

FOURTH MODIFICATION OF CONSTRUCTION MORTGAGE
AND RELATED SECURITY DOCUMENTS

This Fourth Modification of Construction Mortgage and Related Security Documents (hereinafter referred to as this "Modification") is made as of July 22, 1990 by and among PDI Development, Inc., an Illinois corporation ("Borrower") with a mailing address at 5360 Keystone Court, Rolling Meadows, Illinois 60008, Attn.: Maurice Sanderman ("Guarantor") and Standard Chartered Bank, a banking corporation organized under the laws of the United Kingdom and licensed by the State of Illinois ("Lender") with a mailing address at 33 West Monroe Street, Chicago, Illinois 60603.

WHEREAS, Borrower has executed and delivered to the Lender (a) a note Secured by Mortgage dated as of March 9, 1988 payable to the order of Lender in the principal amount of Six Million Three Hundred Fifty-Three Thousand and No/100 Dollars (\$6,353,000.00) as modified by Amended and Restated Note dated May 9, 1990 or such lesser amount as may be disbursed thereon, which Note bears interest and is payable to Lender as more fully described therein and which Note shall mature as provided therein but in no event later than March 8, 1991 (hereinafter called the "Land Note"), (b) a note Secured by Mortgage dated as of March 9, 1988 payable to the order of Lender in the principal amount of Eleven Million Four Hundred Fifty-Four Thousand Three Hundred Ninety-Nine and No/100 Dollars (\$11,454,399.00) as increased pursuant to the Amended and Restated Notes dated August 31, 1989, and May 9, 1990 or such lesser amount as may be disbursed thereon, which Note bears interest and is payable to Lender as more fully described therein and which Note shall mature as provided therein but in no event later than July 1, 1989 as extended to November 1, 1991 pursuant to such Amended and Restated Note (hereinafter called the "Multi-Family Note"), (c) a Note Secured by Mortgage dated as of March 9, 1988 payable to the order of Lender in the principal amount of One Million Five Hundred Sixty Eight Thousand Eighty Two and No/100 Dollars (\$1,568,082.00) as increased pursuant to the Amended and Restated Note dated May 9, 1990 or such lesser amount as may be disbursed thereon, which Note bears interest and is payable to Lender as more fully described therein and which Note shall mature as provided therein but in no event later than December 1, 1991 (hereinafter called the "Models Note"), and (d) Lender issued an Irrevocable Standby Letter of Credit, in favor of the Village of Palatine in the amount of One Million One Hundred Twenty Three Thousand Four Hundred Seventy Nine and 91/100 Dollars (\$1,123,479.92) (the "Letter of Credit"); and

WHEREAS, the parties have hereinbefore entered into that Modification of Notes, Construction Mortgage and Related Security Documents, dated as of June 28, 1989 by and among Borrower, Guarantor and Lender, recorded in the Office of the recorder of Deeds for Cook County, Illinois (the "Recorder's Office") on July 11, 1989 (the "Recording Date") as Document Number 89314519.

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DEPT-01 RECORDING \$22.00
TRAN 8285 07/26/90 15:57:00
COOK COUNTY RECORDER

THIS INSTRUMENT WAS PREPARED BY
AND SHOULD BE RETURNED TO:

Property Address:

Lawrence Rosenblum, Esq.
Katten Muchin & Zavis
Suite 1600
525 West Monroe Street
Chicago, IL 60606-3693

N.E. Corner of Franklin
and Euclid Streets
Palatine, Illinois

PIN: 02-27-100-006
02-27-101-004
02-27-301-001

BOX 15

NTS N24-19432-14 N.H.L.

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WHEREAS, the parties have hereinbefore entered into that Modification of Notes, Construction Mortgage and Related Security Documents, dated as of August 31, 1989, by and among Borrower, Guarantor and Lender, recorded in the Recorder's Office on the Recording Date of September 25, 1989 as Document Number 89451706.

WHEREAS, the parties have before entered into that Third Modification of Construction Mortgage and Related Security Documents, dated as of May 9, 1990, by and among Borrower, Guarantor and Lender, recorded in the Recorder's Office on the Recording Date of July 13, 1990 as Document Number 90336990.

WHEREAS, the Borrower and Lender desire to, inter alia, increase the principal amount of the Multi-family Note to Sixteen Million One Hundred Forty-Seven Thousand Nine Hundred Two and 00/100 Dollars (\$16,147,902.00) and modify the Construction Loan Agreement to provide for the construction of fourteen (14) additional Signature Homes.

WHEREAS, the Multi-family Note, Land Note and Model Note (collectively known as the "Notes") are additionally secured by a Security Agreement of even date with the Notes made by Borrower, as debtor, to Lender, as secured party (the "Security Agreement"), which Security Agreement is evidenced by that certain UCC-1 and UCC-2 Financing Statements made by Borrower, as debtor, to Lender, as secured party, filed in the Recorder's Office on the Recording Date.

WHEREAS, the Notes are additionally secured by a Guaranty of Repayment of even date with the Notes made by Guarantor to Lender (the "Guaranty"). The Mortgage, the Assignment of Rents, the Security Agreement, the Financing Statements, the Letter of Credit and the Guaranty, and any and all other documents that may have been executed as additional security for the repayment of the Loan are hereinafter collectively referred to as the "Security Documents". The Notes and the Security Documents are hereinafter collectively referred to as the "Loan Documents".

NOW, THEREFORE, for and in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower, Guarantor and Lender do hereby agree as follows:

1. The foregoing Recitals are accurate and are incorporated herein and made a part hereof.
2. Unless otherwise defined herein to the contrary, all defined terms in this Modification shall have the respective meanings ascribed to them in the Loan Documents.
3. The Multi-Family Note is hereby amended as of this 19 day of July, 1990, as follows:
 - (a) All references in the Multi-Family Note to the principal face amount of such Note, as amended, whether in words or in arabic script, are hereby deleted and substituted in lieu therefor are corresponding references to the sum of Sixteen Million One Hundred Forty-Seven Thousand Nine Hundred Two and 00/100 Dollars (\$16,147,902.00).
 - (b) Except as specifically set forth to the contrary hereinabove, the Multi-Family Note remains unmodified and otherwise in full force and effect.
4. The Loan Documents are hereby amended as of July 18, 1990 as follows:
 - (a) All references in the Mortgage and all other Loan Documents, to the Multi-Family Note shall be deemed to be the Multi-Family Note as amended hereby.

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- (b) All references in the Loan Documents, whether in words or arabic script, to the principal face amount of the Multi-Family Note are hereby deleted and substituted in lieu therefor are corresponding references to the sum of Sixteen Million One Hundred Forty-Seven Thousand Nine Hundred Two and 00/100 Dollars (\$16,147,902.00).
 - (c) Article IV, Paragraph 4.2.D. of the Construction Loan Agreement is hereby modified to provide that, Lender will disburse Foundation Funds to Borrower with respect to disbursements for the laying of foundations for clusters (consisting of three (3) to four (4)) of Single-Family Homes, at such time as fifty percent (50%) of the houses in such clusters are presold.
 - (d) The Construction Loan Agreement is hereby amended to provide that Borrower shall be permitted to construct on the Land an additional fourteen (14) Signature Homes (eight (8) AR4 Units and six (6) AR7 Units) in accordance with the terms of such Construction Loan Agreement.
 - (e) Except as specifically set forth to the contrary hereinabove, the Loan Documents remain unmodified and otherwise in full force and effect.
5. All references in any of the Loan Documents to any other Loan Documents shall be deemed to be to such documents as respectively modified hereby.
 6. Borrower hereby represents and warrants to Lender that (i) the Multi Family Cost Analysis attached hereto as Exhibit B, is true and correct as of the date hereof and is otherwise sufficient to complete the construction of the Project, as amended, and (ii) no default now exists under the Loan Documents and no event has occurred that would constitute a default with the mere passage of time or the giving of notice or both.
 7. Borrower and Guarantor hereby represent and warrant to Lender that all representations, warranties and covenants under the Security Documents are in full force and effect as of the date of this Modification.
 8. This Modification shall be effective only upon (i) payment of Lender's Loan modification fee in the amount of Seventeen Thousand and 00/100 Dollars (\$17,000.00) in connection herewith; (ii) the recording of a counterpart of this Modification in the Recorder's Office; and (iii) the delivery to Lender of a title insurance endorsement increasing the insured amount of the existing title insurance policy by One Million Seven Hundred Thousand and 00/100 Dollars (\$1,700,000.00).
 9. Except as set forth herein, the Loan Documents shall remain unmodified and in full force and effect and a default by Borrower in the covenants and terms of this Modification shall be a Default under the Loan Documents.
 10. Borrower shall execute any other documents which Lender's legal counsel deems reasonably necessary to achieve the objective of this Modification.

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IN WITNESS WHEREOF, the undersigned have executed this Modification as of the date and year first above written.

BORROWER:

(SEAL)

PDI Development Inc., an Illinois Corporation

ATTEST:

By: [Signature]

Its: _____

By: [Signature]

Its: [Signature]

President

(SEAL)

GRANTOR:

ATTEST:

[Signature]
Maurice Sanderman

By: [Signature]

Its: _____

LENDER:

(SEAL)

Standard Chartered Bank, a banking corporation organized under the laws of the United Kingdom and licensed by the State of Illinois

ATTEST:

By: [Signature]

Its: [Signature]

By: [Signature]

Michael J. Stevens
Assistant Vice President

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Joan E. Newsom, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Daniel J. Oberer as Vice President of PDI Development, Inc., an Illinois corporation, is personally known to me to be the same person whose name is subscribed to the foregoing instrument, and that He did appear before me this day in person and acknowledged that He signed and delivered the said instrument as His own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 29th day of July, 1990.
Joan E. Newsom
Notary Public

My Commission Expires:
11-19-92

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Margaret R. Berger, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Michael J. Stevens, Assistant Vice President of Standard Chartered Bank, a banking corporation organized under the laws of the United Kingdom and licensed by the State of Illinois, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 21st day of July, 1990.
Margaret R. Berger
Notary Public

My Commission Expires:
"OFFICIAL SEAL"
MARGARET R. BERGER
Notary Public, State of Illinois
My Commission Expires 4-3-94

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EXHIBIT A

LOTS AND/OR UNITS UNDER THE CONSTRUCTION AND MODEL NOTES

LOT/BLDG NUMBER	UNIT	PARK HOMES	ARBOR HOMES	SIGNITURE HOMES	CLASSIC HOMES	TOTAL
CONSTRUCTION NOTE PARCEL:						

PK07	B4	1				1
AR03	ALL			8		8
AR04	ALL			8		8
AR07	ALL			6		6
AR10	ALL			8		8
AR11	C	1				1
AR15	ALL			8		8
AR16	C, I	2				2
AR18	ALL	7				7
AR19	ALL	7				7
AR20	ALL	7				7
1-6	N/A				6	6
10-47	N/A				38	38
TOTAL		25	0	38	44	107

MODEL NOTE PARCEL:						

AR1	ALL	5				5
AR2	ALL		3	3		6
AR5	A, B	2				2
7	N/A				1	1
8	N/A				1	1
9	N/A				1	1
TOTAL		7	3	3	3	16

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EXHIBIT A
(CONTINUED)
ENTIRE PROJECT

PARCEL 1:

LOTS 1, 2, 3, 4, 5, 6, 7, 10, 15, 18, 19 AND 20 IN THE ARBORHOMES OF PARKSIDE ON THE GREEN BEING A RESUBDIVISION OF LOTS 28 TO 45 (BOTH INCLUSIVE) AND OUTLOT C IN PARKSIDE. A PLANNED UNIT DEVELOPMENT IN PART OF THE SOUTHWEST QUARTER, PART OF THE SOUTH HALF OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 27, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO THE PLAT THEREOF RECORDED APRIL 5, 1988 AS DOCUMENT NO. 88-139486 IN COOK COUNTY, ILLINOIS.

PARCEL 2:

UNITS AR11-C AND AR16-C IN PARKSIDE ON THE GREEN CONDOMINIUMS AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED PARCEL OF REAL ESTATE:

PART OF THE PARKHOMES OF PARKSIDE RESUBDIVISION, AND THE ARBORHOMES OF PARKSIDE ON THE GREEN RESUBDIVISION, ALL IN SECTION 27, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE VILLAGE OF PALATINE, COOK COUNTY, ILLINOIS, WHICH SURVEY IS ATTACHED AS EXHIBIT "C" TO THE DECLARATION OF CONDOMINIUM MADE BY PDI DEVELOPMENT, INC. AND RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS, AS DOCUMENT NUMBER 88-566712, TOGETHER WITH AN UNDIVIDED PERCENTAGE INTEREST IN SAID PARCEL (EXCEPTING FROM SAID PARCEL ALL THE PROPERTY AND SPACE COMPRISING ALL THE UNITS THEREOF AS DEFINED AND SET FORTH IN SAID DECLARATION AND SURVEY) AS AMENDED FROM TIME TO TIME.

PARCEL 3:

LOTS 1 THROUGH 47 (BOTH INCLUSIVE) AND OUTLOTS A THROUGH C (BOTH INCLUSIVE) IN THE SINGLE FAMILY HOMES AT PARKSIDE ON THE GREEN A PLANNED UNIT DEVELOPMENT BEING A RESUBDIVISION OF LOTS 26 THROUGH 33 (BOTH INCLUSIVE) AND OUTLOTS S THROUGH X (BOTH INCLUSIVE) IN THE PARKHOMES OF PARKSIDE ON THE GREEN RECORDED JANUARY 13, 1988 AS DOC. NO. 88-017992 AND LOTS 21 THROUGH 24 (BOTH INCLUSIVE) AND OUTLOTS U THROUGH Y (BOTH INCLUSIVE) TOGETHER WITH PART OF LOT 19 AND PART OF OUTLOT Z IN THE ARBORHOMES OF PARKSIDE ON THE GREEN RECORDED APRIL 4, 1988 AS DOC. NO. 88-139486. ALL IN PART OF THE SOUTHWEST QUARTER, PART OF THE SOUTH HALF OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 27, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO THE PLAT THEREOF RECORDED ON APRIL 2, 1990 AS DOC. NO. 90-144013 IN COOK COUNTY, ILLINOIS.

PERMANENT INDEX NUMBERS:

Lot AR1 - 02-27-112-020	Lots 1 thru 47:	Outlots A,B,C:
Lot AR2 - 02-27-112-021	02-27-112-034	02-27-112-058
Lot AR3 - 02-27-112-022	02-27-112-036	02-27-112-059
Lot AR4 - 02-27-112-023	02-27-112-037	02-27-112-060
Lot AR5 - 02-27-112-024	02-27-112-038	02-27-112-061
Lot AR6 - 02-27-112-025	02-27-112-039	02-27-112-062
Lot AR7 - 02-27-112-026	02-27-111-053	02-27-111-072
Lot AR10 - 02-27-112-028	02-27-111-054	02-27-111-073
Lot AR11 - 02-27-112-029	02-27-111-055	02-27-111-074
Lot AR15 - 02-27-112-031	02-27-111-056	02-27-111-075
Lot AR16 - 02-27-112-032	02-27-111-057	02-27-111-076
Lot AR18 - 02-27-112-033	02-27-111-058	02-27-111-077
Lot AR19 - 02-27-112-034	02-27-111-059	
Lot AR20 - 02-27-112-035	02-27-111-060	

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EXHIBIT B

CONSTRUCTION NOTE SUMMARY PROFORMA AND LOAN BUDGET

	TOTAL (107)	LOAN AMOUNT	DEVELOPERS EQUITY
SALES			
=====			
SINGLE FAMILY	9737560		
TOWNHOMES	8935370		

TOTAL BASE	18672930		
OPTIONS	10700000		
LOT PREMS.	2640000		

TOTAL SALES	20006930		
CONST COSTS			
=====			
DIRECT COSTS	9054649	9054649	
OPTIONS (80%)	856000	856000	
ONSITES	138700	138700	
	-----	-----	-----
TOTAL	10049349	10049349	0
LANDSCAPING	346850	346850	0
LAND	1101200	3051900	1049300
	-----	-----	-----
	4478050	3398750	1049300
	-----	-----	-----
TOTAL CONST COSTS	14497399	13448099	1049300
GROSS MARGIN			
=====			
GROSS MARGIN	3509531		
	=====		
OPERATING COSTS			
=====			
MARKETING	937471		
FIELD	305587		
ADMINSTRATIVE	1300447		
	-----	-----	-----
TOTAL	2543505	1911006	632499
LOAN FEES	158744	158744	0
INTEREST	630053	630053	0
CLOSING COST	334874	0	334874
	-----	-----	-----
TOTAL OPERATING COSTS	3667176	2699803	967373
TOTAL OPERATING INCOME	1842355		
	=====		
TOTAL LOAN AMOUNT		16147902	2016673
		=====	=====
LOAN-TO-VALUE		80.71%	
		=====	

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