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LOAN MODIFICATION AGREEMENT

This Agreement is entered into as of the 29th day of November, 1991, by and among Cobbler's Crossing Country Homes Limited Partnership, an Illinois limited partnership, Kimball Hill, Inc., an Illinois corporation (individually and collectively, the "Borrower") David K. Hill, Jr., ("Guarantor") and Michigan Avenue National Bank of Chicago, a national banking association ("Bank").

RECITALS

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A. The Bank entered into a Loan Agreement with Borrower and Guarantor dated August 24, 1990, pursuant to which, among other things, Bank agreed to lend to Borrower an amount not to exceed the sum of TWO MILLION FOUR HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$2,450,000.00) (the "Loan"), and amended by a Loan Modification Agreement dated October 30, 1991, and recorded _____, 1991, pursuant to which among other things, Bank agreed to reduce the amount to lend to Borrower an amount not to exceed the sum of ONE MILLION NINETY THOUSAND AND NO/100 DOLLARS (\$1,090,000.00), for the purpose of constructing 120 condominium dwelling units in Elgin, Illinois, together with site improvements, the legal description of which is attached hereto as Exhibit A ("Premises").

B. The loan is evidenced by a certain Construction Note dated August 24, 1990 ("Note") in the original principal amount of TWO MILLION AND NO/100 DOLLARS (\$2,000,000.00), and amended by Loan Modification Agreement dated October 30, 1991, reducing the principal amount to ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00), made by Borrower and payable to the Bank and a certain Demand Note dated August 24, 1990 ("Demand Note") in the original principal amount of FOUR HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$450,000.00), and amended by loan Modification Agreement dated October 30, 1991, reducing the principal amount to NINETY THOUSAND AND NO/100 DOLLARS (\$90,000.00), made by Borrower and payable to the Bank. Except as expressly indicated herein, all capitalized terms used herein shall have the same meaning ascribed to them in the Note and the other documents referred to herein.

C. The Note is secured by, among other things, the following documents, each of which is dated August 24, 1990:

- (i) Mortgage and Security Agreement (the "Mortgage") made by the Borrower to Bank and recorded in the Office of the Recorder of Deeds of Cook County, Illinois on August 24, 1990 as Document 90-414033, covering the Premises; and
- (ii) Assignment of Leases and Rents ("Assignment of Rents") made by Borrower to Bank and recorded in the Office of the Recorder of Deeds of Cook County, Illinois on August 24, 1990 as Document 90-414034

D. Pursuant to a certain Guaranty ("Guaranty") dated August 24, 1990, made by the Guarantor in favor of Bank, the Guarantor guaranteed (i) the payment by Borrower of the amount provided for in the Note, the Mortgage and the other Loan Documents, and (ii) the performance by Borrower of the covenants to be performed and observed by Borrower pursuant to the provisions thereof.

THIS DOCUMENT WAS PREPARED BY AND AFTER RECORDING RETURN TO:

Box 440

Sarah C. Towne
Michigan Avenue National Bank of Chicago
30 North Michigan Avenue
Chicago, Illinois 60602

Common Address: Vacant Land - Golf Road
Elgin, Illinois

Permanent Index No.: 06-07-200-005
06-07-401-005
06-07-401-006
06-07-400-002

3600

E. The parties have agreed to increase the principal amount of the Construction Note to ONE MILLION SEVEN HUNDRED FIFTY AND NO/100 DOLLARS (\$1,750,000).

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower, Guarantors and Bank hereby agree as follows:

1. The Recitals set forth above are hereby incorporated herein and made a part hereof.

2. The Note, Mortgage, Assignment of Rents and other Loan Documents are hereby amended to provide that the principal amount of the Note is hereby increased to ONE MILLION SEVEN HUNDRED FIFTY AND NO/100 DOLLARS (\$1,750,000.00).

3. Borrower hereby agrees to pay all expenses, charges, costs and fees relating to this Modification Agreement, including Bank's reasonable attorneys' fees in connection with the documentation of this Agreement, all recording fees and charges, title insurance charges and premiums, and all other expenses, charges costs and fees referred to in or necessitated by the terms of this Agreement (collectively, the "Additional Loan Expenses"). In the event the Additional Loan Expenses are not paid to the Bank within ten (10) days after written demand therefor by Bank, the Additional Loan Expenses shall bear interest from the date so incurred until paid at the Post Maturity Rate, or may be paid by Bank at any time following said ten (10) day written demand by disbursement of proceeds of the Loan.

4. All references in the Note, Demand Note, Mortgage, Assignment of Rents, or other Loan Documents or the Guaranty to any of the other Loan Documents or the Guaranty shall mean such document as amended hereby.

5. The Borrower and Guarantor represent and warrant to Bank that each has full power and authority to execute and deliver this Agreement and to perform their respective obligations hereunder. Upon the execution and delivery hereof, this Agreement will be valid, binding and enforceable upon the Borrower and the Guarantor in accordance with its terms. Execution and delivery of this Agreement does not and will not contravene conflict with, violate or constitute a default under (i) the Partnership Agreement creating the Borrower, or (ii) any applicable law, rule, regulation, judgement, decree or order or any agreement, indenture or instrument to which Borrower or the Guarantor is a party or is bound or which is binding upon or applicable to the project, or any portion thereof.

6. The Borrower hereby ratifies and confirms its liabilities and obligations under the Note, Demand Note the Mortgage, the Assignment of Rents and the other Loan Documents, all as amended by this Agreement, and the liens and security interests created thereby, and acknowledges that it has no obligations and liabilities of Borrower under the Note, Demand Note, the Mortgage, the Assignment of Rents and the other Loan Documents, all as amended by this Agreement.

7. The Guarantor hereby consents to the execution and delivery by Borrower of this Agreement. The Guarantor hereby ratifies and confirms his respective liabilities and obligations under the Guaranty, with respect to the Note, Demand Note, Mortgage, Assignment of Rents and the other Loan Documents, all as amended by this Agreement, and acknowledges that he has no defenses, claims or set-offs to the enforcement by Bank of his expressly provided herein, the Note Demand Note, Mortgage, Assignment of Rents and the other Loan Documents shall remain in full force and effect in accordance with their respective terms.

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IN WITNESS WHEREOF, this Agreement has been entered into as of the dated first written.

COBBLER'S CROSSING COUNTRY HOMES LIMITED PARTNERSHIP, an Illinois limited partnership

BY: KIMBALL HILL, INC., an Illinois corporation, General Partner

By: David K. Hill, Jr.
Name: David K. Hill
Title: President

ATTEST: Barbara G. Cooley
Name: Barbara G. Cooley
Title: Secretary

MICHIGAN AVENUE NATIONAL BANK OF CHICAGO

By: Stephen J. Turner
Title: S.P. Director

ATTEST: Sarah C. Lowe
Title: Real Estate Loan Officer

KIMBALL HILL, INC., an Illinois corporation

By: David K. Hill, Jr.
Name: David K. Hill, Jr.
Title: President

ATTEST: Barbara G. Cooley
Name: Barbara G. Cooley
Title: Secretary

David K. Hill, Jr.
David K. Hill, Jr.

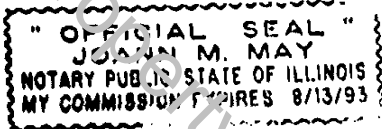
Property of Cook County Clerk's Office

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, JOANN M. MAY, a Notary Public in and for said County, in the State aforesaid, do hereby certify that David K. Hill, Jr., the President of KIMBALL HILL, INC., and Barbara G. Cooley, the Secretary of said Corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said Corporation, Individually, and as the General Partner of Cobbler's Crossing Country Homes Limited Partnership, an Illinois limited partnership, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 10th day of December, 1991.



Joann M. May
Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Eugene P. Tunney, the Senior Vice President of Michigan Avenue National Bank of Chicago, and Sarah C. Towns, the Real Estate Loan Officer of said Bank, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Eugene P. Tunney and Sarah C. Towns, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of the Bank, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 10th day of December, 1991.

Judith Johnson
Notary Public

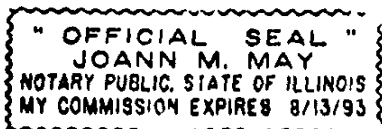


STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that David K. Hill, Jr., who is 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, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 10th day of December, 1991.

Joann M. May
Notary Public



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EXHIBIT A 2 1 6 7 7 5 9

LEGAL DESCRIPTION

PARCEL 1:

LOT 1 AND OUT LOTS A, B AND C IN COBBLER'S CROSSING UNIT 5, BEING A SUBDIVISION IN THE SOUTH 1/2 OF SECTION 7, TOWNSHIP 41 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

EASEMENTS FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCEL 1 AS CREATED BY DECLARATION OF EASEMENTS, RESTRICTIONS AND COVENANTS RECORDED AS DOCUMENT NUMBER 89185738.

PARCEL 3:

ALL OF LOT 2 AND THAT PART OF LOT 1 IN COBBLER'S CROSSING UNIT 2, BEING A SUBDIVISION IN THE SOUTH 1/2 OF SECTION 7, TOWNSHIP 41 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE INTERSECTION OF THE WESTERLY LINE AT SHADY OAKS DRIVE WITH THE NORTHERLY LINE OF SHADY OAKS COURT, THENCE NORTH 42 DEGREES 45 MINUTES 45 SECONDS EAST 105.79 FEET TO THE POINT OF BEGINNING; THENCE NORTH 25 DEGREES 41 MINUTES 14 SECONDS WEST 287.66 FEET; THENCE NORTH 64 DEGREES 18 MINUTES 46 SECONDS EAST 102.85 FEET TO THE WESTERLY LINE AT RIPPLE BROOK LANE; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF RIPPLE BROOK LANE TO THE NORTHERLY LINE AT SHADY OAKS DRIVE; THENCE SOUTHERLY, ALONG SAID NORTHERLY LINE AT SHADY OAKS DRIVE TO THE POINT OF BEGINNING.

PARCEL 4:

UNITS 10-2, 10-4, 10-5, 10-6, 12-1, 12-3, 13-1, 13-2, 13-3, 13-4 AND 13-6 TOGETHER WITH THEIR UNDIVIDED PERCENTAGE INTEREST IN COMMON ELEMENTS IN THE COUNTRY HOMES AT COBBLER'S CROSSING, AS DELINEATED AND DEFINED IN THE DECLARATION RECORDED AS DOCUMENT NUMBER 89-516805 AS AMENDED FROM TIME TO TIME, LOCATED IN COBBLER'S CROSSING UNIT 2, BEING A SUBDIVISION IN THE SOUTH 1/2 OF SECTION 7, TOWNSHIP 41 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS

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