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COOK COUNTY RECORDER

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NOTE AND MORTGAGE MODIFICATION AGREEMENT

THIS NOTE AND MORTGAGE MODIFICATION AGREEMENT (this "Modification Agreement") is made this 7th day of August, 1997, but effective as of July 1, 1997 (the "Effective Date"), by and between AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally but solely as Trustee under Trust Agreement dated June 14, 1991 and known as Trust No. 112980-05 ("Mortgagor"), SANDERS 2100 LIMITED PARTNERSHIP, an Illinois limited partnership ("Beneficiary") and LASALLE NATIONAL BANK ("Mortgagee").

RECITALS:

A. Mortgagee made a Ten Million Nine Hundred Fifty Thousand Dollars (\$10,950,000.00) loan (the "Loan") to Mortgagor and Beneficiary and, in evidence of the Loan, Mortgagor and Beneficiary executed and delivered to Mortgagee a certain Mortgage Note dated June 25, 1992 (the "Note") in the original principal amount of Ten Million Nine Hundred Fifty Thousand Dollars (\$10,950,000.00).

B. To secure the Note, Mortgagor executed and delivered to Mortgagee a certain Mortgage dated June 25, 1992 (the "Mortgage") encumbering real property in Cook County, Illinois legally described on Exhibit A attached hereto (the "Premises"), which Mortgage was

THIS DOCUMENT WAS PREPARED BY
AND AFTER RECORDING RETURN TO:

Alison M. Mitchell, Esq.
Rudnick & Wolfe
203 North LaSalle Street
Suite 1800
Chicago, Illinois 60601

BOX 333-CTI

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recorded with the Cook County, Illinois Recorder (the "Recorder") on July 6, 1992 as Document No. 92487469.

C. To further secure the Note, Mortgagor and Beneficiary executed and delivered to Mortgagee a certain Assignment of Rents and Leases dated June 25, 1992 (the "Assignment of Rents") assigning to Mortgagee all of the rents, issues, profits and leases of and from the Premises, which Assignment of Rents was recorded with the Recorder on July 6, 1992 as Document No. 92487470.

D. To further secure the Note, Beneficiary executed and delivered to Mortgagee a certain Letter of Credit Agreement dated June 25, 1992 ("Letter of Credit Agreement") and delivered to Mortgagee an Irrevocable Letter of Credit No. LASB-214854 drawn on Bank of America ("Letter of Credit").

E. Mortgagee is the owner and holder of the Note, the Mortgage, the Assignment of Rents, the Letter of Credit Agreement, the Letter of Credit and various other documents evidencing and securing the Loan (the "Loan Documents").

F. Mortgagor, Beneficiary and Mortgagee have agreed to make certain modifications in the Loan Documents on the terms and conditions hereinafter contained.

G. Among the modifications to the Loan Documents, Mortgagor and Beneficiary have requested that Mortgagee increase the amount of the Loan and extend the maturity date of the Note and Mortgagee has consented to said modifications upon the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the recitals and the mutual covenants contained in this Modification Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor, Beneficiary and Mortgagee hereby agree, stipulate and covenant as follows, notwithstanding anything to the contrary contained in the Loan Documents:

1. **AFFIRMATION OF RECITALS.** The recitals set forth above are true and correct and are incorporated herein by this reference.
2. **LOAN INCREASE/ACKNOWLEDGEMENT OF DEBT.** Mortgagor, Beneficiary and Mortgagee acknowledge that on July 10, 1997, the principal balance due under the Note was \$10,188,632.43. Concurrently with the date of this Modification Agreement, at the request of Mortgagor and Beneficiary, Mortgagee agrees to increase the amount of the Loan from \$10,950,000 to \$11,625,000. Accordingly, Mortgagor and Beneficiary hereby promise to pay to the order of Mortgagee Eleven Million Six Hundred Twenty-Five Thousand and no/100 Dollars (\$11,625,000), at the place, in the manner and with interest thereon as provided in the Note, as hereby modified. Mortgagee shall advance to Mortgagor and Beneficiary the additional loan amount, in the amount of \$1,436,367.57, for payment of the items listed in Schedule 1 hereto, from time

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to time as the conditions to advance on **Exhibit B** are satisfied. Concurrently with the date of this Modification Agreement, Mortgagee advanced to Mortgagor and Beneficiary, \$76,367.57 which is the amount of all closing costs, legal fees and loan fees related to this Modification Agreement as shown on **Schedule I** hereto. After said advance Mortgagee, Beneficiary and Mortgagor acknowledge that the principal balance due under the Note is \$10,265,000.

3. **ACKNOWLEDGEMENT OF FIRST EXTENSION.** Mortgagor and Beneficiary acknowledge that on or before July 1, 1995 it exercised the one (1) time right to extend the Loan in accordance with Section 5 of the Note and thus, the terms of Section 5 of the Note are no longer of any force or effect. The Modified Maturity Date (as defined below) shall be as set forth in Section 4(d) below.

4. **NOTE.** As of the Effective Date, the Note is hereby amended as follows:

(a) In each instance that "\$10,950,000" or "Ten Million Nine Hundred Fifty Thousand and no/100 Dollars (\$10,950,000)" arises in the Note, said amount is hereby deleted and "\$11,625,000" or "Eleven Million Six Hundred Twenty Five (\$11,625,000)", as applicable, is inserted in its place.

(b) The following shall be added as paragraph 2.(A) to the Note:

2.(A) From and after the Extended Maturity Date, interest shall be due and payable by Maker as follows:

(i) **Selection of Interest Rate.** (a) From and after the Extended Maturity Date through the Modified Maturity Date, unless Maker elects to be charged interest on the Loan (as hereinafter defined) at the LIBOR Based Rate (as hereinafter defined) in accordance with the terms, conditions and provisions hereof, interest shall accrue on the amount of the principal balance outstanding hereunder from time to time at the Floating Interest Rate (as hereinafter defined). Any change in the Floating Interest Rate shall become effective on the date of each change in the Prime Rate. Such interest shall be paid monthly in arrears on August 10, 1997 and on the tenth (10th) Business Day of each calendar month thereafter until June 10, 2000 with the final payment of interest due on the Modified Maturity Date. (b) Maker shall have the option of electing to be charged interest on the Loan at the LIBOR Based Rate subject to the conditions set forth below. Each determination of LIBOR (as hereinafter defined) by Lender shall be conclusive and binding for all purposes hereof in the absence of manifest error. Any change in the interest rate from the Floating Interest Rate or the LIBOR Based Rate to another of the rates permitted hereunder shall be effective on the applicable Conversion Date (as hereinafter defined).

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Maker agrees to pay to Lender any Additional Costs incurred by Lender, from time to time and on demand, required to compensate Lender for any such new, additional or increased cost to Lender or any such reduction in the effective spread or yield to Lender and all such additional sums shall be considered additional interest on the principal sum outstanding under this Note. Any notice of Additional Costs to be paid shall include a statement, in reasonable detail, as to the basis upon which said sum(s) have been computed. Any such notices of Additional Cost to be paid and any computations of such costs given or submitted by Lender to Maker shall be presumptively correct and presumptive evidence of Maker's obligation to pay such costs.

(ii) **LIBOR Options.** Provided (a) Maker has paid when due principal and interest in accordance with the terms of this Note, (b) no Event of Default (as hereinafter defined) has occurred and still exists under this Note, or any other Loan Document (as hereinafter defined), and (c) Lender has not accelerated this Note due to the occurrence of an Event of Default. Maker shall have the right to elect, from time to time during the term of the Loan, (1) to convert the interest rate from a Floating Interest Rate to a LIBOR Based Rate on all of the then outstanding Loan; or (2) if the Contract Payment Date (as hereinafter defined) has occurred, to have a new Contract (as hereinafter defined) cover the then outstanding principal of the Loan, in either case subject to:

- (i) Lender's receiving written notice of the election not less than three (3) Banking Days (as hereinafter defined) prior to the date requested by Maker for commencement of the Contract Period (as hereinafter defined) of the new Contract required to cover the outstanding principal balance of the Loan;
- (ii) the availability to Lender of a Contract to cover the outstanding principal balance of the Loan effective on the requested date of commencement for the Contract Period; and
- (iii) Maker's paying any Additional Cost incurred by Lender from time to time which is attributable to such election.

Interest on the outstanding principal balance of the Loan shall be computed and payable, in arrears on the Contract Payment Date, but no less frequently than quarterly, during the term of said Contract. Notwithstanding anything in this Note or the Mortgage (defined hereinafter) to the contrary, interest due on the date of any termination, breakage or other disposition of a Contract must and shall be paid to Lender by Maker and received by Lender in good, cleared funds, at the

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place designated by Lender, by 10:00 A.M. on the date such interest is due from Lender by reason of the termination, breakage or other disposition in accordance with the foregoing, time being of the essence.

To further evidence any LIBOR Based Rate, Maker shall execute such additional documentation as may be reasonably requested by Lender.

(iii) **Definitions.** As used in this Section 2.(A) and Section 9 hereof, the following terms shall have the following meanings:

A. **Additional Cost.** Any cost incurred by Lender as a result of (i) the introduction of, (ii) any change in, (iii) any changed effect of, (iv) any change in the interpretation of, and/or (v) any change in Lender's direct cost of complying with any law, rule, regulation or other requirement imposed, interpreted, administered and/or enforced by any federal, state or other governmental or monetary authority (such as a reserve requirement), which is, is deemed to be or is made applicable against any assets held by, or deposits or accounts in or with, or credits extended by Lender and which causes Lender to incur any cost in, or increases the effective cost to Lender of, lending to Maker at the LIBOR Based Rate, or decreases the effective spread or yield of two percent (2%) per annum which would be made by Lender between LIBOR and the LIBOR Based Rate.

B. **Banking Day.** A day on which banks are open for business in Chicago, Illinois and are open for interbank dealings in U.S. Dollar deposits in London, England, the Cayman Islands or Nassau, the Bahamas.

C. **Business Day.** Any day on which national banking associations are required to be open for business in Chicago, Illinois.

D. **Contract.** Any contract for 30, 90 or 180 days (as available), as elected by Maker (or any other period expressly agreed to by Lender and Maker), made by Lender, or available to be made by Lender, in the London, Cayman Islands or Nassau Interbank Markets to obtain the deposit with Lender of the sum required to fund the outstanding balance of the Loan for the respective Contract Period.

E. **Contract Payment Date.** For each Contract, the date on which it matures, except that if the Contract matures on a day which is not a Banking Day, the date shall be the next succeeding day which is a Banking Day.

F. **Contract Period.** The term of a Contract, which shall be 30, 90 or 180 days (as available or any other available period expressly

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agreed to by Lender and Maker) for which Maker elects to be charged interest on the Loan at the LIBOR Based Rate. No Contract Period shall extend beyond the Modified Maturity Date (as hereinafter defined). If Lender chooses not to accept a deposit, the Contract Period thereof shall mean the interest period for which Maker has elected to be charged the LIBOR Based Rate on the Loan.

G. Conversion Date. For interest computation purposes, and as may be appropriate, the effective date on which:

- (i) the outstanding principal balance of the Loan which was accruing interest at the LIBOR Based Rate commences to accrue interest at the Floating Interest Rate; or
- (ii) the outstanding principal balance of the Loan which was accruing interest at the Floating Interest Rate commences to accrue interest at the LIBOR Based Rate; or
- (iii) an expiring LIBOR Contract is converted into another LIBOR Contract.

H. Floating Interest Rate. The Prime Rate from time to time in effect computed based on the actual number of days elapsed and a year of three hundred sixty (360) days.

I. Funding Costs. Any costs, expenses, penalties and/or charges incurred by Lender arising directly from or relating directly to, as the case may be, the early termination, breakage or other disposition of a Contract because of payment or prepayment of the Loan prior to the Contract Payment Date or termination of the Contract, all as determined by Lender in good faith.

J. Interbank Market. Any interbank market, whether located in London, England, or the Cayman Islands, or Nassau, the Bahamas, or in any other location satisfactory to Lender, where Lender, or any branch, subsidiary, parent or affiliate of Lender, may purchase or sell deposits of U.S. dollars to other banks for fixed periods.

K. LIBOR. For each Contract, the interest rate quoted by Lender on such Contract, which shall be the rate of interest per annum (computed on basis of a three hundred sixty (360)-day year) at which a deposit in U.S. dollars in the sum equal to, the outstanding balance of the Loan is offered to Lender in the Interbank Market for the Contract Period. The use of such offered interest rate to define the LIBOR Based Rate shall not obligate Lender to accept a deposit in order to charge interest on the Loan at the LIBOR Based Rate once Maker elects to be charged interest

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at such rate on the principal balance of the Loan for a definite period (the Contract Period).

L. **LIBOR Based Rate.** For its corresponding Contract Period, the sum of (1) LIBOR, plus (2) 2.0% per annum computed on the actual number of days elapsed and a year computed on the basis of a three hundred sixty (360)-day year.

M. **Regulation D.** Regulation D of the Board of Governors of the Federal Reserve System from time to time in effect, and any successor or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

- (c) At the end of Section 4(iii) the following shall be added: "Commencing on July 1, 1997, through and including June 1, 2000, all accrued and unpaid interest only on the then outstanding principal balance of this Note shall be due and payable on the dates provided in Section 2.(A) of this Note."
- (d) The following is hereby added to the end of Section 4(iv) of the Note:
- (iv) Notwithstanding anything to the contrary set forth in this Section 4(iv), the unpaid principal balance of the Note, together with all accrued and unpaid interest thereon, shall be due and payable in full on July 1, 2000 (the "Modified Maturity Date").
- (e) Section 9 of the Note is hereby deleted and the following is inserted in its place:
9. If this Note is accruing interest at the Floating Interest Rate the Loan may be prepaid, in whole but not in part, without penalty or premium at any time upon not less than fifteen (15) days prior written notice to Lender. If this Note is accruing interest at the LIBOR Based Rate the Loan may be prepaid in whole but not in part only on the Contract Payment Date applicable thereto upon not less than fifteen (15) days prior written notice to Lender. If Maker shall now or hereafter have a right to prepay the Loan by operation of law or otherwise or if this Note is accelerated for any reason, and if this Note is accruing interest at the LIBOR Based Rate, such prepayment must be accompanied by a simultaneous payment of any Additional Costs, Funding Costs and accrued interest on any Contract which the Lender is obligated to pay.

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5. **MORTGAGE.** As of the Effective Date, the Mortgage is hereby amended as follows:

(a) Recital A is hereby deleted and the following is substituted in its place:

A. Mortgagee has agreed to loan to Mortgagor and Sanders 2100 Limited Partnership, an Illinois limited partnership ("Beneficiary"), being the sole beneficiary of Mortgagor, the principal amount of \$11,625,000 (the "Loan"). The Loan shall be evidenced by a certain Mortgage Note dated June 25, 1992 (the "Note") made by Mortgagor and Beneficiary payable to Mortgagee, and amended pursuant to Note and Mortgage Modification Agreement dated August 7, 1997 ("Modification Agreement") among Mortgagor, Beneficiary and Mortgagee. The interest rate under the Note is, at the election of Mortgagor and Beneficiary, a floating rate based on the prime rate of interest or the LIBOR rate plus 2% and the maturity date of the Note is July 1, 2000.

(b) The addresses for notices set forth in Section 24 of the Mortgage should be modified as follows:

To Mortgagee:

LaSalle National Bank
135 South LaSalle Street
Suite 1225
Chicago, Illinois 60603
Attn: Mr. Matthew Napoli

with a copy to:

Rudnick & Wolfe
203 North LaSalle Street
Suite 1800
Chicago, Illinois 60601
Attn: David Glickstein, Esq.

To Mortgagor or
Beneficiary:

American National Bank and
Trust Company of Chicago,
as Trustee under Trust Agreement
dated June 14, 1991 and known
as Trust No. 113980-05
33 North LaSalle Street
Chicago, Illinois 60690
Attn: Land Trust Department

and

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Sanders 2100 Limited Partnership
% Klaff Realty, LP
111 West Jackson Boulevard
Chicago, Illinois 60604
Attn: Mr. Hersch M. Klaff

with a copy to:

D'Ancona & Pflaum
30 North LaSalle Street
Suite 2900
Chicago, Illinois 60602
Attn: Marc S. Joseph, Esq.

(c) The following provision is hereby added to Section 39 of the Mortgage:

"(n) If on or before July 1, 1998 (the "Vacation Date") all of the space in the Premises (the "Tenneco Space") that is leased to Tenneco/Packaging Corp. ("Tenneco") on the date of the Note and Mortgage Modification Agreement dated August 7, 1997 is not leased to a tenant(s) who is then in occupancy and paying rent pursuant to a lease(s) approved by Mortgagee (individually referred to herein as a "New Lease" and collectively as the "New Leases"), which approval shall not be unreasonably withheld, then Mortgagor covenants and agrees that it will deposit with Mortgagee on July 1, 1998 and on the first (1st) day of each Projection Year (as hereinafter defined) thereafter the Cash Flow Deficit (as hereinafter defined) for said Projection Year. The deposits in the hands of Mortgagee (the "Cash Flow Deficit Deposits") shall earn interest at the money market savings rate until applied in accordance with the provisions hereof. The Cash Flow Deficit Deposits (and all interest earned thereon) are hereby pledged as additional security for the indebtedness hereby secured and may, at Mortgagee's election, be applied upon an Event of Default in reduction of the indebtedness hereby secured.

If, following the Vacation Date, the Tenneco Space, or portion thereof, is relet pursuant to a New Lease, Mortgagee shall recalculate the Cash Flow Deficit for the current Projection Year (taking into account the New Lease) and provided that there is no Event of Default, or no event with which the giving of notice or passage of time would constitute an Event of Default, return to Mortgagor from the Cash Flow Deficit Deposits, on the date that the tenant under a New Lease commences to pay rent to Mortgagor, the amount, if any, by which the Cash Flow Deficit Deposits and interest thereon exceeds the Cash Flow Deficit (as recalculated). As soon as (1) all of the Tenneco Space is relet pursuant to New Leases and (2) the Cash Flow Deficit equals zero

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(0) (or less than zero (0)), as reasonably determined by Mortgagee, and provided that on said date there is no Event of Default or no event with which the giving of notice or passage of time would constitute an Event of Default, then any remaining Cash Flow Deficit Deposits shall be returned to Mortgagor and this Section 39(n) shall have no further force or effect.

If at any time during the Projection Year Mortgagee determines that the Cash Flow Deficit Deposits are not sufficient to cover the Cash Flow Deficit for the Projection Year, then Mortgagor shall within five (5) business days after receipt of notice of said shortfall, deliver to Mortgagee the amount deemed necessary by Mortgagee to increase the Cash Flow Deficit Deposits so that it covers the projected Cash Flow Deficit for said Projection Year. If at any time during the Projection Year Mortgagee determines that the Cash Flow Deficit Deposits are greater than the amount necessary to cover the Cash Flow Deficit for the Projection Year, then, provided that there is no Event of Default, or no event with which the giving of notice or the passage of time would constitute an Event of Default, Mortgagee shall promptly refund this overage to Mortgagor.

If at any time during any Projection Year, but no more often than once each thirty (30) day period, there is a Cash Flow Deficit, the Cash Flow Deficit Deposits may be advanced by Mortgagee to Mortgagor for costs and expenses incurred in connection with the Premises, as approved reasonably by Mortgagee, provided that (i) there is no Event of Default, or no event with which the giving of notice or the passage of time would constitute an Event of Default; and (ii) the Cash Flow Deficit Deposits shall not be available for financing any of the items listed in Schedule 1 to the Modification Agreement. The Cash Flow Deficit Deposits shall be advanced in accordance with the conditions for advances under Exhibit B to the Modification Agreement.

As used herein, the "Cash Flow Deficit" for any Projection Year shall mean an amount, if any, by which the estimated Operating Expenses (as hereinafter defined) for said Projection Year plus estimated Debt Service (as hereinafter defined) for said Projection Year exceeds the estimated Operating Income (as hereinafter defined) for said Projection Year. Estimated Operating Expenses, Debt Service and Operating Income shall be reasonably determined by Mortgagee based on the financial information provided to

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Mortgagee by Mortgagor and independently verified by Mortgagee. Upon request by Mortgagor, Mortgagee shall deliver notice to Mortgagor of its determination of the Cash Flow Deficit for said Projection Year.

As used herein, "Projection Year" shall mean the twelve (12) month period commencing with the Vacation Date and each successive twelve (12) month period thereafter.

As used herein, "Operating Expenses" shall mean the sum of all costs, taxes, expenses and disbursements of every kind, nature or description estimated to be paid or due and payable during the applicable Projection Year in connection with the leasing, management, operation, non-capital improvement, maintenance and repair of the Premises and of the personal property, fixtures, machinery, equipment, systems and apparatus located therein or used in connection therewith. Real estate taxes and insurance premiums shall be treated as expenses to the extent of an annualized amount based upon the amount of the most recent bill for real estate taxes and insurance premiums (regardless of whether the same shall be paid or become due and payable during such period of calculation).

As used herein, the term "Debt Service" shall mean the sum of all principal and interest payments on the Loan that Mortgagee estimates shall be due and payable under the terms of the Note, as amended, during the applicable Projection Year. As used herein, the term "Operating Income" shall mean all rental income, including minimum rent, additional rent, escalation and pass-through payments estimated to be received in the applicable Projection Year arising from the ownership and operation of the Premises (excluding tenant security deposits (unless applied towards rent) and rent paid during said Projection Year for any other Projection Year). In determining Operating Income, extraordinary items of income, such as those resulting from casualty or condemnation or lease termination payments of tenants, shall not be included in said calculation.

6. **LOAN DOCUMENTS.** As of the Effective Date, all of the Loan Documents are modified as follows:
- (a) Any reference to the amount of the Loan is hereby changed to \$11,625,000.

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- (b) Any reference to the maturity date of the Note is hereby changed to July 1, 2000.
- (c) The definition of the term "Loan Documents" appearing in the Loan Documents is hereby amended to include, in addition to the documents already covered thereby, this Modification Agreement.
7. **TITLE INSURANCE.** Concurrently with the execution and delivery of this Modification Agreement (and, as a condition precedent to the effectiveness of this Modification Agreement), Mortgagor and Beneficiary agree to provide Mortgagee with an endorsement to Mortgagee's Title Insurance Policy No. 7380035 dated July 7, 1992 issued by Chicago Title Insurance Company ("Mortgagee's Title Policy"), which endorsement shall increase the amount of the insurance to \$1,525,000 and shall guarantee as of the date hereof that there are no objections to title other than (a) the objections to title included in Mortgagee's Title Insurance Policy, and (b) general real estate taxes not presently due or payable.
8. **MORTGAGEE'S EXPENSES.** Mortgagor and Beneficiary agree to pay all reasonable costs, fees and expenses (including but not limited to a loan fee in the amount of \$58,125 and legal fees) incurred by Mortgagee in connection with the preparation of this Modification Agreement and/or the implementation of the additional disbursements contemplated hereunder. Such of the foregoing as are incurred prior to the execution and delivery of this Modification Agreement shall be paid concurrent with such execution and delivery. All other fees, costs and expenses shall be paid within ten (10) business days after notice from Mortgagee to Beneficiary of the amount due and the reason therefor.
9. **DEFAULT.** If there is a default in any provision of this Modification Agreement then Mortgagee shall be entitled to all rights and remedies provided under the other Loan Documents.
10. **NOTICE.** Any notice required to be delivered herein shall be delivered in accordance with the terms of the Mortgage.
11. **GOVERNING LAW.** This Modification Agreement shall be construed in accordance with the laws of the State of Illinois, without regard to its conflict of laws principles.
12. **CONSTRUCTION.** This Modification Agreement shall not be construed more strictly against Mortgagee merely by virtue of the fact that the same has been prepared by Mortgagee or its counsel. Mortgagor, Beneficiary and Mortgagee each acknowledge and waive any claim contesting the existence and the adequacy

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of the consideration given by any of the other parties hereto in entering into this Modification Agreement.

13. **GENDER.** All words herein which are expressed in the neuter gender shall be deemed to include the masculine, feminine and neuter genders and any word herein which is expressed in the singular or plural shall be deemed, whenever appropriate in the context, to include the plural and the singular.
14. **ENTIRE AGREEMENT.** Mortgagor, Beneficiary and Mortgagee each acknowledge that there are no other agreements or representations, either oral or written, express or implied, not embodied in this Modification Agreement or the Loan Documents, which, together, represent a complete integration of all prior and contemporaneous agreements and understandings of Mortgagor, Mortgagee and Beneficiary.
15. **BENEFIT.** Except as provided herein, this Modification Agreement shall be binding upon and shall inure to the benefit of Mortgagor, Beneficiary and Mortgagee, and their respective successors, permitted assigns, grantees, heirs, executors, personal representatives, and administrators.
16. **RATIFICATION.** Except as herein expressly modified, the Loan Documents shall remain in full force and effect, and all of the terms and provisions of the Loan Documents, as herein modified, are hereby ratified and reaffirmed. Mortgagor and Beneficiary reaffirm and reconfirm all of the representations, warranties and covenants made by Mortgagor and Beneficiary at the time of the initial funding of the Loan.
17. **PRIORITY OF MORTGAGE.** All of the Premises shall remain in all respects subject to the lien, charge and encumbrance of the Mortgage and the Assignment of Rents, as herein modified, and nothing herein contained and nothing done pursuant hereto, shall affect the lien, charge or encumbrance of the Mortgage, as herein modified, or the priority thereof with respect to other liens, charges, encumbrances or conveyances, or release or affect the liability of any party or parties whomsoever who may now or hereafter be liable under or on account of the Loan Documents.
18. **CONSENT TO MODIFICATION.** Mortgagor and Beneficiary acknowledge that they have thoroughly read and reviewed the terms and provisions of this Modification Agreement and are familiar with same, that the terms and provisions contained herein are clearly understood by them and have been fully and unconditionally consented to by them, and that Mortgagor and Beneficiary have had full benefit and advice of counsel of their own selection, or the opportunity to obtain the benefit and advice of counsel of their own selection, in regard to

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understanding the terms, meaning and effect of this Modification Agreement, and that this Modification Agreement has been entered into by Mortgagor and Beneficiary, freely, voluntarily, with full knowledge, and without duress, and that in executing this Modification Agreement, Mortgagor and Beneficiary are relying on no other representations either written or oral, express or implied, made to Mortgagor, Beneficiary or its partners, by any other party hereto, and that the consideration received by Mortgagor and Beneficiary hereunder has been actual and adequate.

19. **RELEASE.** As additional consideration of the modification of the Loan Documents by Mortgagee as herein set forth, Mortgagor and Beneficiary hereby release and forever discharge Mortgagee, its agents, servants, employees, directors, officers, attorneys, branches, affiliates, subsidiaries, successors and assigns and all persons, firms, corporations, and organizations on its behalf from all damage, loss, claims, demands, liabilities, obligations, actions and causes of action whatsoever which Mortgagor or Beneficiary may now have or claim to have against Mortgagee, as of the date hereof, whether presently known or unknown, and of every nature and extent whatsoever on account of or in any way touching, concerning, arising out of or founded upon the Loan Documents, as herein modified, including but not limited to, all such loss or damage of any kind heretofore sustained, or that may arise as a consequence of the dealings between the parties up to and including the date hereof. This agreement and covenant on the part of Mortgagor and Beneficiary is contractual, and not a mere recital, and the parties hereto acknowledge and agree that no liability whatsoever is admitted on the part of any party, except the indebtedness herein stated under the Loan Documents, as herein modified, and that all agreements and understandings between Mortgagor, Beneficiary and Mortgagee are expressed and embodied in the Loan Documents, as herein modified.
20. **COUNTERPARTS.** This Modification Agreement may be executed in several counterparts, each of which shall, for all purposes, be deemed an original and all of such counterparts, taken together, shall constitute one and the same Modification Agreement, even though all of the parties hereto may not have executed the same counterpart of this Modification Agreement.
21. **DEFINITION OF TERMS.** All initial-capitalized terms not expressly defined in this Modification Agreement shall bear the same respective definitions herein as they bear in the Loan Documents, as herein modified.
22. **EXCULPATION.** This Modification Agreement is executed by Mortgagor not personally but as Trustee aforesaid, and it is expressly understood and agreed that nothing herein contained shall be constituted as creating any liability on Mortgagor, personally, to pay the Note or any interest that may accrue thereon, or any

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indebtedness accruing under the Mortgage, or to perform any covenant either express or implied contained in the Mortgage, all such liability, if any, being expressly waived by the Mortgagee and by every person now or hereafter claiming any right or security in the Mortgage, and that so far as Mortgagor, and its successors, personally, are concerned, the Mortgagee and the holder or holders of the Note shall look solely to any one or more of (a) the Premises, by the enforcement of the lien created by the Mortgage or (b) action to enforce the personal liability of any indemnitor, obligor, guarantor or co-maker or (c) enforcement of any other security or collateral securing the Loan.

IN WITNESS WHEREOF, this instrument has been executed by the parties hereto in manner and form sufficient to bind them, as of the day and year first above written.

MORTGAGOR:

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally but solely as Trustee as aforesaid

ATTEST:

Attestation not required by American National Bank and Trust Company of Chicago Bylaws

Secretary

By: 

This instrument is executed by the undersigned, all and Trustee, not personally but solely as Trustee in the exercise of the power and authority conferred upon me and by me as such Trustee. It is expressly understood and agreed that all the warranties, covenants, conditions and other undertakings and obligations made herein on the part of the Trustee are made and shall be deemed to be made as Trustee and not personally. Moreover, no liability or personal responsibility is assumed by or for the Trustee in respect of any warranty, indemnity, representation, covenant, undertaking or agreement of the Trustee in this instrument.

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BENEFICIARY:

**SANDERS 2100
LIMITED PARTNERSHIP, an
Illinois limited partnership**

By: **JK Sanders, Inc.,
an Illinois corporation,
General Partner**

By: _____
Name: _____
Its: _____

By: **Big Bear Properties, Inc.,
a Delaware corporation,
General Partner**

By: _____
Name: Richard W. Colburn
Its: resident

MORTGAGEE:

LASALLE NATIONAL BANK

By: _____
Name: J. J. [unclear]
Title: [unclear]

ATTEST:

[Signature]
Secretary Assn Vice President

Property of Cook County Clerk's Office

97719097

FOR INTERNAL BANK USE ONLY		
<u>[Signature]</u>	<u>[Signature]</u>	
OFFICER	OFFICER	CONT

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MORTGAGEE ACKNOWLEDGEMENT

STATE OF ILLINOIS }
COUNTY OF COOK } SS.

I, Sheila Davis, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Matthew J. Napoli, personally known to me to be the V.P. President of LASALLE NATIONAL BANK, a corporation of the State of Illinois, and J. JEFFREY LAWRENCE, personally known to me to be the AVP Secretary of said Corporation, whose names are subscribed to the within Instrument, appeared before me this day in person and severally acknowledged that as such Vice President and AVP ~~Secretary~~ they signed and delivered the said Instrument as Vice President and AVP ~~Secretary~~ of said Corporation as their free and voluntary act and as the free and voluntary act and deed of said Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal, this 12th day of August, 1997.

Sheila Davis
Notary Public

My Commission Expires:

7-25-2000



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MORTGAGOR ACKNOWLEDGMENT

STATE OF ILLINOIS }
 } SS.
COUNTY OF COOK }

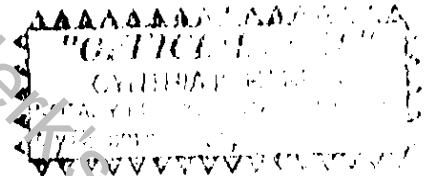
I, CYNTHIA K. HARRIS, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that GREGORY S. Kasprzyk, personally known to me to be the President of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a corporation of the State of Illinois, and _____, personally known to me to be the _____ Secretary of said Corporation, whose names are subscribed to the within Instrument, appeared before me this day in person and severally acknowledged that as such _____ President and _____ Secretary they signed and delivered the said instrument as _____ President and _____ Secretary of said Corporation as their free and voluntary act and as the free and voluntary act and deed of said Corporation, for the uses and purposes therein set forth.

SEP - 9 1997

GIVEN under my hand and Notarial Seal, this ____ day of ~~August, 1997~~.

Cynthia K. Harris
Notary Public

My Commission Expires:



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STATE OF ILLINOIS }
COUNTY OF Cook } SS.

I, Andrea M Niven, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Frank Caporale, Vice President of JK Sanders, Inc., an Illinois corporation, the general partner of 2100 Sanders Limited Partnership, an Illinois limited partnership ("Partnership"), who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such VP, 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 free and voluntary act of said corporation, on behalf of the Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 14 day of September, 1997.

Andrea M Niven
Notary Public

My Commission Expires:



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STATE OF ILLINOIS }
COUNTY OF Cook } SS.

I, Andrea M. Niven, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Richard G. Sanders of Big Bear Properties, Inc., a Delaware corporation, the general partner of 2100 Sanders Limited Partnership, an Illinois limited partnership ("Partnership"), who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Richard G. Sanders 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 free and voluntary act of said corporation on behalf of the Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 21st day of September, 1997.

Andrea M. Niven
Notary Public

My Commission Expires:



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EXHIBIT A

PARCEL 1:

THAT PART OF LOTS 4 AND 5 IN COUNTY CLERK'S DIVISION IN SECTION 18, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT A POINT IN THE CENTER OF SANDERS ROAD 591.84 FEET SOUTHERLY (MEASURED ALONG THE CENTER LINE OF SANDERS ROAD) OF THE INTERSECTION OF SAID CENTER LINE WITH THE NORTH LINE OF LOT 4; THENCE WESTERLY AT RIGHT ANGLES TO THE CENTER LINE OF SANDERS ROAD 446.33 FEET TO THE SOUTHERLY CORNER OF LOT 6; THENCE SOUTH ON THE WEST LINE OF LOT 5, 317.23 FEET, MORE OR LESS, TO A POINT 361.40 FEET NORTH OF THE SOUTHWEST CORNER OF LOT 5; THENCE EAST ON A LINE 361.40 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF LOT 5, 264.0 FEET TO A LINE BETWEEN LOTS 4 AND 5; THENCE EAST ON A LINE 361.40 FEET NORTH OF THE SOUTH LINE OF LOT 4, 227.63 FEET TO THE CENTER LINE OF SANDERS ROAD; THENCE NORTHERLY ALONG THE CENTER OF SAID ROAD 229.98 FEET TO THE PLACE OF BEGINNING, (EXCEPTING THEREFROM THAT PART THEREOF DESCRIBED AS FOLLOWS: BEGINNING AT A POINT IN THE CENTER LINE OF SANDERS ROAD 591.84 FEET SOUTHERLY OF THE INTERSECTION OF SAID CENTER LINE WITH THE NORTH LINE OF AFORESAID LOT NO. 4, THENCE WESTERLY AT RIGHT ANGLES TO THE CENTER LINE OF SANDERS ROAD 150.0 FEET TO A POINT; THENCE WITH AN ANGLE OF 90 DEGREES 00 MINUTES TO THE LEFT FROM THE PRECEDING COURSE EXTENDED 92.78 FEET; THENCE WITH AN ANGLE OF 90 DEGREES 00 MINUTES TO THE LEFT FROM THE PRECEDING COURSE EXTENDED 75.00 FEET; THENCE WITH AN ANGLE OF 79 DEGREES 39 MINUTES 30 SECONDS TO THE RIGHT FROM THE PRECEDING COURSE EXTENDED 139.26 FEET; THENCE WITH AN ANGLE OF 79 DEGREES 39 MINUTES 30 SECONDS TO THE LEFT FROM THE PRECEDING COURSE EXTENDED 50.00 FEET TO A POINT, SAID POINT BEING IN THE CENTER LINE OF SANDERS ROAD; THENCE NORTHERLY ALONG THE CENTER LINE OF SAID SANDERS ROAD 229.78 FEET TO THE PLACE OF BEGINNING) ALL IN COOK COUNTY, ILLINOIS

PARCEL 2:

THAT PART OF LOTS 4 AND 5 IN COUNTY CLERK'S DIVISION OF SECTION 18, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE CENTER LINE OF SANDERS ROAD WHICH IS THE POINT OF INTERSECTION OF SAID CENTER LINE OF SANDERS ROAD AND A LINE 192.72 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOTS 4 AND 5; THENCE WESTERLY ON SAID LINE 192.72 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOTS 4 AND 5, TO THE WEST LINE OF SAID LOT 5; THENCE NORTHERLY ALONG SAID WEST LINE OF LOT 5, A DISTANCE OF 168.68 FEET TO A POINT OF INTERSECTION WITH A LINE 361.40 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOT 5, THENCE EASTERLY ALONG SAID LINE 361.40 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOT 5, A DISTANCE OF 224.04 FEET TO A POINT OF INTERSECTION WITH A LINE 39.96 FEET WEST OF AND PARALLEL TO THE EAST LINE OF SAID LOT 5, THENCE SOUTHERLY ALONG SAID LINE 39.96 FEET WEST OF AND PARALLEL TO THE EAST LINE OF SAID LOT 5, A DISTANCE OF 148.68 FEET TO A POINT OF INTERSECTION WITH A LINE 212.72 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOT 5, THENCE EASTERLY ALONG A LINE 212.72 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOTS 4 AND 5, TO THE CENTER LINE OF SAID SANDERS ROAD AND THENCE SOUTHERLY ALONG SAID CENTER LINE OF SANDERS ROAD, A DISTANCE OF 20.16 FEET TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS

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PARCEL 3

THAT PART OF LOTS 4 AND 5 IN COUNTY CLERK'S DIVISION OF SECTION 18, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE CENTER LINE OF SANDERS ROAD WHICH IS THE POINT OF INTERSECTION OF SAID CENTER LINE OF SANDERS ROAD AND A LINE 192.72 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOTS 4 AND 5; THENCE WESTERLY ON SAID LINE 192.72 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOTS 4 AND 5, TO THE WEST LINE OF SAID LOT 5; THENCE NORTHERLY ALONG SAID WEST LINE OF LOT 5, A DISTANCE OF 168.68 FEET TO A POINT OF INTERSECTION WITH A LINE 361.40 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOT 5, THENCE EASTERLY ALONG SAID LINE 361.40 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOT 5, A DISTANCE OF 224.04 FEET TO A POINT OF BEGINNING SAID POINT BEING ON A LINE 39.96 FEET WEST OF AND PARALLEL TO THE EAST LINE OF SAID LOT 5; THENCE SOUTHERLY ALONG SAID LINE 39.96 FEET WEST OF AND PARALLEL TO THE EAST LINE OF SAID LOT 5, A DISTANCE OF 148.68 FEET TO A POINT OF INTERSECTION WITH A LINE 212.72 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOT 5; THENCE EASTERLY ALONG A LINE 212.72 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOTS 4 AND 5, TO THE CENTER LINE OF SAID SANDERS ROAD AND THENCE NORTHERLY ALONG SAID CENTER LINE OF SANDERS ROAD, A DISTANCE OF 149.94 FEET MORE OR LESS TO A POINT OF INTERSECTION WITH A LINE 361.40 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF LOTS 4 AND 5 AS FOLLOWS SAID; THENCE WESTERLY ALONG SAID LINE 361.40 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOTS 4 AND 5, 267.59 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS

17165-0418-301-019/020
Address - 57100 Sanders Rd, Northbrook

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EXHIBIT B

CONDITIONS TO ADVANCE

PART A. GENERAL CONDITIONS

Each subsequent advance of the Loan (and any reserves) shall be subject to Mortgagee's receipt, review, approval and/or confirmation of the following, each in form and content satisfactory to Mortgagee in its reasonable discretion:

1. There shall exist no default or Event of Default (as defined in the Mortgage) (currently and after giving effect to the requested advance).
2. The representations and warranties contained in the Loan Documents are true and correct.
3. Such advance shall be secured by the Loan Documents, subject only to those exceptions to title approved by Mortgagee at the time of Loan closing, as evidenced by title insurance endorsements satisfactory to Mortgagee.
4. Beneficiary shall have paid Mortgagee's reasonable costs and expenses in connection with such advance (including title charges, and costs and expenses of Mortgagee's inspecting engineer and attorneys).
5. No change shall have occurred in the financial condition of Beneficiary, or in the operating income of the Premises, which would have, in Mortgagee's judgment, a material adverse effect on the Loan, or Mortgagor's and Beneficiary's ability to perform its obligations under the Loan Documents.
6. No condemnation or adverse, as determined by Mortgagee, zoning or usage change proceeding shall have occurred or shall have been threatened against the Premises; the Premises shall not have suffered any material damage by fire or other casualty which has not been repaired or is not being restored in accordance with the Mortgage; no law, regulation, ordinance, moratorium, injunctive proceeding, restriction, litigation, action, citation or similar proceeding or matter shall have been enacted, adopted, or threatened by any governmental authority, which would have, in Mortgagee's judgment, a material adverse effect on the Premises or Mortgagor's and Beneficiary's ability to perform its obligations under the Loan Documents.
7. Mortgagee shall have no obligation to make any additional advance for less than \$10,000, except for the final additional advance, or to make advances more often than once in any one-month period.

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8. At the option of Mortgagee (i) each advance request shall be submitted to Mortgagee at least ten (10) Business Days prior to the date of the requested advance; and (ii) all advances shall be made at the title company, the office of Mortgagee or at such other place as Mortgagee may designate unless Mortgagee exercises its option to make an advance directly to the person to whom payment is due.

9. Mortgagor and Beneficiary shall use all proceeds of the Loan advanced by Mortgagee solely for the purposes specified in Schedule 1 attached hereto and in Mortgagor's and Beneficiary's advance request and, upon Mortgagee's request, shall promptly furnish Mortgagee with evidence thereof.

PART B. IMPROVEMENTS ADVANCES

Additional advances (and disbursements from reserves) shall be made to finance tenant improvements on the following terms and conditions:

1. Each request for such an advance shall specify the amount requested, shall be on forms reasonably satisfactory to Mortgagee, and shall be accompanied by appropriate invoices, bills paid affidavits, lien waivers, title updates, endorsements to the title insurance, and other documents as may be reasonably required by Mortgagee. Such advances may be made either: (a) in reimbursement for expenses paid by Mortgagor and Beneficiary, or (b) for payment of expenses incurred and invoiced but not yet paid by Mortgagor and Beneficiary, or (c) with respect to tenant improvements, by funding allowances for tenant improvements undertaken to be constructed by tenants and completed in accordance with leases. Mortgagee, at its option and without further direction from Mortgagor or Beneficiary, may disburse any improvements advance to the person to whom payment is due or through an escrow satisfactory to Mortgagee. Mortgagor and Beneficiary hereby irrevocably direct and authorize Mortgagee to so advance the proceeds of the Loan. All sums so advanced shall constitute advances of the Loan and shall be secured by the Loan Documents.

2. Beneficiary shall have submitted and Mortgagee shall have approved (1) the lease for which the tenant improvements are to be constructed, which approval shall not be unreasonably withheld, and (2) a schedule of the tenant improvements setting forth (i) each item of tenant improvements which Beneficiary or the applicable tenant intends to undertake; (ii) the estimated cost of each such item, and (iii) the time schedule for completing the tenant improvements.

3. All tenant improvements constructed by Beneficiary prior to the date a tenant improvements advance is requested shall be completed to the satisfaction of Mortgagee in accordance with the plans therefor approved by the tenant under the applicable lease.

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4. As a condition to the funding of the final tenant improvements advance for any space in the Premises:

(a) the tenant under the lease is in occupancy, has accepted the leased premises and is either paying rent under the lease or its free rent period under its lease has commenced, without offset, credit or defense, as evidenced by tenant estoppel certificate executed by such tenant, addressed to Mortgagee, in form satisfactory to Mortgagee;

(b) the brokers to whom such commissions are payable have acknowledged payment in full of all commissions due with respect to the lease in question and have released Mortgagee, Beneficiary, the Premises and the lease from all commissions due with respect to such lease; and

(c) Beneficiary shall have furnished Mortgagee with (i) a true and correct copy of the final and unconditional certificate of occupancy for the space under said lease if it is possible to obtain a certificate of occupancy from the local municipality, issued without restriction by the appropriate governmental authority having jurisdiction over the Premises, and (ii) final original lien waivers executed by each contractor, subcontractor and materialmen supplying labor or materials for the tenant improvements.

PART C. LEASING COMMISSIONS ADVANCES

Additional advances (and disbursements from reserves) shall be made to pay leasing commissions in accordance with written leasing commission agreements approved in writing, which approval shall not be unreasonably withheld by Mortgagee; however, Mortgagee shall not be obligated to make any leasing commission advance for any portion of any leasing commission until (i) the executed lease, as approved by Mortgagee, which approval shall not be unreasonably withheld, is delivered to Mortgagee, and (ii) the brokers to whom such commissions are payable have acknowledged payment in full of all commissions due with respect to the lease and have released Mortgagee, Beneficiary, the Premises and the lease from all commissions due with respect to such lease.

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SCHEDULE 1

BUDGET

Closing Costs	\$ 76,367.57
IMC Leasing Commissions	\$ 240,000.00
IMC Tenant Improvements	\$ 130,000.00
Tenneco/Future Tenant Improvements	\$ <u>990,000.00</u>
	\$ <u>1,436,367.57</u>

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