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Page 1 of 11
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Cook County Recorder 41.50

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**FIRST SUPPLEMENT TO MORTGAGE
AND ASSIGNMENT OF LEASES AND RENTS**

This First Supplement to Mortgage and Assignment of Leases and Rents dated as of September 30, 1997 (the "Supplement") is being entered into between Lane Development Limited Partnership, an Illinois limited partnership with its principal place of business and mailing address at 1200 Shermer Road, Northbrook, Illinois 60062 (hereinafter referred to as "Mortgagor") and Harris Trust and Savings Bank, an Illinois banking corporation with its mailing address at 111 West Monroe Street, Chicago, Illinois 60690 (hereinafter referred to as "Mortgagee");

WITNESSETH THAT:

WHEREAS, Mortgagor did heretofore execute and deliver to Mortgagee that certain Mortgage and Security Agreement with Assignment of Rents dated as of April 29, 1992, and recorded in the Recorder's Office of Cook County, Illinois on May 7, 1992 as Document No. 92-314432 (the "Mortgage"), encumbering, among other things, the property described on Schedule I attached hereto, in order to secure certain indebtedness of Mortgagor now or from time to time owing to Mortgagee; and

WHEREAS, Mortgagor also did heretofore execute and deliver to Mortgagee that certain Assignment of Leases and Rents dated as of April 29, 1992, and recorded in the Recorder's Office of Cook County, Illinois on May 7, 1992 as Document No. 92-314433 (the "Assignment of Leases") (the Mortgage and the Assignment of Leases being hereinafter referred to collectively as the "Mortgage Documents"), assigning, among other things, leases by the Mortgagor of all or any part of the property described on Schedule I attached hereto, in order to secure certain indebtedness of Mortgagor now or from time to time owing to Mortgagee; and

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WHEREAS, the Mortgage Documents currently secure, among other things, a term loan (the "*Term Loan*") made by Mortgagee under and subject to that certain Term Loan Agreement dated as of April 29, 1992 between the Mortgagor and Mortgagee, as amended (the "*Loan Agreement*"), which Term Loan is evidenced by that certain promissory note of Mortgagor dated April 29, 1992 payable to the order of Mortgagee in the face principal amount of \$9,000,000 (the "*Prior Note*"); and

WHEREAS, Mortgagor has substantially concurrently herewith entered into with Mortgagee a Second Amendment to Term Loan Agreement bearing even date herewith (the "*Second Amendment*") whereby such parties have agreed, among other things, to extend the maturity of the Term Loan to September 30, 2002, to change the amortization of the Term Loan and to amend various other terms and conditions set forth in the Loan Agreement; and

WHEREAS, pursuant to the Second Amendment, Mortgagee commits, subject to certain terms and conditions, to extend the final maturity of the Term Loan to September 30, 2002 and change its amortization; and

WHEREAS, pursuant to the Second Amendment, Mortgagor is substantially concurrently herewith executing, and delivering to Mortgagee a Term Note of Mortgagor bearing even date herewith payable to the order of Mortgagee in the face principal sum of \$5,537,316.00 to evidence the Term Loan, whereby Mortgagor promises to pay said principal sum (or so much thereof as may be outstanding at the maturity thereof) in installments in the amounts and payable at the times specified therein, with the last such installment due and the final maturity of the Term Note on September 30, 2002, together with interest on such principal sum payable at the rates and payable at the times specified therein (such Term Note, and any and all notes issued in extension or renewal thereof or in substitution or replacement therefor, whether in whole or in part, as any of the foregoing may from time to time be modified or amended, being hereinafter referred to as the "*Term Note*"); and

WHEREAS, Mortgagor is issuing the Term Note under and subject to the terms and conditions of the Loan Agreement and in substitution and replacement for the Prior Note and such Term Note shall evidence the Term Loan, which is all of the indebtedness previously evidenced by the Prior Note; and

WHEREAS, the Mortgagor may from time to time enter into one or more interest rate exchange, cap, collar, floor or other agreements with Mortgagor or its affiliates for the purpose of hedging or otherwise protecting Mortgagor against changes in interest on the Term Note (the liability of Mortgagor in respect of such agreements being hereinafter referred to as the "*Hedging Liability*"); and

WHEREAS, the Hedging Liability secured hereby shall not exceed \$480,000 or mature later than the final maturity date of the Term Note; and

WHEREAS, as a condition precedent to amending the Loan Agreement and the Prior Note for the aforesaid purposes, Mortgagee requires the Mortgagor, and to accommodate

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that requirement Mortgagor desires by this Supplement, to confirm and assure that all the real estate and other properties, rights, interests and privileges of Mortgagor which are currently subject to the lien and assignment created and provided for by the Mortgage Documents be and constitute collateral security for the Term Loan, which is all the indebtedness evidenced by the Prior Note (which is being replaced by the Term Note) and the Hedging Liability; and

WHEREAS, the Mortgage Documents are to continue to secure all the indebtedness now secured thereby, this Supplement being executed and delivered to confirm and assure the foregoing;

NOW, THEREFORE, for and in consideration of the execution and delivery by Mortgagee of the Loan Agreement, and other good and valuable consideration, receipt whereof is hereby acknowledged, each of the Mortgage Documents shall be and hereby is supplemented and amended as follows, to wit:

To secure (i) the payment of all principal and premium, if any, of and interest on the Term Note as and when the same becomes due and payable (whether by demand, lapse of time, acceleration or otherwise) and all indebtedness now or hereafter evidenced thereby (including the Term Loan which has heretofore been evidenced by the Prior Note), (ii) payment of all other sums at any time due or owing from or required to be paid by Mortgagor under the terms of the Mortgage Documents as supplemented and the performance and observance of all the covenants and agreements in the Mortgage Documents as supplemented which are to be performed or observed by Mortgagor, (iii) the payment of all fees and other sums owing under the Loan Agreement, and all other indebtedness, obligations and liabilities which any of the Mortgage Documents as supplemented secures pursuant to any of its terms, (iv) the payment of all sums due or owing with respect to the Hedging Liability and (v) the observance and performance of all covenants and agreements contained herein, in the Loan Agreement, in the Term Note and in any other instrument or document at any time evidencing or securing any of the foregoing or setting forth terms and conditions applicable thereto (all of such indebtedness, obligations and liabilities referred to in clauses (i), (ii), (iii), (iv) and (v) above being hereinafter referred to as the "*indebtedness hereby secured*");

(a) Mortgagor does hereby grant, bargain, sell, convey, mortgage, warrant, assign and pledge unto Mortgagee, and its successors and assigns, and grant to Mortgagee, and its successors and assigns, a security interest in, all and singular that certain real estate lying and being in Cook County in the State of Illinois described on Schedule I attached hereto and made a part hereof, together with all of the properties, rights, interests and privileges described in Granting Clauses I through VI, both inclusive, of the Mortgage (collectively, together with such real estate, being hereinafter referred to as the "*Mortgaged Premises*"), each and all of such Granting Clauses being hereby incorporated by reference herein with the same force and effect as though set forth herein in their entirety; and

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(b) Mortgagor does hereby assign, transfer and set over unto Mortgagee, and its successors and assigns, all right, title and interest to the Mortgagor in, under or pursuant to any and all present or future Leases (as such term is defined in the Assignment of Leases) relating to that certain real estate lying and being in Cook County in the State of Illinois described on Schedule I attached hereto and made a part hereof, together with all of the other properties, rights, interests and privileges assigned, transferred or set over to Mortgagee under the Assignment of Leases, each and all of the provisions of the Assignment of Leases creating and providing for such assignment being hereby incorporated by reference herein with the same force and effect as though set forth herein in their entirety.

The foregoing grant of lien and assignment is in addition to and supplemental of and not in substitution for the grant of the lien and assignment created and provided for by the Mortgage Documents, and nothing herein contained shall affect or impair the lien or priority of the Mortgage Documents as to the indebtedness which would be secured thereby prior to giving effect to this Supplement.

It is expressly understood and agreed that the indebtedness hereby secured will in no event exceed two hundred percent (200%) of (i) the sum of the \$480,000 plus the total face amount of the Term Note plus (ii) the total interest which may hereafter accrue on the Term Note and on the Hedging Liability plus (iii) any fees, costs or expenses which may be payable under the Mortgage Documents as supplemented or under the Loan Agreement.

In order to induce Mortgagee to enter into the Loan Agreement, and to accept this Supplement, Mortgagor hereby further covenants and agrees with, and represents and warrants to, Mortgagee as follows:

1. Mortgagor hereby represents and warrants to Mortgagee that as of the date hereof each of the representations and warranties set forth in the Mortgage Documents as supplemented hereby are true and correct and that no Event of Default (as such term is defined in the Loan Agreement), or any other event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, has occurred and is continuing or shall result after giving effect to this Supplement. Mortgagor hereby repeats and reaffirms all covenants and agreements contained in the Mortgage Documents, each and all of which shall be applicable to all of the indebtedness secured by the Mortgage Documents as supplemented hereby. The Mortgagor repeats and reaffirms its covenant that all the indebtedness secured by any of the Mortgage Documents as supplemented hereby will be promptly paid as and when the same becomes due and payable.

2. All capitalized terms used herein without definition shall have the same meanings herein as they have in the Mortgage. All references in the Mortgage Documents to the term "indebtedness hereby secured" shall be deemed references to all the indebtedness, obligations and liabilities secured by the Mortgage as supplemented hereby; all references in the Mortgage Documents to the Prior Note shall be deemed references to the Term Note; and all references in the Mortgage Documents to the Loan Agreement shall be deemed

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references to the Loan Agreement as amended by the Second Amendment and as the same may from time to time hereafter be further modified or amended.

3. Section 22 of the Mortgage is hereby amended in its entirety and as so amended is restated to read as follows:

"Section 22. Application of Proceeds. The proceeds of any foreclosure sale of the Mortgaged Premises or of any sale of property pursuant to Section 19(b) hereof shall be distributed in the following order of priority:

First, on account of all costs and expenses incident to the foreclosure or other proceedings; including all such items as are mentioned in Sections 19(b) and 21 hereof;

Second, to all other items which under the terms hereof constitute indebtedness hereby secured (other than the Hedging Liability and such indebtedness hereby secured which is evidenced by the Note) with interest thereon as herein provided;

Third, to the principal of and interest on the Note; and

Fourth, to the payment of any Hedging Liability with interest thereon as herein provided, with any surplus to whomsoever shall lawfully be entitled to the same.

In the event that the amount of any Hedging Liability is not fixed at the time the proceeds of such foreclosure sale of the Mortgaged Premises or other sale described herein are received which are to be allocated thereto, the proceeds so allocated shall be held by the Mortgagee as collateral security until such Hedging Liability is fixed and determined and the same shall then be applied to the Hedging Liability with any overplus applied to the Note and to any deficiency which would not have existed had the exact amount of the Hedging Liability been known at the time such proceeds were originally distributed."

4. All of the provisions, stipulations, powers and covenants contained in the Mortgage Documents shall stand and remain unchanged and in full force and effect except to the extent specifically modified hereby and shall be applicable to all of the indebtedness, obligations and liabilities secured by the Mortgage Documents as supplemented hereby.

5. Mortgagor acknowledges and agrees that the Mortgage Documents as supplemented hereby are and shall remain in full force and effect, and that the Mortgaged Premises and Leases are and shall remain subject to the lien and assignment created and provided for by the Mortgage Documents for the benefit and security of all the indebtedness hereby secured, including without limitation the Term Loan, the Hedging Liability and all the other indebtedness and obligations outstanding under the Loan Agreement. Without

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limiting the foregoing, Mortgagor hereby agrees that, notwithstanding the execution and delivery hereof, (i) all rights and remedies of Mortgagee under the Mortgage Documents, (ii) all obligations of Mortgagor thereunder and (iii) the lien and assignment granted and provided for thereby are and as amended hereby shall remain in full force and effect for the benefit and security of all the indebtedness hereby secured, it being specifically understood and agreed that this Supplement shall constitute and be, among other things, an acknowledgment and continuation of the rights, remedies, lien and security interest in favor of Mortgagee, and of the obligations of Mortgagor to Mortgagee, which exist under the Mortgage Documents as supplemented hereby.

6. This Supplement may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each of which when so executed shall be an original but all of which to constitute one and the same instrument.

7. No reference to this Supplement need be made in any note, instrument or other document making reference to the Mortgage Documents, any reference to a Mortgage Document in any of such to be deemed to be a reference to such Mortgage Document as supplemented hereby. This instrument shall be construed and governed by and in accordance with the laws of the State of Illinois.

8. Wherever herein any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements by or on behalf of Mortgagor, or by or on behalf of Mortgagee, or by or on behalf of the holder or holders of the indebtedness hereby secured contained in the Mortgage Documents as supplemented hereby shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

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IN WITNESS WHEREOF, Mortgagor has caused these presents to be duly executed the day and year first above written.

LANE DEVELOPMENT LIMITED PARTNERSHIP

By: Lane Industries, Inc., a Delaware corporation
Its General Partner

By [Signature]
Name: [Name]
Title: [Title]

Accepted and agreed to in Chicago, Illinois as of the day and year first above written.

HARRIS TRUST AND SAVINGS BANK

By _____
Name: _____
Title: _____

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IN WITNESS WHEREOF, Mortgagor has caused these presents to be duly executed the day and year first above written.

LANE DEVELOPMENT LIMITED PARTNERSHIP

By: Lane Industries, Inc., a Delaware corporation
Its General Partner

By _____
Name: _____
Title: _____

Accepted and agreed to in Chicago, Illinois as of the day and year first above written.

HARRIS TRUST AND SAVINGS BANK

By *D. K. Sabol*
Name: DANIEL KSABOL
Title: Vice President

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STATE OF ILLINOIS)
) SS.
COUNTY OF Cook)

I, Jeannine A. Gila, Notary Public in and for said County, in the State aforesaid, do hereby certify that Jaime Krey, VP-Treasurer of Lane Industries, Inc., a Delaware corporation and general partner of Lane Development Limited Partnership, an Illinois limited partnership, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such _____, appeared before me this day in person and acknowledged before me that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act and deed of said corporation and limited partnership for the uses and purposes therein set forth.

Given under my hand and notarial seal, as of this 30th day of September, 1997.



Jeannine A. Gila
Notary Public

Jeannine A. Gila
(Type or Print Name)

(Notarial Seal)

Commission Expires:

May 2, 2000

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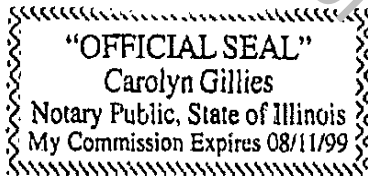
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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Carolyn Gillies, Notary Public in and for said County, in the State aforesaid, do hereby certify that Daniel K. Basul, Vice President of Harris Trust and Savings Bank, an Illinois banking corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President, appeared before me this day in person and acknowledged before me that he/she signed and delivered the said instrument as his/her own 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, as of this 30th day of September, 1997.



Carolyn Gillies
Notary Public

CAROLYN GILLIES
(Type or Print Name)

(Notarial Seal)

Commission Expires:

8/11/99

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SCHEDULE I

LEGAL DESCRIPTION

Lot 1 in Northbrook Trust Subdivision, being a subdivision and a resubdivision in the Northwest 1/4 of Section 10, Township 42 North, Range 12, East of the Third Principal Meridian according to the plat thereof recorded May 20, 1980 as Document No. 25,468,856 and registered February 26, 1981 as Document No. LR3,204,366, in Cook County, Illinois.

Permanent Index Number: 04-10-111-023 Volume: 131

Torrens Deregistration Number: 92,314,430

Property Address: 1200 Shermer Road
Northbrook, Illinois 60062

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