exhibit B**. The Security Documents are hereby modified and amended to secure the Revised Note No. 1 and all references to Note No. 1 in the Security Documents are modified and

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amended to refer to the Revised Note No. 1 in place of Note No. 1. All amounts presently outstanding on Note No. 1 shall be deemed outstanding on the Revised Note. All interest charged on and all payments made on Note No. 1 previously are unchanged.

2. The Maturity Date set forth in subparagraph (b) of the first paragraph of Note No. 2 is hereby modified and amended from November 5, 2010 to December 5, 2011. Interest payments must be made on the fifth (5th) day of each month until Loan No. 2 is paid in full. There is added to the fourth paragraph of Note No. 2 the following provisions: All references to the term "per annum" shall mean a year having 360 days. Steven Golovan acknowledges that calculating interest on the basis of a calendar year having 360 days and charging for the actual days that principal is outstanding results in a higher amount of interest than the rate stated in subparagraph (a) of Note No. 2 and Steven Golovan agrees to this calculation method.

3. The Maturity Date set forth in subparagraph (b) of the first paragraph of Note No. 3 is hereby modified and amended from November 5, 2010 to December 5, 2011. Interest payments must be made on the fifth (5th) day of each month until Loan No. 3 is paid in full. There is added to the fourth paragraph of Note No. 2 the following provisions: All references to the term "per annum" shall mean a year having 360 days. John Lally acknowledges that calculating interest on the basis of a calendar year having 360 days and charging for the actual days that principal is outstanding results in a higher amount of interest than the rate stated in subparagraph (a) of Note No. 3 and John Lally agrees to this calculation method.

4. This Second Modification shall be effective upon Lender's receipt of this Second Modification executed by the parties hereto and the following documents and items:

(a) the Revised Note No. 1 in the amount of \$2,073,000.00 executed by Borrower;

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(b) the Revised Guaranty of Second Modification, Revised Note, Mortgage and Other Undertakings executed by Guarantors (“**Revised Guaranty**”);

(c) an Organizational Resolution of Borrower;

(d) an LLC File Detail Report of Borrower from Secretary of State of Illinois Website;

(e) copies of all amendments to Borrower’s Articles of Organization and Operating Agreement or a Certification of No Change to Organizational Documents of Borrower;

(f) a date down endorsement to Lender’s loan title insurance policy with an increase in insurance in the amount of \$100,000.00;

(g) copies of the plans and specifications for the Project (“**Project Plans**”);

(h) Borrower’s budget for the Project (“**Budget**”);

(i) a Sworn Owner’s Statement;

(j) a Sworn Contractor’s Statement; and

(k) payment of the fees and costs set forth in Section 8 hereof.

5. This Second Modification shall constitute an amendment of the Notes and Security Documents and wherever in said instruments or in any other instrument evidencing or securing the indebtedness evidenced by the Notes (“**Loan Documents**”) reference is made to the Loan Documents aforesaid, such reference shall be deemed a reference to such Loan Documents as hereby modified and amended. All other provisions of the Loan Documents remain unchanged. Nothing herein contained shall in any manner affect the lien or priority of the Mortgage as revised by this Second Modification, or the covenants, conditions and agreements therein contained or contained in the Notes.

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6. In the event of conflict between any of the provisions of the Loan Documents and this instrument, the provisions of this instrument shall override and control.

7. Borrower and Guarantors hereby renew, remake and affirm the representations and warranties contained in the Loan Documents.

8. Borrower hereby agrees to pay Lender's fee in the amount of \$2,073.00 on the date of the first condominium closing but in no event later than the maturity date of Revised Note No. 1 ("~~Back-End Fee~~") and Borrower hereby agrees to pay all of Lender's expenses arising out of and in connection with this Second Modification including, but not limited to, attorneys' fees, title insurance premiums and recording fees.

9. Guarantors hereby expressly acknowledge and confirm that by executing this Second Modification and their Revised Guaranty, Lender has not waived, altered or modified Lender's rights under any of the Loan Documents to amend, extend, renew or modify or otherwise deal with the obligations of the parties hereto or any of the security given to Lender in connection therewith without the consent of Guarantors and without such action releasing, modifying, or affecting the obligations of Guarantors or affecting the security heretofore granted to Lender.

10. Borrower agrees and covenants as follows:

(a) That it will complete construction of one Unit of the Project by July 1, 2011, which will be used as a sales model;

(b) That it will not commence construction of additional Units of the Project until it has a sale contract for such Unit which has been approved by Lender in form and content;

(c) That it will construct or cause to be installed and constructed on the Real Estate the Project described in the Project Plans in strict conformity with the Project Plans and

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with all of the requirements of the City of Chicago and all other applicable governmental and regulatory bodies and agencies;

(d) That the Project will be constructed in a good and workmanlike manner during each phase of construction, strictly in compliance with all applicable codes and other laws and ordinances applicable thereto. No material changes or substitutions will be made from or to the Project Plans without the prior written consent of Lender;

(e) That insofar as a breach of the covenants contained in this Section is concerned, absent demonstrative error, the decision of Lender's consulting architect or engineer as to the quality of the workmanship and materials and as to completion of construction in accordance with the Project Plans shall be binding on the parties hereto;

(f) That it will not seek to record a declaration of condominium ("**Condominium Declaration**") nor close a Unit of the Project until at least two Units are under contract to be sold.

11. After Lender receives and approves the Project Plans, the Budget and the sworn owner's and contractor's statements, the proceeds of the Additional Loan shall be disbursed and reserved as follows:

(a) Lender shall reimburse itself for the cost of attorneys' fees, appraisers' fees, engineer's environmental assessment fees, inspecting architects' fees, service charges, title insurance premiums and escrow charges and similar such expenditures required of Lender in connection with the making of the Additional Loan;

(b) At Lender's option, the balance ("**Construction Funds**") shall be disbursed into an account with Lender established by Borrower and a hold will be placed thereon by Lender or pursuant to a Construction Loan Escrow Agreement with Greater Illinois Title

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Company (“**Title Insurer**”) and disbursed from time to time, as provided herein, in connection with construction of the Project, as approved by Lender.

12. Borrower intends to construct the Project pursuant to the Budget. In the event the undisbursed balance of Revised Note No. 1 less reserves held by Lender shall be, in the judgment of Lender, insufficient for the required payments to complete the Project then under construction, Borrower shall within ten (10) days of written request to so do, deposit into its operating account from its own funds such amount as shall in Lender’s judgment be required for an adequate reserve to exist. Lender shall have no responsibility for the character or value of any work for which payment may be made, for any claims for mechanic’s liens or for extra work orders which may be asserted by any document in connection with any of the work performed or to be performed with respect to the Project described herein.

13. Before each disbursement of Section 11(b) Construction Funds, Borrower shall deposit with Lender the following:

(a) Borrower’s written request for the disbursement and written approval of the form and content of all waivers, affidavits and contractor’s statements tendered in support of such disbursements;

(b) Borrower’s updated Sworn Owner’s Statement and an updated Sworn Contractor’s Statement reflecting the trade breakdown as hereinbefore set forth in the initial Sworn Contractor’s Statement, prepared and executed in compliance with applicable mechanics’ lien laws;

(c) a written certification from Borrower’s architect, or if none, then from Borrower, setting forth the following:

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(i) that the amount of the draw is fair and reasonable considering the work performed and the customs of the industry and does not exceed the value of the material in place and labor furnished;

(ii) that all work has been performed in a good and workmanlike manner and that all materials are of good quality;

(iii) that the improvements are being constructed in accordance with the Project Plans and change orders approved in writing by Lender; and

(iv) that the construction to the date of the issuance of the certificate complies with building codes and ordinances and any environmental regulations applicable thereto;

(d) waivers and affidavits from Borrower general contractor and each of the subcontractors listed on the Sworn Contractor's Statement;

(e) a report of inspection of the Project made by Lender, or at Lender's option, Lender's inspecting architect, which shows in Lender's sole judgment that the requirements of Section 13(c) are met;

(f) if requested by Lender, date down reports or title insurance endorsements issued by Title Insurer showing the same condition of title as theretofore and insuring the aggregate of Note No. 1 disbursements as a first lien on the Real Estate, free and clear of mechanics' liens and other adverse claims or liens of any kind;

(g) copies of invoices and other documents to support the full amount of non-construction cost items contained in the requested disbursement;

14. Lender will not authorize disbursements of Loan funds more frequently than once per month to Borrower's contractors, and no earlier than five (5) business days after Lender's

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receipt of and its approval of the foregoing items. Lender will disburse the proceeds of the Loan to Borrower in reimbursement for construction costs paid by it. At Lender's option, Borrower agrees to comply with the requirements and conditions of the Construction Escrow Agreement, which shall be in addition to and not in substitution for the requirements and conditions contained in this Agreement.

15. Disbursement of the last ten (10%) percent of the Construction Funds will be made by Lender upon the occurrence of the following:

(a) Borrower shall have completed construction of the Project in accordance with the Project Plans and approved change orders, and Borrower's and Lender's inspecting architect shall have certified in writing that the same have been satisfactorily accomplished and are acceptable;

(b) Borrower shall have delivered to Lender copies of all executed contracts for the Real Estate;

(c) Title Insurer shall have approved all waivers, statements and affidavits applicable to the Project precedent to the issuance of its ALTA Mortgage Title Guaranty Policy, in an amount equal to the outstanding indebtedness under Note No. 1, and said company should then and there be prepared to issue said policy or an endorsement to the same insuring the Mortgage on the Real Estate as a first lien subject only to the Permitted Exceptions and containing the endorsements set forth in Section 4(f) hereof, including insurance against filed and unfiled mechanics' and materialmen's liens;

(d) Borrower shall have delivered to Lender updated certificates of fire, casualty and public liability insurance and any other insurance as required by Section 4 of the Mortgage, if applicable.

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16. Without limiting the generality hereof, the occurrence of any of the following events, which are in addition to defaults described in the Security Documents, remaining uncured after any applicable notice and expiration of any applicable cure period, shall constitute an event of default (“**Event of Default**”) by Borrower under this Second Modification, the Mortgage, Revised Note No. 1 and under other loan instruments executed and delivered hereunder, to-wit:

(a) Failure to complete construction of a Unit of the Project within 120 days of commencing construction, or failure to complete construction of the Project, other than in a good and workmanlike manner and in strict accordance with the applicable contract, if any, and any approved change orders, free and clear of mechanics’ liens and other claims, unless adequate title insurance insuring Lender against loss by reason of any such lien or claim shall have been provided;

(b) Failure to observe or perform any covenant or condition set forth in this Second Modification;

(c) The occurrence of any Event of Default under the provisions of the Notes, the Mortgage or any other instruments executed and delivered pursuant hereto;

(d) The death, incompetency, bankruptcy or insolvency of any of the Borrower or the Guarantors;

(e) The sale, transfer or assignment of the Real Estate by Borrower or the permitting of encumbrances or security interests on the Real Estate other than those permitted by this Second Modification without the express written consent of Lender;

(f) Borrower’s abandonment, discontinuance or failure diligently to perform construction for a period of thirty (30) days or any other unreasonable delay in construction or abandonment thereof, except where such discontinuance is caused by occurrences beyond the

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control of Borrower, including strikes, labor disputes, civil commotion, inclemency of weather, floods, riots, unavailability of materials or government stop orders which Borrower is diligently proceeding to correct;

(g) Borrower's failure to discharge or obtain title insurance covering any mechanic's lien or other lien or cloud filed against the Real Estate during the period of construction within ten (10) days of any such filing;

(h) Borrower's or Borrower's agents', employees', contractors' or subcontractors' failure to comply with any code, law, ordinance or regulation relating to the Real Estate and the improvements to be constructed thereon, or the failure to properly correct, upon notice from any governmental agency, any deficiency in construction, subject to the contest rights under the appropriate provisions of the Mortgage;

(i) Borrower's or Borrower's agents' or employees' issuance or delivery to Lender of any false or misleading information or reports or statements that fail to truthfully and accurately relate the then current quality and condition of construction of the improvements and the materials used therein;

(j) Borrower's misrepresentation made in this Second Modification or any other instruments executed and delivered pursuant hereto; and

(k) The failure of Borrower to pay any charge, cost or expense provided for in Section 8 within fifteen (15) days after notice to so pay.

17. In case of the occurrence of an Event of Default not cured after any required notice within the time allotted for such cure as provided in the Mortgage, Lender shall have all such remedies reserved to the mortgagee, holder and secured party under Revised Note No. 1, the Notes, the Mortgage or other loan instruments delivered hereunder or in connection

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hereunder and such additional remedies afforded by the laws of Illinois available to a mortgagee or secured party. In addition thereto, Lender may avail itself of any one or more of the following, to-wit:

(a) It may declare the entire indebtedness evidenced by Revised Note No. 1 and the Notes plus all accrued interest thereon and all other charges provided for therein to be then immediately due and payable;

(b) It may refuse payment of any additional disbursements until all such defaults are satisfactorily cured;

(c) It may, but shall not be obligated to, enter upon the Real Estate and take possession thereof. Whereupon Lender may take all steps which in its sole discretion and judgment it deems appropriate to complete the construction of the Project and improvements on the Real Estate, and may cause any inferior work to be redone in a good and workmanlike manner or may replace all inferior materials with materials of the kinds and quality called for in the construction contracts. In so doing Lender may let such additional contracts, at straight rates or overtime rates, with architects, contractors, subcontractors and materialmen of its own selection. It may use the proceeds of the Loan and the reserves set aside hereunder and any additional sums that may be required for any such completion. Borrower covenants and agrees to pay to Lender, upon demand, all amounts so expended by Lender plus interest thereon at the rates set forth in Revised Note No. 1 and the Notes. Borrower and Guarantors further agree that they will be liable as the makers and guarantors of Revised Note No. 1 and the Notes for the repayment of any disbursements made by Lender in accordance with the provisions of this Section. In the event the payment of all costs, charges, fees and expenses which may be incurred in connection with the aforesaid activities should place the Loan out of balance, Borrower agrees

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to immediately deposit with Lender, on demand, sufficient funds to return the Loan to a balanced condition, so that at all times there will be sufficient money remaining in Revised Note No. 1 account to fully complete the work in accordance with the provisions of this Second Modification; and

(d) It may, in its sole discretion, make any settlements, adjustments or compromises with any contractor, subcontractor, materialmen or surety. Borrower hereby assigns and vests in Lender a power of attorney to make such compromises, adjustments or settlements in Borrower's names or in Lender's name. Lender agrees to first allow Borrower to make such compromises, adjustments or settlements; however, Lender reserves the right to intervene at any time in Lender's reasonable discretion and make such compromises, adjustments or settlements in place of Borrower. In any such case, the decision of Lender in any such situation shall be incontestable by Borrower. It is understood that this power of attorney is coupled with an interest and may not be revoked by any party hereto.

18. Upon the sale of a Unit, provided Borrower has complied with Section 10(f) hereof, Lender agrees to execute and deliver, from time to time when requested by Borrower, partial releases of the lien of the Mortgage as to Units identified in the Condominium Declaration on the following terms and conditions:

(a) Lender shall be given at least five (5) business days notice of Borrower's request for each partial release;

(b) no Event of Default or unmatured Event of Default has occurred or is continuing;

(c) each Unit is sold for cash on a non-installment basis for not less than a minimum sales price approved by the Lender ("**Sales Price**");

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(d) an amount equal to the greater of the Net Sales Price (hereafter defined) shall be delivered to the Lender upon closing of each Unit;

(e) “**Net Sales Price**” shall mean the sales price of the Unit as set forth on the sales contract less sale commissions and the usual and customary expenses in connection with the sale of the Units which shall not exceed seven (7%) percent of the sales price in the aggregate.

19. As an inducement to Lender to enter in this Second Modification, Borrower and Guarantors each acknowledge and agree that:

(a) the Lender has fully performed all of its obligations under the Loan Documents recited herein and otherwise between the parties hereto;

(b) each of Borrower and Guarantors waives and affirmatively agrees not to allege, assert or otherwise pursue any claim, defense, affirmative defense, counterclaim, cause of action, setoff or other right which any of them may have, or claim to have, as of the date hereof, against Lender, whether known or unknown, including, but not limited to, any contest of:

(i) the existence and materiality of the defaults stated herein;

(ii) the enforceability, applicability or validity of any provision of any of the Loan Documents, except as modified by this Second Modification, or the enforcement or validity of the terms and provisions of this Second Modification;

(iii) the right of Lender to demand immediate payment and performance of the obligations of Borrower and Guarantors pursuant to any of the Loan Documents or this Second Modification;

(iv) the existence, validity, enforceability or perfection of security interests granted to Lender in any of the collateral securing any of the obligations under the Loan

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Documents or this Second Modification, whether real or personal property, tangible or intangible, or any right or other interest, now or hereafter arising;

(v) the conduct of the Lender in administering the financial arrangements between Lender and Borrowers under any of the Loan Documents or this Second Modification; and

(vi) any legal fees and expenses incurred by Lender and charged to Borrower and Guarantors pursuant to any of the Loan Documents; and

(c) the Guarantors are the sole members of Borrower.

20. BORROWER AND GUARANTORS KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE IRREVOCABLY THE RIGHT THEY MAY HAVE TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THE NOTES, THIS SECOND MODIFICATION, THE MODIFICATION, THE MORTGAGE, THE SECURITY DOCUMENTS, OR ANY OF THE DOCUMENTS EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH OR ANY COURSE OF CONDUCT OR COURSE OF DEALING, IN WHICH LENDER, BORROWER AND/OR GUARANTORS ARE ADVERSE PARTIES. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER IN GRANTING ANY FINANCIAL ACCOMMODATION TO BORROWER OR GUARANTORS, OR ANY OF THEM.

21. BORROWER AND GUARANTORS HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE COURT SITTING IN COOK COUNTY, ILLINOIS OR ANY FEDERAL COURT SITTING IN CHICAGO, ILLINOIS OVER ANY ACTION OR PROCEEDING BASED HEREON AND BORROWER AND

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GUARANTORS HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN SUCH STATE OR FEDERAL COURT. BORROWER AND GUARANTORS HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT THEY MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. BORROWER AND GUARANTORS IRREVOCABLY CONSENT TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO BORROWER AND GUARANTORS AT THEIR ADDRESSES AS SPECIFIED HEREIN OR OTHERWISE IN THE RECORDS OF LENDER. BORROWER AND GUARANTORS AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING, AFTER ALL APPEAL RIGHTS ARE EXHAUSTED, SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

BORROWER AND GUARANTORS AGREE NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST LENDER OR THE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR PROPERTY THEREOF, IN ANY COURT OTHER THAN THE ONE HEREINABOVE SPECIFIED. NOTHING IN THIS SECTION SHALL AFFECT THE RIGHT OF LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF LENDER TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER AND GUARANTORS OR THEIR PROPERTY IN THE COURTS OF ANY OTHER JURISDICTIONS;

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PROVIDED, HOWEVER, UNLESS LENDER IS REQUIRED BY LAW TO INSTITUTE PROCEEDINGS IN ANY OTHER JURISDICTION, LENDER SHALL FIRST INSTITUTE PROCEEDINGS IN A STATE COURT SITTING IN COOK COUNTY, ILLINOIS OR ANY FEDERAL COURT SITTING IN CHICAGO, ILLINOIS.

22. Borrower and Guarantors warrant to Lender that neither Borrower nor Guarantors nor any affiliate is identified in any list of known or suspected terrorists published by an United States government agency (collectively, as such lists may be amended or supplemented from time to time, referred to as the “**Blocked Persons Lists**”) including, without limitation, (a) the annex to Executive Order 13224 issued on September 23, 2001, and (b) the Specially Designated Nationals List published by the Office of Foreign Assets Control.

Borrower and Guarantors covenant to Lender that if they become aware that they or any affiliate are identified on any Blocked Persons List, Borrower and Guarantors shall immediately notify Lender in writing of such information. Borrower and Guarantors further agree that in the event they or any affiliate are at any time identified on any Blocked Persons List, such event shall be an Event of Default, and shall entitle Lender to exercise any and all remedies provided in any Loan Document or otherwise permitted by law. In addition, Lender may immediately contact the Office of Foreign Assets Control and any other government agency Lender deems appropriate in order to comply with its obligations under any law, regulation, order or decree regulating or relating to terrorism and international money laundering. Upon the occurrence of such Event of Default, Lender will forbear enforcement of its rights and remedies during such time as: (1) the person (“**Person**”) identified in a Blocked Persons List is contesting in good faith by appropriate legal proceedings such Person’s inclusion in a Blocked Persons List, and (2) Lender determines, in its sole and absolute discretion, that such forbearance will not

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adversely affect title to, the condition or value of, or any lien in favor of Lender and encumbering, any part of the Premises (as defined in the Mortgage) or otherwise adversely impact the ability of any Person to perform such Person's obligations under or with respect to any Loan Documents.

Signature Page Follows

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IN WITNESS WHEREOF, the parties hereto have executed this Second Modification on 12/7, 2010, to take effect as of November 5, 2010.

LENDER:

First Chicago Bank & Trust,
an Illinois state chartered bank

By: _____
Its: _____

BORROWER:

1512-14 North Wood, LLC,
an Illinois limited liability company

By: _____
Steven Golovan, managing member

By: John J Lally
John Lally, managing member

GUARANTORS:

Steven Golovan

John J Lally
John Lally

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IN WITNESS WHEREOF, the parties hereto have executed this Second Modification on 12/7, 2010, to take effect as of November 5, 2010.

LENDER:

First Chicago Bank & Trust,
an Illinois state chartered bank

By: [Signature]
Its: VP
Lanessa S. Tetlow

BORROWER:

1512-14 North Wood, LLC,
an Illinois limited liability company

By: [Signature]
Steven Golovan, managing member

By: _____
John Lally, managing member

GUARANTORS:

[Signature]
Steven Golovan

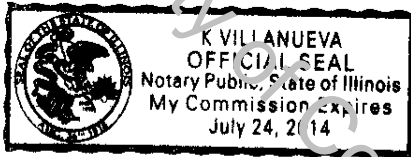
John Lally

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

The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that Lawrence S. Tew, VP Vice President of First Chicago Bank & Trust, an Illinois state chartered bank, 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 he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said bank for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal DECEMBER 8, 2010.



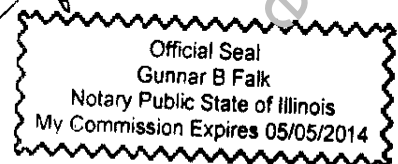
K Villanueva
Notary Public

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

The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that Steven Golovan, individually and as managing member of 1512-14 North Wood, LLC, an Illinois limited liability company, 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 he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary acts of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal DEC 7th, 2010.

Gunnar B Falk
Notary Public



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

The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that John Lally, individually and as managing member of 1512-14 North Wood, LLC, an Illinois limited liability company, 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 he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary acts of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal December 7th, 2010.



Staci M. Mohan
Notary Public

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EXHIBIT A

LEGAL DESCRIPTION:

LOTS 33 AND 34 IN BLOCK 1 IN PICKETT'S SECOND ADDITION TO CHICAGO, BEING ALL OF LOT 4 IN THE ASSESSOR'S DIVISION OF UNSUBDIVIDED LANDS IN THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 6, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 1512-1514 North Wood Street, Chicago, IL 60609

P.I.N.: 17-06-202-036-0000

UNOFFICIAL COPY**EXHIBIT B****PROMISSORY NOTE**
(“Revised Note No. 1”)

\$2,073,000.00

as of November 5, 2010

FOR VALUE RECEIVED the undersigned, 1512-14 North Wood, LLC, an Illinois limited liability company (“**Borrower**”), promises to pay to the order of First Chicago Bank & Trust, an Illinois banking corporation (said Bank and each successive owner and holder of this Note being hereinafter called “**Holder**”), the principal sum of Two Million Seventy-Three Thousand Dollars (\$2,073,000.00), or so much thereof as may from time to time be outstanding hereunder, together with interest on the balance of principal from time to time remaining unpaid, in the amounts, at the rates and on the dates hereafter set forth.

Payments on account of this Note shall be made as follows:

(a) On November 5, 2010, and on the fifth day of each succeeding calendar month to and including the Maturity Date, there shall be paid interest only, in arrears, on the outstanding principal balance at a rate equal to four (4.0%) percent per annum, based on a year having 360 days.

(b) On December 5, 2011 (“**Maturity Date**”), the principal balance together with all accrued interest and all other amounts due hereunder shall be paid.

(c) On the date of final payment of this Note, but in no event later than the Maturity Date, there shall be paid the amount of \$2,073.00.

Interest shall be calculated on the basis of a year having 360 days and paid based on the actual days outstanding. Borrower acknowledges that this calculation method results in a higher effective interest rate than the numeric rate stated in subparagraph (a) above and Borrower agrees to this calculation method.

This Note may be prepaid, in whole or in part, without premium or penalty, in whole or in part, and all accrued interest hereon shall be payable and shall be paid on the date of prepayment.

Payment upon this Note shall be made in lawful money of the United States at such place as the Holder of this Note may from time to time in writing appoint and in the absence of such appointment, shall be made at the offices of First Chicago Bank & Trust, 1145 North Arlington Heights Road, Itasca, Illinois 60143.

Without limiting the provisions of the succeeding paragraphs, in the event any payment of interest is not paid within ten (10) days after the date the same is due, the undersigned promises to pay a late charge (“**Late Charge**”) of five (5.0%) percent of the amount so overdue to defray the expense incident to handling any such delinquent payment or payments.

This Note is executed pursuant to a Second Loan Modification Agreement (“**Second Modification**”) executed and delivered concurrently herewith, and amends, restates and replaces in its entirety that certain Promissory Note in the amount of One Million Nine Hundred Seventy-

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EXHIBIT B

Three Thousand Dollars (\$1,973,000.00) ("**Original Note**") made by Borrower on September 29, 2009. This Note and the Original Note are secured by a Real Estate Mortgage, Assignment of Rents, Security Agreement and UCC Fixture Filing dated September 29, 2009 and recorded with the Cook County Recorder of Deeds on November 12, 2009 as Document No. 0931657056 ("**Mortgage**"), as modified by a Loan Modification Agreement dated September 27, 2010, to take effect as of August 5, 2010, and recorded with the Cook County Recorder of Deeds on October 6, 2010 as Document No. 1027945040 ("**Modification**"). Amounts outstanding pursuant to the Original Note shall be outstanding under this Note. All interest rates applicable to and charged on the Original Note and all payments made on the Original Note previously are unchanged. Pursuant to the Second Modification, the Modification, the Mortgage and other security documents (collectively "**Security Documents**") are modified to secure this Note.

At the election of the Holder hereof, without notice, the principal sum remaining unpaid hereon, together with accrued interest, shall be and become at once due and payable in the case of default for five (5) days in the payment of principal or interest when due in accordance with the terms hereof or upon the occurrence of any "**Event of Default**" under the Security Documents.

Under the provisions of the Security Documents the unpaid balance hereunder may, at the option of the Holder, be accelerated and become due and payable forthwith upon the happening of certain events as set forth therein. The Security Documents are, by this reference, incorporated herein in their entirety and notice is given of such possibility of acceleration.

The principal hereof, including each installment of principal, shall bear interest after the occurrence of an event of default, not cured within the applicable cure period, at the annual rate (herein called the "**Default Rate**") determined by adding three (3.0%) percentage points to the interest rate then required to be paid, as above provided, on the principal balance.

No failure on the part of Bank or any holder hereof to exercise any right or remedy hereunder, whether before or after the occurrence of an event of default, shall constitute a waiver thereof, and no waiver of any past default shall constitute a waiver of any future default or of any other default. No failure to accelerate, nor acceptance of a past-due installment, nor indulgence granted shall be construed to be a waiver of the right to insist upon prompt payment and to impose the late payment penalty and the default rate, retroactively or prospectively, or shall be deemed a waiver of any right of acceleration or any other right which Bank may have, whether by law or agreement or otherwise. None of the foregoing shall operate to release, change or effect the liability of Borrower, or any endorser or guarantor of this Note, and Borrower and each endorser or guarantor hereby expressly waive the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

Borrower waives notice of default, presentment, notice of dishonor, protest and notice of protest.

If this Note is placed in the reasonable hands of an attorney for collection or is collected through any legal proceeding, the undersigned promises to pay all costs incurred by Bank in

UNOFFICIAL COPY**EXHIBIT B**

connection therewith including, but not limited to, court costs, litigation expenses and attorneys' fees.

Payments received on account of this Note shall be applied first to the payment of any amounts due pursuant to the next preceding paragraph, second to interest and Late Charges and the balance to principal.

Funds representing the proceeds of the indebtedness evidenced herein which are disbursed by Holder by mail, wire transfer or other delivery to Borrower, escrowees or otherwise for the benefit of Borrower shall, for all purposes, be deemed outstanding hereunder and received by Borrower as of the date of such mailing, wire transfer or other delivery, and interest shall accrue and be payable upon such funds from and after the date of such mailing, wire transfer or other delivery until repaid to Holder, notwithstanding the fact that such funds may not at any time have been remitted by escrowees to Borrower.

BORROWER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES IRREVOCABLY THE RIGHT IT MAY HAVE TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE, THE ORIGINAL NOTE, THE MORTGAGE, THE MODIFICATION, THE SECOND MODIFICATION, OR ANY OF THE OTHER OBLIGATIONS, OR THE COLLATERAL SECURED BY THE SECURITY DOCUMENTS, OR ANY AGREEMENT, EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith OR ANY COURSE OF CONDUCT OR COURSE OF DEALING, IN WHICH HOLDER AND BORROWERS ARE ADVERSE PARTIES. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER IN GRANTING ANY FINANCIAL ACCOMMODATION TO BORROWER.

BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN CHICAGO, ILLINOIS OVER ANY ACTION OR PROCEEDING BASED HEREON, AND BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN SUCH STATE OR FEDERAL COURT. BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO BORROWER AT ITS ADDRESS AS SPECIFIED IN THE RECORDS OF HOLDER. BORROWER AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

BORROWER AGREES NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST HOLDER OR THE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR PROPERTY THEREOF, IN ANY COURT OTHER THAN

UNOFFICIAL COPY**EXHIBIT B**

THE ONE HEREINABOVE SPECIFIED. NOTHING IN THIS SECTION SHALL AFFECT THE RIGHT OF HOLDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF HOLDER TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTIONS.

Borrower warrants to Holder that neither Borrower nor any affiliate are identified in any list of known or suspected terrorists published by an United States government agency (collectively, as such lists may be amended or supplemented from time to time, referred to as the "**Blocked Persons Lists**") including, without limitation, (a) the annex to Executive Order 13224 issued on September 23, 2001, and (b) the Specially Designated Nationals List published by the Office of Foreign Assets Control.

Borrower covenants to Holder that if it becomes aware that it or any affiliate is identified on any Blocked Persons List, Borrower shall immediately notify Holder in writing of such information. Borrower further agrees that in the event it or any affiliate are at any time identified on any Blocked Persons List, such event shall be an Event of Default, and shall entitle Holder to exercise any and all remedies provided in any Security Document or otherwise permitted by law. In addition, Holder may immediately contact the Office of Foreign Assets Control and any other government agency the Holder deems appropriate in order to comply with its obligations under any law, regulation, order or decree regarding or relating to terrorism and international money laundering. Upon the occurrence of such Event of Default, Holder will forbear enforcement of its rights and remedies during such time as: (1) the person ("**Person**") identified in a Blocked Persons List is contesting in good faith by appropriate legal proceedings such Person's inclusion in a Blocked Persons List, and (2) Holder determines, in its sole and absolute discretion, that such forbearance will not adversely affect title to, the condition or value of, or any lien in favor of the Holder and encumbering, any part of the collateral (as defined in the Security Documents) or otherwise adversely impact the ability of any Person to perform such Person's obligations under or with respect to any Security Documents.

Time is of the essence of this Note and each provision hereof and of the Security Documents.

1512-14 North Wood, LLC,
an Illinois limited liability company

By: _____
Steven G. Goyvaert, managing member

COPY

By: _____
John Lally, managing member