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DEPT-01 RECORDING \$39.00
 T#0012 TRAN 4580 04/07/97 14:55:00
 #3011 # ER #-97-240592
 COOK COUNTY RECORDER

MODIFICATION AGREEMENT

THIS MODIFICATION AGREEMENT ("Agreement") is dated as of March 31, 1997, and made by and among 3169 N. LINCOLN CORPORATION, an Illinois corporation ("Borrower") and BRUCE ABRAMS, INC., an Illinois corporation d/b/a LR Development Company, in its capacity as guarantor (the "Guarantor") under the Guaranty (as hereinafter defined) (the Borrower and Guarantor are sometimes hereinafter referred to collectively as the "Obligors") and LASALLE BANK NI, an Illinois banking corporation ("Lender").

RECITALS:

A. Lender has agreed to loan to Borrower the maximum aggregate principal sum of \$900,000 (the "Loan") pursuant to and in accordance with that certain Construction Loan Agreement dated as of September 6, 1996 by and between Borrower and Lender (the "Loan Agreement"). The Loan is evidenced by a certain Construction Loan Mortgage Note dated September 6, 1996 (the "Note"), made by Borrower in the original principal amount of \$900,000 payable to Lender, which Note matures on or about September 6, 1997.

B. The Note is secured by, among other things and without limitation, the following documents, all of which are dated as of September 6, 1996:

This instrument was prepared by
and, after recording, return to:

René Ghadimi, Esq.
Schwartz, Cooper, Greenberger
& Krauss, Chtd.
180 North LaSalle Street, Suite 2700
Chicago, Illinois 60601

Permanent Real Estate
Tax Index Nos.:

14-29-100-001

Common Address:
3169 N. Lincoln Ave.
Chicago, Illinois

BOX 333-CTI

76 27 158 D1 (14)

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(i) Mortgage made by the Borrower to Lender and recorded in the Recorder's Office on September 9, 1996 as Document No. 96686912 ("Mortgage") creating a first mortgage lien on certain improved real estate located in Cook County, Illinois, and legally described in Exhibit "A" hereto (the "Property");

(ii) Collateral Assignment of Rents and Leases made by borrower to Lender and recorded in the Recorder's Office on September 9, 1996 as Document No. 96686913 "Assignment of Rents");

(iii) Security Agreement dated as of September 6, 1996 made by Borrower, as Debtor, to Lender, as Secured Party (the "Security Agreement");

(iv) Collateral Assignment of Sales Contracts dated as of September 6, 1996 made by Borrower in favor of Lender;

(v) Collateral Assignment of Developer's Rights dated as of September 6, 1996 made by Borrower in favor of Lender;

(v) Environmental Indemnity Agreement dated as of September 6, 1996 made by the Obligor for the benefit of Lender;

(vi) UCC Financing Statements made by Borrower as Debtor in favor of Lender as Secured Party and recorded in the Cook County Recorder's Office as document no. 96U11212 and filed with the Illinois Secretary of State's Office as document no. 7587266.

The aforementioned documents, the Note, the Guaranty (as hereinafter defined) and the other documents or agreements delivered to Lender to secure or evidence the Loan or to otherwise induce Lender to disburse the proceeds of the Loan, each as hereby amended, and as in effect from time to time, are hereinafter referred to collectively as the "Loan Documents".

C. Guarantor has guaranteed repayment of the Loan to Lender pursuant to the provisions of a certain Guaranty dated as of September 6, 1996 (the "Guaranty").

D. Borrower and Guarantor have requested that Lender increase the maximum aggregate amount of the Loan to \$1,150,000 from \$900,000 (the foregoing requested change is hereinafter sometimes referred to as the "Requested Modification"). Lender is willing to grant such request, subject to the terms and conditions set forth below.

NOW, THEREFORE, in order to induce Lender to increase the maximum aggregate Loan amount and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, Guarantor and Lender hereby agree as follows:

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1. **Incorporation of Recitals; Definitions.** The Recitals set forth above are incorporated herein and made a part hereof.

2. **Increase in Principal.** The aggregate principal amount of the Loan is hereby increased to \$1,150,000 from \$900,000. Accordingly, the Loan Documents are hereby modified as follows:

(a) The words "Nine Hundred Thousand" and the amount "\$900,000" appearing in Paragraph 1 of the Note are hereby deleted and the words "One Million One Hundred Fifty Thousand" and the amount "\$1,150,000" are hereby substituted therefor. The Note as so modified is hereinafter referred to as the "Amended Note".

(b) The amount "\$900,000" appearing in Paragraph A of the Recitals of the Mortgage is hereby deleted and the amount "\$1,150,000" is hereby substituted therefor.

(c) The amount "\$900,000" appearing in Paragraph 1.2 of the Loan Agreement is hereby deleted and the amount "\$1,150,000" is hereby substituted therefor.

(d) The amount "\$900,000" appearing in the definition of "Construction Loan" in Article 2 of the Loan Agreement is hereby deleted and the amount "\$1,150,000" is hereby substituted therefor.

(e) The amount "\$900,000" appearing in the definition of "Construction Loan Note" in Article 2 of the Loan Agreement is hereby deleted and the amount "\$1,150,000" is hereby substituted therefor.

(f) The amount "\$900,000" appearing in the definition of "Maximum Loan Amount" in Article 2 of the Loan Agreement is hereby deleted and the amount "\$1,150,000" is hereby substituted therefor.

All other references in the Loan Documents to the Construction Loan in the maximum loan amount of \$900,000 or to the Construction Loan Note in the maximum principal amount of \$900,000 shall be amended to refer to the maximum Loan amount and Note balance as hereby amended.

3. **Acknowledgment of Outstanding Principal Balance.** Obligors acknowledge and agree that the outstanding principal balance of the Note, prior to being amended by this Agreement, as of the date hereof is \$819,204.43.

4. **Amendment of Loan Documents.** The Mortgage, the Guaranty and the other Loan Documents are hereby amended to secure the obligations and liabilities evidenced by the Amended Note.

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5. **Required Deliveries.** Lender's consent to the Requested Modification shall be subject to Lender (or Lender's nominee) having received the following in a form and substance acceptable to Lender on or before March 31, 1997 (the "Amendment Termination Date"):

- (a) This Agreement duly executed by the Obligors;
- (b) An additional endorsement to Chicago Title Insurance Company Loan Policy No. 7627158DB (the "Title Policy") which (i) amends the description of the Mortgage insured under the Title Policy to include this Agreement, (ii) amends the description of the Assignment of Rents to include this Agreement, (iii) extends the effective date of the Title Policy to the date of the recording of this Agreement, (iv) includes no additional exceptions to title other than those that have been approved in writing by Lender and (v) states that all real estate taxes and assessments applicable to the Property which are due and payable as of the date of such endorsement have been paid in full;
- (c) the payment of the fees and expenses described in Paragraph 11 below; and
- (d) Such other documents as Lender may reasonably require.

The Obligors' failure to deliver the aforementioned documents and items to Lender on or before the Amendment Termination Date shall, at the option of Lender, result in this Agreement (including all agreement of Lender contained herein) being null and void.

6. **Ownership; Condition of Title.** Borrower has good and marketable fee simple title to the Property (as defined in the Mortgage), free and clear of all liens, claims and encumbrances except those of Lender and as otherwise shown on Schedule B of the Title Policy.

7. **Revised Budget.** Borrower represents and warrants to Lender that the budget delivered by Borrower to Lender under cover of that certain letter by Stephen F. Galler, VP of Borrower, dated April 1, 1997 is a accurate, true, correct and complete copy of the Revised Budget, and is hereby substituted for the original Budget attached to the Loan Agreement.

8. **No Conflicts.** The execution and delivery of this Agreement by each Obligor will not (i) conflict with, constitute an event of default under, or result in a breach or a violation of the provisions of the articles of incorporation or by-laws governing or creating Borrower or Guarantor, (ii) to the best of such Obligor's knowledge, result in a violation of any applicable law, statute, ordinance or regulation, or any judgment, order, writ, injunction, decree or rule of any court, administrative agency or other governmental authority or of any determination or award of any arbitrator binding upon or applicable to any Obligor or the Property, (iii) to the best of such Obligor's knowledge, conflict with, constitute an event of default under, or result in a breach or violation of the provisions of any agreement or other instrument to which any Obligor is a party, or by which such Obligor's property or assets are bound, or (iv) result in the creation of any lien, charge or encumbrance on any property or assets of any Obligor, except as contemplated by the Loan Documents.

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9. **Financial Information.** All financial statements and rent rolls submitted to Lender relating to Borrower, Guarantor and the Property are true, complete and correct. The financial statements fairly present the financial condition of the person or entity to which they pertain. Neither the financial statements nor the rent rolls contain any untrue statement of a material fact or fail to state a fact material to such financial statements or rent rolls. No material adverse change has occurred in the financial condition or operations of Borrower, the Guarantor or the Premises since the dates of the most recent financial statements and rent roll.

10. **References; Continued Effectiveness.** All references to the Note, the Mortgage, the Guaranty and the other Loan Documents contained in any of the Loan Documents shall be deemed to refer to each of such documents as amended by this Agreement. Except as expressly provided herein, the Amended Note, the Mortgage, the Guaranty, the Loan Documents and each other instrument or agreement delivered by Borrower or by Guarantor to or for the benefit of Lender in connection with the Loan shall remain in full force and effect in accordance with their respective terms and the execution and delivery of this Agreement shall not operate to waive any rights or remedies that Lender may have with respect to the Amended Note, the Mortgage, the Guaranty, the or the Loan Documents, all as amended hereby, or to forgive or waive any violation, default or breach under the Amended Note, the Mortgage, the Guaranty or the Loan Documents, as amended hereby..

11. **Payment of Loan Expense.** Concurrently with the execution and delivery of this Amendment by the Obligors, the Obligors shall pay to Lender a non-refundable loan extension fee in the amount of \$625. Furthermore, the Obligors hereby agree to pay all of Lender's reasonable attorneys' fees incurred in connection with the negotiation and documentation of the agreements contained in this Agreement, all recording fees and charges, title insurance charges and premiums, appraisal fees, and all other expenses, charges, costs and fees referred to in, necessitated by or otherwise relating to this Agreement (collectively, the "Additional Loan Expenses"). If the Additional Loan Expenses are not paid to Lender within five days after written demand therefor by Lender, the Additional Loan Expenses shall bear interest from the date so incurred until paid at an annual rate equal to the Default Rate (as defined in the Amended Note).

12. **Defaults.** Each of Borrower and the Guarantor represents and warrants to Lender that, to the best knowledge of such person or entity, as of the date hereof no Event of Default or event or condition which could become an Event of Default with the giving of notice or passage of time, or both, exists under the Note or the other Loan Documents. Borrower and Guarantor further acknowledge and agree that an Event of Default under the Note and the other Loan Documents shall be deemed to exist upon the occurrence of a breach of any of the representations, warranties or covenants set forth in this Agreement.

13. **Compliance with Agreement.** Borrower and Guarantor represent and warrant to Lender there is not any condition, event or circumstance existing, or any litigation, arbitration, governmental or administrative proceedings, actions, examinations, claims or demands pending or threatened affecting Borrower, Guarantor or the Property, or which would prevent any of them from

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complying with or performing his or its respective obligations under the Amended Note or the other Loan Documents, all as amended hereby, and no basis for any such matter exists.

14. **Authority to Execute Agreement; No Conflict.** Each of Borrower and Guarantor represents and warrants to Lender that it has full power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder. Upon the execution and delivery hereof, this Agreement will be valid, binding and enforceable upon the Obligors in accordance with its terms.

15. **Ratification of Liability.** Each Obligor hereby ratifies and confirms its respective liabilities and obligations under the Amended Note, the Guaranty and the other Loan Documents, all as amended hereby, and the liens and security interests created thereby, and acknowledge that it has no defenses, claims or set-offs to the enforcement by Lender of their respective obligations and liabilities under the Amended Note, the Guaranty and the other Loan Documents, all as amended hereby.

16. **Amendment Binding.** This Agreement shall be binding on each of the Borrower and the Guarantor and their respective successors and permitted assigns, and shall inure to the benefit of Lender and its successors and assigns. Each party to this Agreement acknowledges that it has read this Agreement, has had counsel represent it in negotiating and executing this Agreement and that it fully understands the terms, provisions and consequences hereof and that the execution of this Agreement is the voluntary act of such party, free from duress, fraud or undue influence of any kind.

17. **Miscellaneous.**

(a) **Captions:** The paragraph and section headings used herein are intended for convenience of reference only and shall not affect the meaning, interpretation or construction of all or any portion of this Agreement.

(b) **Governing Law/Severability:** This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. If any provision contained in this Agreement is held for any reason to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or un-enforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as though such offending provision had never been contained herein.

(c) **Counterparts:** This Agreement may be executed in counterparts, and all said counterparts when taken together shall constitute one and the same Agreement.

18. **Waiver of Jury Trial.** **THE OBLIGORS ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS (AS AMENDED HEREBY) OR WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREIN AND THEREIN**

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WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES. ACCORDINGLY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OBLIGOR HEREBY KNOWINGLY AND VOLUNTARILY (A) WAIVES THE RIGHT TO TRIAL BY JURY IN ANY CIVIL ACTION, CLAIM, COUNTERCLAIM, CROSS-CLAIM, THIRD-PARTY CLAIM, DISPUTE, DEMAND, SUIT OR PROCEEDING ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE NOTE, THE MORTGAGE OR ANY OF THE OTHER LOAN DOCUMENTS (ALL AS AMENDED HEREBY), THE LOAN, OR ANY CONDUCT OF ANY PARTY RELATING THERETO, AND (B) AGREE THAT ANY SUCH ACTION, CLAIM, SUIT OR PROCEEDING SHALL BE TRIED BEFORE A JUDGE AND NOT BEFORE A JURY.

IN WITNESS WHEREOF, this Agreement has been entered into as of the date first above written.

LENDER:

LASALLE BANK, NI an Illinois
banking corporation

By: 

Title: VICE PRESIDENT

BORROWER:

3169 N. LINCOLN CORPORATION,
an Illinois corporation

By: 

Title: Vice President

GUARANTOR:

BRUCE ABRAMS, INC., an Illinois
corporation

By: 

Title: Vice President

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

LOT 1 AND 2 IN JOHN P. ALTGELD'S SUBDIVISION OF BLOCKS 1, 2, 3, 4 AND 7 AND THE NORTH ½ OF BLOCK 6 IN THE SUBDIVISION OF THAT PART LYING NORTHEASTERLY OF LINCOLN AVENUE OF THE NORTHWEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THAT PART OF SAID LOT 1 CONVEYED TO THE CITY OF CHICAGO FOR WIDENING OF NORTH ASHLAND AVENUE BY DEED) ALL IN COOK COUNTY, ILLINOIS

PIN: 14-29-100-001-0000

Common Address:
3169 North Lincoln Avenue
Chicago, Illinois

97240592

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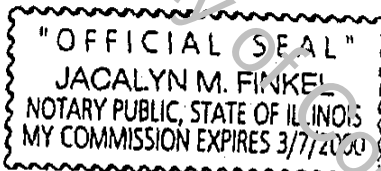
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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, JACALYN FINKEL, a Notary Public in and for said County, in the State aforesaid, do hereby certify that DAVID DRESDNER, the VICE PRESIDENT of 3169 N. LINCOLN 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 that (s)he signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 27th day of March, 1997.



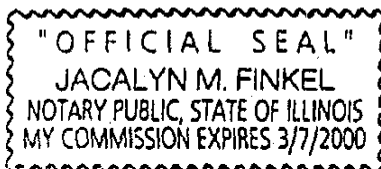
Jacalyn M. Finkel
NOTARY PUBLIC

(SEAL)

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, JACALYN FINKEL, a Notary Public in and for said County, in the State aforesaid, do hereby certify that STEPHEN GAUCH, the VICE PRESIDENT of Knee C. Adams, Inc., an Illinois 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 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, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 27th day of March, 1997.



Jacalyn M. Finkel
NOTARY PUBLIC

(SEAL)

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Mary Jean Haley, a Notary Public in and for said County, in the State aforesaid, do hereby certify that John C. Schellinger, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 27th day of March, 1997.

Mary Jean Haley
NOTARY PUBLIC

(SEAL)



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