

Chicago, Illinois 60606
Suite 1600
525 West Monroe Street
Katten Muchin & Zavis
Julie A. Mayer, Esq.

This instrument prepared by and after
recording should be returned to:

1. In order to provide for the continuing use of the Principal Amount (as defined in the Acquisition Note), the Acquisition Note is hereby modified by inserting the following at the end of the first paragraph thereof: "The Principal Amount may be borrowed, repayed and reborrowed again."

I. Modification of Note.

NOW, WHEREFORE, in consideration of the foregoing and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

C. Lender has agreed to loan to Borrower and the parties hereto desire to amend the Note, Mortgage and Loan Agreement to provide for the additional Principal Amount of four Million and No/100 Dollars (\$4,000,000.00) and to amend certain other provisions of the Loan as hereinafter set forth.

B. In connection with the Loan, Borrower entered into three Mortgage Notes dated October 29, 1987, wherein Borrower promised to pay to the order of Lender the principal sum of (a) \$5,000,000.00 for acquisition and site work ("Acquisition Note"); (b) \$4,000,000.00 for revolving construction and rehabilitation work ("Rehab Note"); and (c) \$6,000,000.00 for acquisition and rehabilitation work ("Rehab Note") totaling in the aggregate fifteen Million and No/100 Dollars (\$15,000,000.00). The Acquisition Note, the Construction Note and the Rehab Note are collectively referred to as the "Note". The Note is secured by, inter alia, a certain Mortgage and Security Agreement dated October 29, 1987 and recorded in the office of the Recorder of Deeds of Cook County, Illinois as Document No. 87588175 (the "Mortgage") encumbering the real estate described in Exhibit A attached hereto and made a part hereof.

A. Lender, Trustee and Borrower entered into that certain Construction Loan Agreement dated October 29, 1987 as amended by that certain Amendment to Construction Loan Agreement dated April 9, 1988 (collectively the "Loan Agreement") pursuant to which Lender agreed to lend and Trustee and Borrower agreed to borrow the principal amount of fifteen Million and No/100 Dollars (\$15,000,000.00) ("Loan") in conjunction with a residential development as described in the Loan Agreement.

This Modification of Note, Mortgage and Construction Loan Agreement ("Modification Agreement") is made and entered into this 21st day of December, 1988 by and between LASALLE NATIONAL BANK, not personally or individually, but as Trustee under a Trust Agreement dated September 22, 1987, and known as Trust No. 112554 ("Trustee"), VMS/MCI VENTURE, an Illinois general partnership ("Borrower") and AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association ("Lender").

MODIFICATION OF NOTE, MORTGAGE
AND
CONSTRUCTION LOAN AGREEMENT

[Handwritten signature]

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2. The Rehab Note is amended by deleting the first paragraph thereof and by substituting the following in its place and stead:

"\$9,500,000.00

FOR VALUE RECEIVED, the undersigned, LASALLE NATIONAL BANK, not personally, but as Trustee under a Trust Agreement dated September 22, 1987, and known as Trust Number 112654 (hereinafter referred to as "Borrower") hereby promises, out of that portion of the trust estate subject to said Trust Agreement specifically described in the Mortgage given to secure the payment hereof, to pay on or before the Maturity Date (as hereinafter defined) to the order of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association (hereinafter referred to as "Bank") at 33 North LaSalle Street, Chicago, Illinois 60690, or such other place or places in Illinois as Bank may from time to time designate in writing, in the manner hereinafter and in said Mortgage provided, the principal sum of NINE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$9,500,000.00) (the "Principal Amount"), or such lesser amount as may be advanced hereunder together with interest at the Interest Rate calculated and payable as hereinafter provided."

3. The Construction Note is amended by

(i) deleting the first paragraph thereof and by substituting the following in its place and stead:

"\$4,500,000.00

FOR VALUE RECEIVED, the undersigned, LASALLE NATIONAL BANK, not personally, but as Trustee under a Trust Agreement dated September 22, 1987, and known as Trust Number 112654 (hereinafter referred to as "Borrower") hereby promises, out of that portion of the trust estate subject to said Trust Agreement specifically described in the Mortgage given to secure the payment hereof, to pay on or before the Maturity Date (as hereinafter defined) to the order of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association (hereinafter referred to as "Bank") at 33 North LaSalle Street, Chicago, Illinois 60690, or such other place or places in Illinois as Bank may from time to time designate in writing, in the manner hereinafter and in said Mortgage provided, the principal sum of FOUR MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$4,500,000.00) (the "Principal Amount"), or such lesser amount as may be advanced hereunder together with interest at the Interest Rate calculated and payable as hereinafter provided."

(ii) inserting the following within the first sentence of the third paragraph thereof after the words ("the Maturity Date") and before the semicolon:

"except that any amounts of principal advanced by Lender hereunder in excess of Four Million and no/100 Dollars shall be due and payable on or before February 15, 1989."

4. The "Acceleration Conditions" set forth in the Note have been either waived or complied with to the satisfaction of Lender.

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5. All references in the Note to the Mortgage or the Loan Agreement shall be deemed to refer to the Mortgage and the Loan Agreement as amended hereby.

6. Except as modified herein, the Note shall remain unmodified and in full force and effect.

II. Modification of Mortgage.

1. All references in the Mortgage to the "Note" shall mean the Note as modified hereby.

2. Paragraph 1.1 is amended by deleting "(b) \$4,000,000.00 (revolving construction); and (c) \$5,000,000.00 (for acquisition and rehabilitation work) totaling in the aggregate Fifteen Million and No/100 Dollars (\$15,000,000.00)" and substituting in its place and read the following: "(b) \$4,500,000.00 (revolving construction); and (c) \$9,500,000.00 (for acquisition and rehabilitation work) totaling in the aggregate Nineteen Million and No/100 Dollars (\$19,000,000.00)."

3. Except as modified herein, the Mortgage shall remain unmodified and in full force and effect.

III. Modification of Loan Agreement.

1. Paragraph 1.1 of the Loan Agreement is amended as follows:

(i) the section entitled "Guaranty" is amended by adding at the end thereof the phrase:

"as amended by the Recification and Amendment of Guaranty."

(ii) the section entitled "Loan Amount" is amended by deleting the words and figure "Fifteen Million and No/100 Dollars (\$15,000,000.00)" and by substituting therefor "Nineteen Million and No/100 Dollars (\$19,000,000.00)".

(iii) by deleting the section entitled "Note" in its entirety and by substituting therefor the following:

"Note: The three (3) mortgage notes each of even date herewith in the amounts of (i) \$5,000,000.00 and (ii) \$4,500,000.00 and (iii) \$9,500,000.00, from the Trust to Lender, evidencing the Loan (collectively called the "Note"), and all renewals and extensions thereof permitted by Lender, evidencing the Loan, copies of which are attached hereto as Exhibit C".

(iv) the section entitled "Mortgage" is amended by adding at the end thereof the phrase:

"as amended by the Modification Agreement".

2. Paragraph 3.4 is amended by deleting section (b) in its entirety and by substituting the following therefor:

"(b) At the closing of each sale of a Townhome, Borrower shall pay to Lender 95% of the "Net Sales Price" as hereinafter defined, for each such Townhome, (the remaining

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five percent (5%) to be paid to the Equity Lender), from which Lender shall apply \$45,000.00 to the principal balance outstanding under the \$5,000,000.00 note and the remainder to the principal balance outstanding under the \$4,500,000.00 note. At the closing of each sale of a lot on which the Purchaser may construct a Single Family home, Borrower shall pay to Lender 95% of the Net Sales Price for each such lot (the remaining five percent (5%) to be paid to the Equity Lender) (but in no event less than \$160,000), which shall be applied to the principal balance outstanding under the \$5,000,000.00 note. At the closing of each sale of a Condominium unit, Borrower shall pay to Lender 95% of the Net Sales Price for each such unit (the remaining five percent (5%) to be paid to the Equity Lender) which payment shall be applied to the principal balance outstanding under the \$9,500,000.00 note. To the extent there is no principal balance outstanding under any of the \$4,500,000.00 note, \$5,000,000.00 note or \$9,500,000.00 note, payments made pursuant to this Paragraph 3.4(b) shall be applied, at Lender's election, to the principal balance under any of the notes which are outstanding. The term "Net Sales Price" shall be an amount equal to the full and total consideration paid by the purchaser of a Residential Unit less (i) the amount of broker's commissions to real estate brokers not to exceed six percent (6%) of the purchase price of the Residential Unit, (ii) the amount of any real estate tax prorations actually paid or credited to the purchaser of the Residential Unit, (iii) title and other ordinary and customary closing costs and (iv) amounts paid by the purchaser for changes from Borrower's standard plans for the construction of the Residential Units being conveyed to the purchaser. The payments made pursuant to this Paragraph 3.4(b) are required to be made in order to obtain partial releases of the Mortgage."

3. Paragraph 4.1 is amended as follows:

(i) sections (a) and (b) are amended by adding at the ends thereof the phrase:

"as amended by the Modification Agreement."

(ii) section (d) is amended by adding at the end thereof the phrase:

"as amended by the Amendment of Collateral Assignment of Beneficial Interest."

(iii) section (g) is amended by adding at the end thereof the phrase:

"as amended by the Ratification and Amendment of Guaranty."

4. Paragraph 5.2 is amended by adding a section (h) thereto as follows:

"(h) Letter of Credit. A letter of credit ("Letter of Credit") in favor of Lender, in the face amount of \$500,000.00, securing Borrower's obligations to Lender hereunder, issued by a financial institution satisfactory to Lender in its sole discretion and in a form and with an expiration date satisfactory to Lender in its sole discretion. Said Letter of Credit shall be renewed by Borrower on an annual basis not less than thirty (30) days

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prior to the expiration date until Lender determines, in its sole discretion, that the Project no longer requires the Letter of Credit. All amounts drawn under the Letter of Credit may be used by Lender, in its sole discretion, to pay costs and expenses relating to the Project, to pay accrued interest on or principal of the Note, or to reduce the outstanding principal balance of the Note, but any such reduction shall not reduce the Guarantor's liability under the Guaranty."

5. Article 8 is amended by adding a paragraph 8.14 at the end thereof as follows:

"8.14 Substitute Letter of Credit. In the event that at any time Lender determines, in its sole judgment, that the financial condition of the financial institution issuing the Letter of Credit is not satisfactory and so notifies Borrower in writing, the Borrower agrees to obtain a substitute Letter of Credit in the amount of the Letter of Credit from a financial institution satisfactory to Lender or to deposit cash or cash equivalents satisfactory to Lender, in an amount equal to the face amount of the Letter of Credit with Lender within thirty (30) days from the date of such notice."

6. Paragraph 11.1 is amended by adding sections (r) and (s) at the end thereof as follows:

"(r) Borrower fails to furnish Lender with cash or cash equivalent satisfactory to Lender or a substitute Letter of Credit satisfying the terms of Paragraph 8.14 hereof within thirty (30) days after Lender gives Borrower notice pursuant to Paragraph 8.14 hereof.

(s) Borrower fails to furnish Lender at least thirty (30) days prior to the expiration date of the Letter of Credit an extension of the expiration date of the Letter of Credit or a replacement Letter of Credit (meeting all of the requirements of Paragraph 5.1(o) hereof) whereby such expiration date is extended for not less than one (1) year."

7. Paragraph 12.1 is amended by adding a section (f) at the end thereof as follows:

"(f) Draw upon all or any portion of the Letter of Credit."

8. Article 13 is amended by adding section 13.16 as follows:

"13.16 Loan Amendment Fee. As consideration for its agreement to increase the amount of the Loan and to make certain other modifications of the Loan as are set forth in the Modification Agreement, Borrower and Trustee shall pay to Lender a non-refundable fee in the amount of \$52,500.00, which shall be paid to Lender upon written request of Lender at any time but in no event later than December 31, 1988. Said fee will not be applied towards any other costs paid or to be paid by Borrower or Trustee hereunder, or any other fee or charge herein or in any other document mentioned or otherwise required."

9. Paragraph 3.2(i) is amended by adding the following thereto:

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"Notwithstanding anything to the contrary contained herein, Lender agrees to permit Borrower to construct eight (8) Townhomes for which no approved Sales Contracts have been fully executed, which eight (8) Townhomes will be offered for sale to the public."

10. All references in the Loan Agreement to the Mortgage shall be deemed to refer to the Mortgage as amended hereby.

11. All references in the Loan Agreement to the Note shall be deemed to refer to the Note as amended hereby.

12. All references in the Loan Agreement to the Guaranty shall be deemed to refer to the Guaranty as amended by the Ratification and Amendment of Guaranty of even date herewith.

13. All references in the Loan Agreement to the Collateral Assignment of Beneficial Interest shall be deemed to refer to the Collateral Assignment of Beneficial Interest as amended by the Amendment of Collateral Assignment of Beneficial Interest of even date herewith.

14. Except as modified herein, the Loan Agreement shall remain unmodified and in full force and effect.

IV. Miscellaneous.

1. This Modification Agreement is expressly conditioned upon Lender receiving the following:

(i) the execution and delivery to Lender of such documents and amendments to the Loan Documents as Lender deems appropriate;

(ii) the delivery to Lender of an amendment to its policy of title insurance issued in connection with the Loan pursuant to which the effective date of such policy is amended to be the date hereof, showing no changes to the exceptions thereto except those which are specifically approved by Lender and pursuant to which the amount of the policy is increased to become Nineteen Million and No/100 Dollars (\$19,000,000.00);

(iii) a reaffirmation of the opinion of borrower's counsel delivered to Lender as required under the terms of the Loan Agreement.

2. This instrument is executed by LASALLE NATIONAL BANK, not personally but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said LASALLE NATIONAL BANK hereby warrants that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed that nothing herein or in said Note contained shall be construed as creating any liability on said LASALLE NATIONAL BANK personally to pay the said Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained, all such liability, if any being expressly waived by Lender and by every person now or hereafter claiming any right or security hereunder, and that so far as said LASALLE NATIONAL BANK personally is concerned, the legal holder or holders of said Note and the owner or owners of any indebtedness accruing hereunder shall look solely to the premises conveyed by the Mortgage for the payment thereof, by the enforcement of the

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EXHIBIT B

LEGAL DESCRIPTION

PARCEL 1

LOTS 1 TO 11, BOTH INCLUSIVE, AND THE EAST 1/2 OF THE NORTH AND SOUTH ALLEY LYING WEST OF AND ADJOINING SAID LOTS 1 TO 11, BOTH INCLUSIVE IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTH WEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 2

LOTS 12 TO 21, BOTH INCLUSIVE, AND ALL THE NORTH AND SOUTH 16 FEET ALLEY LYING WEST OF SAID LOTS 12 TO 16, BOTH INCLUSIVE AND EAST OF SAID LOT 17, VACATED BY ORDINANCES RECORDED AS DOCUMENTS 6443641 AND 10186377 AND THE NORTH 1/2 OF THE EAST AND WEST 16 FOOT ALLEY LYING SOUTH OF SAID LOTS 16 TO 21, BOTH INCLUSIVE, AND THE SOUTH LINE OF SAID LOT 16, EXTEND WEST TO THE SOUTHEAST CORNER OF SAID LOT 17 IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS;

PARCEL 3

LOT 2 AND THE WEST 1/2 OF THE NORTH AND SOUTH 16 FOOT ALLEY LYING EAST AND ADJOINING LOT 2 AFORESAID, ALL IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTH WEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 4

LOT 5 AND 6 AND THE SOUTH 1/2 OF THE EAST AND WEST 16 FOOT ALLEY LYING NORTH OF ADJOINING SAID LOTS 5 AND 6 ALSO THE SOUTH 553 FEET OF LOT 7 (EXCEPTING THEREFROM THE NORTH 154 FEET OF THE WEST 212 FEET OF SAID SOUTH 553 FEET OF LOT 7) IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTH WEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS;

PARCEL 5

ALL THAT PART OF DRUMMOND PLACE LYING SOUTH OF LOT 12 IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45, AFORESAID, AND LOT 2 IN THE SUBDIVISION OF LOT 1 IN JOSEPH E. SHEFFIELD'S SUBDIVISION OF BLOCK 45 AFORESAID, AND THE SOUTH LINE OF SAID LOT 11, EXTENDED WEST TO THE SOUTH EAST CORNER OF SAID LOT 2 AND NORTH OF LOTS 12 AND 17 TO 21, BOTH INCLUSIVE, IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 AFORESAID, AND THE NORTH LINE OF SAID LOT 12 EXTENDED WEST TO THE NORTH EAST CORNER OF SAID LOT 17 AS VACATED BY ORDINANCE RECORDED AS DOCUMENT 10832010, ALL OF THE ABOVE IN CC1/.

Property Address: 1430 Wrightwood
Chicago, Illinois

P.I.N. 14-29-302-043, 045, 046, 047, 048, 049, 050, 062
065, 067, 070, 072, 073, 074

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Sarah E. Cowlin, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Mary W. Brown, as 2nd Vice President of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such 2nd Vice President of said association, appeared before me this day in person and acknowledged that she signed and delivered the said instrument as her free and voluntary act and as the free and voluntary act of said association for the uses and purposes set forth therein.

Witness my hand and notarial seal this 30th day of January, 1989.

Sarah E. Cowlin
Notary Public

My Commission Expires:



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

I, Gregory A. McGehee, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Robert G. Banta, as Authorized Signatory of VMS Embassy Club, Inc., an Illinois corporation who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Authorized Signatory of said corporation, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act and as the free and voluntary act of said corporation for uses and purposes set forth therein; and said Authorized Signatory did then and there acknowledge that as custodian of the corporate seal of said corporation did affix the corporate seal of said corporation to said instrument as his free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes set forth therein.

Witness my hand and notarial seal this 4th day of January, 1988.

Gregory A. McGehee
Notary Public

My Commission expires:

My Commission Expires February 10, 1990

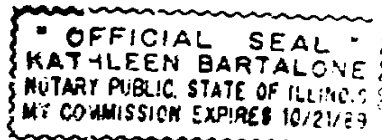
STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

I, Kathleen Bartalone, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Daniel E. McLean, as President of Embassy Club Development Corporation, an Illinois corporation who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President of said corporation, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act and as the free and voluntary act of said corporation for uses and purposes set forth therein; and said President did then and there acknowledge that as custodian of the corporate seal of said corporation did affix the corporate seal of said corporation to said instrument as his free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes set forth therein.

Witness my hand and notarial seal this 21st day of December, 1988.

Kathleen Bartalone
Notary Public

My Commission expires:



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lien created by the Mortgage, in the manner herein and in said Note provided or by action to enforce the personal liability of the guarantors.

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

TRUSTEE:

LASALLE NATIONAL BANK,
not personally or individually,
but as Trustee as aforesaid

ATTEST:

[Signature]
Its: ASSISTANT SECRETARY

By: *[Signature]*

Its: ASSISTANT VICE PRESIDENT

BORROWER:

VMS/MCL VENTURE, an Illinois
general partnership

By: VMS EMBASSY CLUB, INC., an
Illinois corporation, a
general partner

By: *[Signature]*

By: ^{Assistant Vice President}
EMBASSY CLUB DEVELOPMENT
CORPORATION, an Illinois
corporation, a general
partner:

By: *[Signature]*

Its President

LENDER:

AMERICAN NATIONAL BANK AND
TRUST COMPANY OF CHICAGO, a
national banking association

By: *[Signature]*

Its: Assistant Vice President

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