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7/21/95

SECOND NOTE AND MORTGAGE MODIFICATION AGREEMENT

DEPT-01 RECORDING \$33.00
T#0012 TRAN 5999 08/22/95 09:01:00
#5525 + JM *-95-553861
COOK COUNTY RECORDER

THIS SECOND NOTE
AND MORTGAGE
MODIFICATION AGREEMENT
made and entered into
as of the 1st day

of July, 1995 by and
between PALATINE HOTEL CORPORATION, an Illinois corporation
("Mortgagor") and ROB-WAL INVESTMENT CO., an Illinois corporation
("Mortgagee").

RECITALS:

A. Mortgagee has made a part purchase money loan to
Mortgagor (the "Loan") in connection with the sale of the
property legally described on Exhibit "A" attached hereto and
commonly known as 920 East Northwest Highway, Palatine, Illinois
(the "Mortgaged Premises"). The Loan is evidenced by a certain
Part Purchase Money Promissory Note dated December 14, 1993 in
the principal amount of \$1,800,000.00 (as amended, the "Note")
made by Mortgagor and payable to Mortgagee and is secured by a
Part Purchase Money Mortgage and Security Agreement with
Assignment of Rents dated December 14, 1993 from Mortgagor to
Mortgagee recorded in the Office of the Recorder of Deeds for
Cook County, Illinois December 20, 1993 as Document No. 03-043383
(as amended, the "Mortgage") and by an Assignment of Leases and
Rents dated December 14, 1993 from Mortgagor to Mortgagee
recorded December 20, 1993 as Document No. 03-043384 and by other
documents and instruments (collectively the "Loan Documents").
The Note, by its terms, provided for an original "Maturity Date"
of June 15, 1994 and granted Mortgagor the right to extend the
Maturity Date to and including September 14, 1994 by making a

This Instrument Prepared By
and After Recording Return to:

Michael S. Kurtzon
Miller, Shakman, Hamilton,
Kurtzon & Schlifke
208 South LaSalle Street
Suite 1100
Chicago, Illinois 60604

Tax Identification Number:

02-24-106-019-0000

Address of Property:

920 East Northwest Highway
Palatine, Illinois 60067

BOX 333-CTI

7483245 01 JFK (SF)

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prepayment of \$50,000.00 of the principal balance of the Loan. Mortgagor exercised its right to extend the Maturity Date by paying said \$50,000.00 so that the Maturity Date of the Note has been extended to September 14, 1994 and the principal balance of the Loan has been reduced from \$1,800,000.00 to \$1,750,000.00.

B. Mortgagor and Mortgagee then extended the Maturity Date of the Note to June 30, 1995 and Mortgagor made a further prepayment of principal in the amount of \$50,000.00, reducing the principal balance of the Loan from \$1,750,000.00 to \$1,700,000.00 pursuant to that certain Note and Mortgage Modification Agreement dated as of September 15, 1994 by and between Mortgagor and Mortgagee and recorded December 1, 1994 as Document No. 04-010893 (the "First Modification"). Subsequently, Mortgagor has made a further payment of principal in the amount of \$100,000.00 thereby reducing the outstanding principal balance of the Loan to \$1,600,000.00.

C. Mortgagor has requested that Mortgagee agree to extend the Maturity Date of the Note to June 30, 1998 and subject to the performance by Mortgagor of its obligations herein contained, Mortgagee is willing to so extend the Maturity Date of the Note.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration in hand paid the receipt and sufficiency whereof is hereby acknowledged, the parties agree as follows:

1. Extension of Maturity Date. The Maturity Date of the Note as set forth therein and in the Mortgage and other Loan Documents is hereby extended from June 30, 1995 to June 30, 1998.

2. Principal Reductions. Mortgagor shall make the following mandatory payments of principal on the Note on the date set forth below:

(a) \$100,000.00 on June 30, 1996; and

(b) \$100,000.00 on June 30, 1997.

3. Renovation. In further consideration of Mortgagee's agreement to extend the Maturity Date of the Note to June 30, 1998, Mortgagor agrees to promptly commence and diligently complete, as expeditiously as is reasonably possible but in no event later than March 31, 1996, a renovation program (the "Renovation Work") that will result in the upgrade of the Mortgaged Premises to "Ramada Plaza Hotel Class". The Renovation Work shall be completed in a good and workmanlike manner using new, first-class materials, in accordance with all applicable laws, statutes, ordinances and codes and free from any liens or claims for liens. On or before March 31, 1996, Mortgagor shall provide Mortgagee with written certification from Ramada Inns

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that the Mortgaged Premises comply with "Ramada Plaza Hotel Class" standards. The failure of Mortgagor to complete the Renovation Work and provide such certification on or before March 31, 1996 shall constitute an Event of Default under the Mortgage.

4. Fee. Mortgagor has paid Mortgagee an extension fee of \$17,000.00.

5. Reaffirmation of Guarantees. It shall be a condition to the extension of the Maturity Date of the Note that Mortgagee receive a Reaffirmation of Guaranty from each of the seven principal shareholders in Mortgagor that delivered guarantees to Mortgagee in connection with the First Modification, all in form and substance satisfactory to Mortgagee.

6. Waiver of Defenses. Mortgagor acknowledges that no defenses, offsets or counterclaims are, as of the date hereof, available to Mortgagor under the Note or any of the Loan Documents. Mortgagor hereby remakes and ratifies all representations, warranties and agreements made by it in and upon the execution and delivery of the Note, Mortgage and Loan Documents.

7. Impairment. Nothing herein contained shall impair the Note, Mortgage or 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 Note, Mortgage and Loan Documents shall continue in full force and effect except as expressly modified in connection herewith.

8. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

9. No Modifications. No extension, change, modification or amendment of any kind or nature whatsoever, to or of this Agreement shall be made or claimed by Mortgagor, and no notice of any extension, change, modification or amendment, made or claimed by Mortgagor shall have any force or effect whatsoever unless the same shall be reduced to writing and signed by the parties.

10. Deliveries. Mortgagor shall deliver to Mortgagee the following items in connection with the modification of the Loan Documents. Each such item shall be in form and content satisfactory to Mortgagee and, unless noted below, be delivered by Mortgagor to Mortgagee concurrently with the delivery of this Agreement.

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(a) After the recording of this Agreement with the Recorder, the Title Company shall issue an endorsement (dated as of the date of the recording of this Agreement) to the Policy pursuant to which the Title Company shall insure Mortgagee that the Mortgage, as amended hereby, constitutes a valid first lien on Real Estate, subject only to exceptions acceptable to Mortgagee;

(b) An opinion of counsel for Mortgagor and Guarantors;

(c) A Certificate of Good Standing, Certificate of Incumbency and Certified Resolutions of the Board of Directors of Mortgagor in form 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) Such other documents, instruments and certificates as Mortgagee may reasonably request.

Failure of Mortgagee to deliver any of the items listed above shall constitute an Event of Default under the Note, Mortgage and other Loan Documents.

11. Except as herein expressly amended, the Note, Mortgage and other Loan Documents shall continue unmodified and in full force and effect.

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

MORTGAGOR:

PALATINE HOTEL CORPORATION, an Illinois corporation

ATTEST:

By: David M. Lenzow
Its: Secretary

By: Richard M. Lobe
Its: Pres

MORTGAGEE:

ROB-WAL INVESTMENT CO., an Illinois corporation

ATTEST:

By: James Thompson
Its: Vice President

By: John Maynard
Its: Vice President

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EXHIBIT "A"

LEGAL DESCRIPTION

Lot 4 (except that part described as follows: Beginning at the North East corner of said Lot 4; thence South 00 degrees, 01 minutes, 35 seconds West along the most Easterly line of Lot 4 for a distance of 209 feet to a corner in the Easterly line of Lot 4; thence South 42 degrees, 11 minutes, 02 seconds West along an Easterly line of said Lot 4 for a distance of 170.12 feet to a corner in the said Easterly line of Lot 4; thence North 52 degrees, 11 minutes, 23 seconds West for a distance of 332.66 feet to a point in the Westerly line of Lot 4 that is 152.36 feet Southwesterly of the North West corner of said Lot 4 as measured along a Westerly line of Lot 4; thence North 30 degrees, 33 minutes, 00 seconds East along a Westerly Line of Lot 4 for a distance of 152.36 feet to the North West corner of said Lot 4 thence South 89 degrees, 58 minutes, 25 seconds East along the North line of Lot 4 for a distance of 299.70 feet to the place of beginning), in Willow Creek being a subdivision of part of Section 24, Township 42 North, Range 10 East of the Third Principal Meridian, in Cook County, Illinois.

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