

NOTE AND MORTGAGE MODIFICATION AGREEMENT

THIS NOTE AND MORTGAGE MODIFICATION AGREEMENT ("Agreement") is made as of this 1st day of March, 1994 by and between SKOKIE/DUNDEE LIMITED PARTNERSHIP, an Illinois limited partnership ("S/D LP") and COMBINED INSURANCE COMPANY OF AMERICA, an Illinois corporation ("Mortgagee").

RECITALS: . DEPT-01 RECORDING \$35.00
. T#0011 TRAN 0373 03/02/94 15:29:00
. #2373 # *-94-199126
. COOK COUNTY RECORDER

A. In order to evidence and secure a loan (the "Loan") from Mortgagee to American National Bank and Trust Company, not personally, but as Trustee under Trust Agreement dated June 25, 1976 and known as Trust No. 39152 ("American") in the original principal amount of \$5,000,000, American executed and delivered to Mortgagee the following documents, each dated January 31, 1978:

- 1. Promissory Note (the "Note") in the original principal sum of \$5,000,000, made by American to Mortgagee.
2. Mortgage ("Mortgage"), made by American to Mortgagee, recorded March 15, 1978 in the Office of the Recorder of Cook County, Illinois, as Document No. 24363146, encumbering the real estate legally described on Exhibit A attached thereto (the "Premises").
3. Assignment of Leases and Rents, made by American to Mortgagee, recorded March 15, 1978 in the Office of the Recorder of Cook County, Illinois, as Document No. 24363147.
4. Security Agreement made by American to Mortgagee.

(Such documents together with other documents evidencing and securing the Loan are sometimes referred to herein collectively as the "Loan Documents.")

B. The Premises were previously transferred by American to Prudential Life Insurance Company of America, a New Jersey corporation ("Prudential"), subject to the Loan and the Loan Documents.

C. S/D LP has requested that Mortgagee consent to the transfer of the Premises to S/D LP subject to the Loan and the Loan Documents and that certain modifications be made in the Loan Documents.

D. Mortgagee is willing to consent to such transfer and modifications on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Mortgagee and S/D LP hereby agree as follows:

1. Incorporation of Recitals. The recitals hereinabove set forth are true and correct and are hereby incorporated into this Agreement by this reference. All defined terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Documents.

2. Changes in Note Terms. As of March 1, 1994, the outstanding principal balance due on the Note is \$4,328,961.39.

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All interest due under the Note has been paid through February 28, 1994. The first paragraph of the Note is hereby amended by changing (a) the interest rate from seven percent (7%) per annum to six and one-quarter percent (6.25%) per annum, effective as of the date hereof, (b) the monthly payments from \$31,071.56 to \$29,055.01 per month, commencing with the payment due April 1, 1994, and (c) the maturity from February 28, 2008 to March 1, 1999. The payment provisions contained in the indented portion of the first paragraph of the Note are hereby deleted and the following is substituted in lieu thereof:

Commencing on the first day of April, 1994 and on the first day of each succeeding month thereafter to and including February 1, 1999, there shall be due and payable fixed monthly payments, each in the amount of Twenty-Nine Thousand Fifty-Five and 01/100ths Dollars (\$29,055.01), with a final payment of the entire principal and interest balance, if not sooner paid, due and payable on March 1, 1999. Each of such payments shall be applied first to interest then due, computed at the rate of six and one-quarter percent (6.25%) per annum and second to the reduction of principal.

S/D LP shall have the option to extend the maturity of this Note to March 1, 2001 by delivery of written notice to the holder of the Note at any time on or prior to January 1, 1999. Any such election once made shall be irrevocable. The non-default interest rate hereunder during such extension period shall be a fixed rate equal to two hundred (200) basis points in excess of the per annum rate of interest payable on U.S. Government 5-year Treasury Bonds in effect on the date such notice is received by the holder of the Note; provided, however, the rate shall be no more than seven per cent (7%) per annum, and no less than six and one-quarter percent (6.25%) per annum. Monthly payments hereunder have been determined based on a 40-year amortization schedule (i.e., until February 28, 2018) (the "Amortization Period"). During any such extension period, payments of principal and interest shall be modified based on the revised interest rate and the balance of the Amortization Period. Payments shall continue to be paid on the first day of each month.

3. Exhibit A. Attached to the Mortgage is hereby deleted and Exhibit A-1 attached hereto is substituted in lieu thereof.

4. Deletions and Additions to Loan Documents. The last substantive paragraph of the Note (being the first paragraph on page 3 of the Note) and Sections 31 and 32 of the Mortgage are hereby deleted. The following sections are hereby added to the Mortgage as Sections 33, 34 and 35:

33. Asbestos and Radon. Mortgagor hereby represents and warrants that, except as set forth in the Environmental Site Assessment dated November 29, 1993, performed by ATC/Diagnostic Environmental, Inc. (the "Environmental Report"), there is no asbestos or radon contained in any of the Premises.

34. Compliance With Applicable Laws (Including Environmental Laws). Mortgagor will keep all of the Premises constantly in good order and repair, will comply with all governmental laws, ordinances, rules, regulations and orders now or hereafter affecting the Premises or any part thereof, will comply with all covenants, conditions

and restrictions affecting the Premises and will not permit, suffer or commit any waste, impairment or deterioration of the Premises, or any part thereof. Further, Mortgagor represents and warrants to Mortgagee that Mortgagor has complied, and the Premises does comply, with all the requirements and conditions set forth in: (i) all zoning ordinances; (ii) all federal, state and local wetland, coastal waters and environmental protection acts; (iii) any other ecological, environmental or use restrictions; and (iv) all other governmental laws, rules and regulations applicable to or affecting the Premises. Mortgagor further covenants and agrees to continue to comply with the same now and in the future, and the failure to comply with the same shall constitute a default hereunder and under all Loan Documents. The failure to comply therewith shall afford Mortgagee the option to declare all amounts owing pursuant to the Note and all other Loan Documents immediately due and payable. In furtherance of the foregoing and without limiting any other rights and remedies of Mortgagee, in the event that there shall be filed a lien against the Premises by any entity with respect to any of the matters specified earlier in this paragraph, then Mortgagor agrees to either cause said lien to be removed from the Premises or provide a bond satisfactory to Mortgagee insuring Mortgagee a continuing first lien status within sixty (60) days from the date that the lien is placed against the Premises or within such shorter period of time as the circumstances shall permit (but in all events at least five (5) days prior to any sale of the Premises to satisfy said lien) in the event that the holder of such lien takes steps to cause the Premises to be sold pursuant to said lien. Should Mortgagor cause, suffer or permit any violation of any of the above laws, rules or regulations, or fail to fully perform the foregoing requirements pertaining to the removal of or bonding of any lien that may be filed, then Mortgagor agrees that this Mortgage, the Note and all other Loan Documents shall at the option of Mortgagee become accelerated, due and payable.

35. Additional Environmental Provisions.

- (a) Hazardous Material Defined. As used in this paragraph, "Hazardous Material" means any chemical substance (i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, policy or other applicable law of any kind; or (ii) which is or becomes defined as a "hazardous waste" or "hazardous substance, under any federal, state or local statute, regulation or ordinance, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. section 9601 et seq.) and the Federal Resource Conservation and Recovery Act (42 U.S.C. section 6901 et seq.) and amendments

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thereto and regulations promulgated thereunder; or (iii) which is toxic, explosive, corrosive, infectious or otherwise hazardous and is or becomes regulated by any federal, state or local governmental authority; or (iv) the presence of which on the Premises could constitute a nuisance upon the Premises or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises; or (v) the presence of which on adjacent properties could constitute a trespass by Mortgagor because it percolated from the Premises; or (vi) without limitation which contains polychlorinated biphenyls (PCBs), asbestos, radon or urea formaldehyde.

- (b) Environmental Damages Defined. "Environmental Damages" means all (i) claims, judgments, damages, penalties, fines, costs, liens, liabilities and losses, including, without limitation, diminution in the value of the Premises or any other property, or damages for the loss of or restriction on the use of rentable or usable space or of any amenity of the Premises which are incurred by Mortgagee as a result of the existence of Hazardous Material upon, about or beneath the Premises; (ii) costs incurred by Mortgagee in connection with investigation of Hazardous Material upon, about or beneath the Premises or costs incurred by Mortgagee in connection with investigation of items referenced in subparagraph (i) herein; or (iii) attorneys' fees, consultant's fees and experts' fees and all costs incurred by Mortgagee in connection with items referenced in subparagraphs (i) and (ii) herein, or the preparation of any feasibility studies or reports concerning the Premises and the performance of any cleanup, remedial, removal or restoration work upon, about or beneath the Premises or elsewhere required by any federal, state or local governmental agency or political subdivision, or reasonably necessary in order for Mortgagee to make full economic use of the Premises.
- (c) Representation and Warranty of Mortgagor Regarding Presence of Hazardous Materials. Mortgagor represents and warrants to Mortgagee that except as set forth in the Environmental Report, (i) to the best of its knowledge, no Hazardous Material is present upon the Premises, (ii) to the best of its knowledge, after investigation, there have been no Hazardous Materials present upon the Premises in the last 60 years, (iii) to the best of its knowledge, no Hazardous Material has migrated from the Premises onto adjacent property, (iv) no summons, citation, directive, order, notice or other communication has been issued to Mortgagor or, to the best of its knowledge, any prior owner or operator of the Premises arising out of the presence of Hazardous Material on the Premises, and (v) to the best of its knowledge, no adjacent or nearby property contains Hazardous Material which could migrate upon, about or beneath the Premises.
- (d) Hazardous Material Upon the Premises Prohibited. Except for typical office products which are stored and handled in compliance with all

94199126

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applicable laws and regulations and also except as set forth in the Environmental Report, Mortgagor shall not cause, permit or suffer any Hazardous Material to be brought upon, treated, stored, disposed of, discharged, released, produced or used upon about or beneath the Premises by Mortgagor, its agents, employees, lessees, contractors, invitees, or any other person; provided, however, that Mortgagor shall immediately remove any Hazardous Material of such agent, employee, lessee, contractor, invitee or other person, notwithstanding Mortgagor's failure, after exercise of the best of its ability, to prevent such Hazardous Material on the Premises in the first place.

- (e) Indemnification of Mortgagee for Environmental Damages. Notwithstanding any provision to the contrary in any of the Loan Documents, including, without limitation, any exoneration provisions contained in any of the Loan Documents, Mortgagor shall indemnify, defend and hold Mortgagee harmless from and against any and all (i) Environmental Damages, and (ii) all other liabilities, losses, claims, damages, costs, penalties, fines, judgments, attorneys' fees, consultants' fees and experts' fees incurred or suffered by Mortgagee by reason of, resulting from, in connection with, or arising in any manner whatsoever out of a breach of any representation, warranty or covenant contained in this paragraph, except for any breach which arises during any time when Mortgagee or its representative is in possession of the Premises.

5. Conditions. The modifications provided for in this Agreement shall be effective only upon the satisfaction of the following conditions:

- (A) As of the date of recording of this instrument, the Note is in good standing, free from any default, and there is no default or event that with the passage of time, giving of notice or both would constitute a default hereunder or under the other Loan Documents;
- (B) After the recording of this Agreement with the Recorder of Cook County, Illinois, Tigor Title Insurance Company ("Title Insurer") shall issue an ALTA Loan Policy to Mortgagee or an endorsement (dated as of the date of the recording of this Agreement) to the ALTA Loan Policy previously issued to Mortgagee, pursuant to which the Title Insurer shall insure Mortgagee that the Mortgage, as amended hereby, constitutes a valid first lien on the Premises, subject only to exceptions acceptable to Mortgagee;
- (C) Delivery to Mortgagee of an opinion of counsel for S/D LP satisfactory to Mortgagee;
- (D) Payment of all costs, fees and expenses incurred by Mortgagee in respect to the transactions described herein, including, without limitation, the fees of Mortgagee's attorneys; and
- (E) Delivery to Mortgagee of UCC Financing Statements, certified rent roll, certified leases, certified partnership documents, certified partnership and such other documents, instruments and certificates as Mortgagee may reasonably request.

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6. Miscellaneous.

(A) S/D LP acknowledges that no defenses, offsets or counterclaims are, as of the date hereof, available to S/D LP under the Note or any of the other Loan Documents. S/D LP hereby remake and ratify all representations, warranties and agreements made by American in and upon the execution and delivery of the Loan Documents.

(B) Nothing herein contained shall impair the Loan Documents in any way nor alter, waive, annul, vary nor affect any provision, condition or covenant herein contained except as expressly herein provided nor affect or impair any right, power or remedy of Mortgagee, it being the intention of the parties hereto that the terms and provisions of the Loan Documents shall continue in full force and effect except as expressly modified in connection herewith.

(C) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

(D) No extension, change, modification or amendment of any kind or nature whatsoever, to or of this Agreement shall be made or claimed by S/D LP and no notice of any extension, change, modification or amendment, made or claimed by S/D LP shall have any force or effect whatsoever unless the same shall be reduced to writing and signed by the parties.

IN WITNESS WHEREOF, S/D LP has caused these presents to be executed as of the day and year first above written.

Except as specifically amended or modified herein all the terms and provisions of the Loan Document shall remain in full force and effect. S/D LP agrees to be bound by all the terms and provisions of the Loan Documents as modified and amended herein.

Stolle/Dundee Limited
Partnership, an Illinois limited
partnership

By LaSalle/Northbrook Limited
Partnership, an Illinois
limited partnership
Its general partner

By LaSalle/Northbrook, Inc.,
an Illinois corporation
Its general partner

By 
Its ~~Senior~~ VICE President

Combined Insurance Company of
America, an Illinois corporation

By 
Its Senior Vice President

THIS INSTRUMENT WAS PREPARED BY
~~AND AFTER RECORDING RETURN TO:~~
Benjamin A. Johnston
Pedersen & Houtt
161 North Clark Street
Suite 3100
Chicago, Illinois 60601-3224

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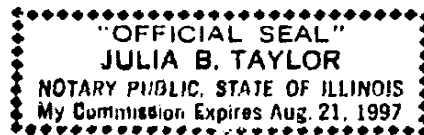
STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

I, Julia B. Taylor, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Scott M. Stehr, Senior Vice President of LaSalle/Northbrook, Inc., an Illinois corporation, which corporation is the general partner of LaSalle/Northbrook Limited Partnership, an Illinois limited partnership, which is the general partner of Skokie/Dundee limited partnership, an Illinois limited partnership, who is known to me to be the same person whose name is subscribed to the foregoing instrument, as such Senior Vice President, 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 act of said corporation, as general partner of the general partner of Skokie/Dundee Limited Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 15th day of March, 1994.

Julia B. Taylor
Notary Public

My Commission Expires:



STATE OF ILLINOIS)
) ss.
COUNTY OF Cook)

I, KAREN PABICH, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT MICHAEL A. CONWAY, Senior Vice President of Combined Insurance Company of America, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, as such Senior Vice President 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 act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 1st day of MARCH, 1994.

Karen Pabich
Notary Public

My Commission Expires:



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EXHIBIT A-1

Premises

PARCEL I:

Lot 2 in Lane Park Subdivision in the South East 1/4 of Section 2, Township 42 North, Range 12 East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL II:

A Permanent non-exclusive easement for parking purposes as created by easement dated April 19, 1985 and recorded May 17, 1985 as Document 85025180, on, over and across that part of Lot 3 in Lane Park Subdivision in the Southeast 1/4 of Section 2, Township 42 North, Range 12, East of the Third Principal Meridian, in Cook County, Illinois, which part of said Lot is bounded and described as follows: Beginning at the Northwesterly corner of said Lot 3 and running thence East along the North line of said Lot 3 a distance of 152.04 feet; thence Southwesterly along a line which is perpendicular to the Westerly line of said Lot 3 a distance of 126.06 feet to a point on said Westerly line; thence Northwesterly along said Westerly line a distance of 67.85 feet to the point of beginning.

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Volume: 131

94199126

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