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MODIFICATION AGREEMENT

96842324

This Modification Agreement is dated as of the 23rd day of October 1996, between Illinois Self Storage Centers III, L. P., an Illinois limited partnership ("Borrower"), and Bank One, Chicago, NA, a national banking association ("Lender").

DEPT-01 RECORDING \$39.00
T#0012 TRAN 2940 11/04/96 12:26:00
#1894 + ER *-96-842324
COOK COUNTY RECORDER

29.00

RECITALS:

A. The Village of River Grove, Illinois ("Issuer") issued its \$1,785,000 Adjustable Rate Industrial Development Refunding Revenue Bonds (Illinois Self Storage Centers III, L.P.) Series 1993 (the "Bonds"), the proceeds of which were loaned to Borrower pursuant to the terms of a Loan Agreement dated as of December 1, 1993, between Issuer and the Borrower.

B. In order to induce prospective purchasers of the Bonds to purchase the Bonds, the Borrower requested the Lender to cause Bank One, Milwaukee, NA, a national banking association ("Original LC Bank") to issue its irrevocable letter of credit in the amount of \$1,807,006.85 ("Original Letter of Credit"). In order to induce the Original LC Bank to issue the Original Letter of Credit, Lender and Original LC Bank entered into a certain interbank Agreement dated as of December 30, 1993, in which, among other things, Lender agreed to reimburse Original LC Bank for any amounts which Original LC Bank disbursed pursuant to the Original Letter of Credit (the "Interbank Agreement"). Based upon the covenants and agreements of Lender contained in the Interbank Agreement, the Original LC Bank issued the Original Letter of Credit.

C. In order to induce Lender to enter into the Interbank Agreement with Original LC Bank, the Lender required Borrower to enter into that certain Reimbursement Agreement with Lender dated as of December 30, 1993 ("Reimbursement Agreement"), in which, among other things, Borrower agreed to reimburse the Lender for any amounts which Lender was required to pay to the Original LC Bank under the terms of the Interbank Agreement, a certain Demand Note dated December 30, 1993 in the stated principal amount of \$1,785,000.00 ("Demand Note"), a Mortgage, Assignment of Rents Security Agreement and Financing Statement dated as of December 28, 1993 which encumbers certain property located at 1820 North First Avenue, River Grove, Illinois, which Mortgage was recorded in the

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Office of the Cook County Recorder of Deeds ("Recorder's Office") on January 3, 1994 as Document No. 94002109 (the "Mortgage") and certain other documents defined in the Reimbursement Agreement as the "Bank Security Documents.

D. The Borrower has requested, among other things, that Lender issues its own irrevocable letter of credit in the amount of \$1,807,006.85 in substitution of the Original Letter of Credit ("Alternate Letter of Credit"). Lender is prepared to issue the Alternate Letter of Credit but only if Borrower enters into this Modification Agreement modifying the Reimbursement Agreement, Demand Note, Mortgage and other Bank Security Documents all as more fully set forth herein.

NOW, THEREFORE, in consideration of Lender issuing the Alternate Letter of Credit in substitution of the Original Letter of Credit, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Upon execution and delivery of this Modification Agreement and in accordance with the terms and conditions of the Indenture, the Lender agrees to issue the Alternate Letter of Credit in substitution of the Original Letter of Credit. The Original Letter of Credit shall be returned to the Original LC Bank. Lender will execute and deliver to Original LC Bank a Termination of Interbank Agreement which will terminate the Interbank Agreement.

2. Upon execution and delivery of this Modification Agreement all references in the Reimbursement Agreement, Demand Note, Mortgage and other Bank Security Documents to the following terms shall have the following meanings:

(a) "Letter of Credit" shall mean the "Alternate Letter of Credit";

(b) "Letter of Credit Bank" shall mean the Lender; and

(c) "Reimbursement Agreement", "Demand Note", "Mortgage" and "Bank Security Documents" mean the original Reimbursement Agreement, Demand Note, Mortgage and Bank Security Documents as such documents are modified by this Agreement.

3. Paragraph 2 of the Reimbursement Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

"2. Reimbursement. In the event Bank is called upon to make a payment under the Letter of Credit, all such sums so paid by Bank shall be deemed to be advances to Borrower

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pursuant to this Agreement under the Demand Note. Bank shall advise Borrower pursuant to this Agreement under the Demand Note. Bank shall advise Borrower of any payments made by it under the Letter of Credit, and the Borrower agrees to pay to the Bank, at its main office in Chicago, Illinois, in immediately available funds:

(a) In the case of a payment by the Bank under the Letter of Credit pursuant to a draft accompanied by a certificate in the form of Annex A to the Letter of Credit, a sum equal to the amount so paid, payable on demand; and

(b) In the case of a payment by the Bank under the Letter of Credit pursuant to a draft accompanied by a certificate in the form of Annex B or Annex C to the Letter of Credit, a sum equal to the amount so paid, payable immediately and without demand.

The Bank, and each affiliate of the Bank, are authorized to charge any Account of the Borrower at Bank or at such affiliate for all amounts payable under this section and for the amount of any fees payable under section 3(b) below."

4. Paragraph 3(a) of the Reimbursement Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

"(a) On the first day of each month after the replacement of the "Original Letter of Credit" by the "Alternate Letter of Credit" (as such terms are defined in that certain Modification Agreement between Borrower and Lender and dated as of October 23, 1996), a maintenance fee equal to .145833% of the amount of the Letter of Credit scheduled to be outstanding during such month;"

5. Borrower remakes as of the date of this Agreement each and every representation and warranty it made in the Reimbursement Agreement, Demand Note, Mortgage and the other Bank Security Documents.

6. Borrower acknowledges that no defenses, offsets or counterclaims are, as of the date hereof, available to Borrower under any of the Reimbursement Agreement, Demand Note, Mortgage or any other Bank Security Document.

7. Nothing herein contained shall impair the Reimbursement Agreement, Demand Note, Mortgage or Bank Security Documents in any way nor alter, waive, annul, nor 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 Lender,

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it being the intention of the parties hereto that the terms and provisions of the Reimbursement Agreement and other Bank Security Documents shall continue in full force and effect except as expressly modified in connection herewith.

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

9. Borrower shall deliver to Lender the following items in connection with the modification of the Reimbursement Agreement, Demand Note, Mortgage and other Bank Security Documents. Each such item shall be in form and content satisfactory to Lender and, unless notified below, be delivered by Borrower to Lender concurrently with the delivery of this Agreement.

(a) After the recording of this Modification Agreement in the Recorder's Office, Chicago Title Insurance Company ("Title Insurer") shall issue an endorsement (dated as of the date of the recording of this Modification Agreement) to the Loan Policy previously issued to Lender as Policy No. 1401 007480804 pursuant to which the Title Insurer shall insure Lender that the Mortgage, as modified hereby, constitutes a valid first lien on real estate which is the subject of each policy, subject only to exceptions acceptable to Lender;

(b) A Reaffirmation of Guaranty and Environmental Affidavit Indemnity Agreement executed by Borrower and the "Guarantors" (as defined in the Reimbursement Agreement);

(c) Such UCC, Judgment and Tax Searches covering Borrower and Guarantors as requested by Lender;

(d) Opinion letter of counsel to Borrower and Guarantors;

(e) Termination of Interbank Agreement executed by Lender and Original LC Bank;

(f) Payment of all costs, fees and expenses incurred by Lender in respect to the transactions described herein, including, without limitation, the fees of Lender's attorneys;

(g) Such other documents, instruments and certificates as Lender may reasonably request.

10. Except as herein expressly amended, the Reimbursement Agreement, Demand Note, Mortgage and other Security Documents shall

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continue unmodified and in full force and effect.

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

IN WITNESS WHEREOF, this instrument is executed on the day and year first above written.

BANK ONE, CHICAGO, NA, a national banking association

BY: [Signature]

ITS: [Signature]

ILLINOIS SELF STORAGE CENTERS III, L.P., an Illinois Limited Partnership

BY: [Signature]

Robert A. Soudan

ITS: General Partner

BY: [Signature]

Charles W. Sample

ITS: General Partner

BY: LINCOLNWOOD RIVER GROVE LOCKUP CORP., an Illinois corporation

ITS: General Partner

BY: [Signature]

ITS: President

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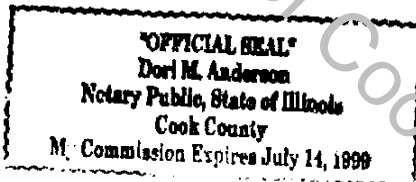
STATE OF Illinois)
) S.
COUNTY OF Cook)

I, Dori M. Anderson, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT ~~he~~, personally known to me to be the of BANK ONE, CHICAGO, NA, a national banking association (the "Bank") appeared before me this day in person and acknowledged that as of the Bank, he/she signed and delivered the attached instrument as his/her free and voluntary act and as his/her free and voluntary act of such association for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this day 31 of October, 1996

Notary Public Dori M. Anderson

My Commission Expires: 7-14-99



* Kenneth R. Malinowski

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EXHIBIT "A"

LEGAL DESCRIPTION

THE LAND REFERRED TO IN THIS POLICY IS IN THE STATE OF ILLINOIS, COUNTY OF COOK AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THE NORTH 229 FEET OF THE EAST 460 FEET OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 35, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

EASEMENT FOR THE BENEFIT OF PARCEL 1, AS CREATED BY INSTRUMENT MADE BY THE BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT 504, COUNTY OF COOK, STATE OF ILLINOIS (TRITON COLLEGE) TO CHICAGO TITLE AND TRUST COMPANY, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER TRUST AGREEMENT DATED MAY 7, 1985 AND KNOWN AS TRUST NUMBER 1086607, RECORDED SEPTEMBER 27, 1985 AS DOCUMENT 85208771, FOR PURPOSES OF SERVING THE LAND WITH SANITARY SEWER OVER AND UPON A 10 FOOT WIDE STRIP OF LAND BEING 5 FEET EACH SIDE OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A 1/2 INCH IRON PIPE AT THE NORTHWEST CORNER OF THE NORTH 229 FEET OF THE EAST 460 FEET OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 35, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, AS MONUMENTED AND OCCUPIED, AND RECORDED IN THE COOK COUNTY RECORDER'S OFFICE MAY 21, 1983 AS DOCUMENT 85029125, THENCE EASTERLY ALONG THE NORTH LINE OF THE ABOVE DESCRIBED PROPERTY 20 FEET TO THE POINT OF BEGINNING; THENCE 90 DEGREES TO THE LEFT OF THE PROLONGATION OF THE LAST DESCRIBED COURSE, 4 FEET; THENCE 69 DEGREES, 48 MINUTES, 13 SECONDS TO THE RIGHT OF THE PROLONGATION OF THE LAST DESCRIBED COURSE, 49.75 FEET TO THE POINT OF TERMINUS, IN SECTION 35, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

EASEMENT FOR THE BENEFIT OF PARCEL 1, AS CREATED BY INSTRUMENT MADE BY THE BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT 504, COUNTY OF COOK, STATE OF ILLINOIS (TRITON COLLEGE) TO CHICAGO TITLE AND TRUST COMPANY, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER TRUST AGREEMENT DATED MAY 7, 1985 AND KNOWN AS TRUST NUMBER 1086607, RECORDED SEPTEMBER 27, 1985 AS DOCUMENT 85208771, FOR PURPOSES OF SERVING THE LAND WITH A WATER MAIN OVER AND UPON THE SOUTH 10 FEET OF THE NORTH 91.5 FEET OF THE WEST 22 FEET OF THE EAST 482 FEET OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 35, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

96842324

*10-30-2001
M. J. [unclear]
[unclear]*

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Payment of \$
paid to
Municipal Government
Edward J. ...
June 1, 1900
No. 1
1900