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Prepared by & Mail to:
Gerald M. Petacque
19 West Jackson Boulevard
Chicago, Illinois 60622



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COOK COUNTY RECORDER

MODIFICATION AND EXTENSION AGREEMENT

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THIS AGREEMENT ("Agreement") made this 1 day of OCT, 1998

by and between MANUFACTURERS BANK ("Lender") having its principal office at 1200 North Ashland Avenue, Chicago, Illinois, and WILSON ZAMBONINO and ELLA ZAMBONINO ("Borrowers"), (each of the foregoing individuals is referred to individually as a Guarantor and are collectively referred to as the "Guarantors").

RECITALS

1. Borrowers and Guarantors executed and delivered to Lender a certain Promissory Note dated August 22, 1997 in the amount of \$328,000.00 ("Note") secured by a Construction Mortgage ("Construction Mortgage") dated August 22, 1997 recorded in the Office of the Recorder of Deeds of Cook County, Illinois, on August 25, 1997 as Document No. 97621595 encumbering real estate commonly known as 1514 North Milwaukee Avenue, Chicago, Illinois, described in Exhibit "A" attached hereto and made a part hereof.

2. The Note was increased by the amount of \$120,000.00 and extending the maturity date to August 22, 1998 pursuant to the terms of a certain Modification

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Agreement executed by Borrowers and Guarantors for the benefit of Lender dated February 22, 1998 ("Modification Agreement") and recorded as Document No. 9774714.

3. That the Note was further secured by a certain Construction Loan Agreement ("Construction Loan Agreement") dated August 22, 1997 executed by Borrowers and Guarantors and Assignment of Rents dated August 22, 1997 ("Assignment of Rents") recorded in the Office of the Recorder of Deeds of Cook County on August 25, 1997 as Document No. 97621596.

4. Hazardous Substance Certificate and Indemnity dated August 22, 1997 executed by Borrowers and Guarantors ("Hazardous Substance Certificate") recorded in the Office of the Recorder of Deeds of Cook County on August 25, 1997 as Document No. 97621597.

5. Guaranty of Completion and Performance executed by Borrowers as Guarantors dated August 22, 1997 ("Guaranty of Completion").

The Note, Construction Mortgage, Modification Agreement, Construction Loan Agreement, Assignment of Rents, Hazardous Substance Certificate and Guaranty of Completion are hereby incorporated by reference and made a part hereof hereinafter collectively referred to as "Loan Documents").

Borrowers and Guarantors have requested Lender to increase the amount of the Note for an additional Twelve Thousand (\$12,000.00) Dollars and to extend the maturity date of the Note and Lender has agreed to do same upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and

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sufficiency of which are hereby acknowledged, Borrowers and each Guarantor hereby agree with Lender as follows:

ARTICLE I

Recitals

Section 1.01. *Recitals*

That the recitals contained in this Agreement are made a part hereof.

ARTICLE II

Loan Maturity

Section 2.01. *Loan Maturity*

Borrowers and each Guarantor hereby acknowledge and agree with Lender that the Loan Documents are, as of the date hereof, valid and binding agreements and obligations of the parties thereto, that the Loan has matured beyond all applicable notice requirements and grace periods, and that neither the Borrowers nor any Guarantor has any defense, offset, or counterclaim against Lender or the exercise of remedies by Lender with respect to the Loan, Borrowers and each Guarantor hereby waiving and releasing, to the extent that any such defense, offset, or counterclaim may exist, each and every such defense, offset, and counterclaim, including, without limitation, all those arising by reason of (a) any and all amendments or modifications of any Loan Document, (b) any and all alterations, accelerations, extensions, or other changes in the time or manner of payment or performance of Borrowers' obligations, (c) any and all increases or decreases in the rate of interest or other charges, (d) the release, substitution, or addition of any collateral or any guarantor, (e) any failure of Lender to give notice of default to Borrowers or any Guarantor, (f) any failure of Lender to pursue Borrowers or any of its property with due

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diligence, and (g) any failure of Lender to resort to collateral or to remedies which may be available to it.

Section 2.02. *The Debt*

Borrowers and each Guarantor hereby agree with Lender that subject to the provisions of Section 601.05 regarding the continuation of the accrual of interest and other charges relating to the Loan, the following sums are owed with respect to the Loan as of the date hereof:

| | |
|-----------------|--------------|
| Principal | \$402,949.80 |
| Unpaid Interest | 16,973.02 |
| Late Fees | 1,654.86 |

Section 2.03. *No Default by, or Claims Against, Lender*

Borrowers and each Guarantor agree with Lender (a) that Lender has not defaulted in the observance or performance of any of Lender's obligations under the Loan Documents or with respect to the Loan, (b) that Lender is not liable to Borrowers or any Guarantor in any way for any thing or matter whatsoever, whether or not relating to the Loan, and that neither Borrowers or any Guarantor has any claims or causes of action against Lender of any nature whatsoever whether or not relating to the Loan, and (c) that, to the extent that any may exist, Borrowers and each Guarantor hereby waive, relinquish, and release Lender from each and every liability, claim, cause of action, and grounds for suit which Borrowers or such Guarantor may have against Lender, whether or not related to the Loan.

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UNOFFICIAL COPY**ARTICLE III****Representations****Section 3.01. *Representations of Borrowers and Guarantors***

Borrowers and each Guarantor hereby represent to Lender as follows:

Section 3.01.01. *Financial Statements*

The financial statements heretofore delivered to the Lender by Borrowers and the Guarantors are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles, and fairly present the respective financial conditions of the subjects thereof as of the respective dates thereof, and no material adverse change has occurred in the financial conditions reflected therein since the respective dates thereof.

Section 3.01.02. *Litigation*

There are no actions, suits, or proceedings pending or, to the knowledge of the Borrowers or the Guarantors, threatened or anticipated against or affecting Borrowers, the partners comprising Borrowers, or any Guarantor, or involving the validity or enforceability of this Agreement, the Loan, or the Loan Documents, at law or in equity, or before or by any governmental authority, and neither the Borrowers nor any partner comprising Borrowers nor any Guarantor is in default(s) with respect to any order, writ, injunction, decree, or demand of any court or any governmental authority.

Section 3.01.03. *Title to Premises*

Borrowers are the owner of the Premises.

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ARTICLE IV

Modification

Section 4.01. *Note Increase*

The Note shall be increased by Twelve Thousand (\$12,000.00) Dollars ("Additional Loan Amount") to become part of the undisbursed funds for construction which disbursements shall be made within the sole discretion of Lender for construction items set forth in Exhibit "B" attached hereto and made a part hereof. The Construction Mortgage and Loan Documents now secure the additional loan amount with all the priorities enjoyed by Lender.

Section 4.02. *Summary of Amount of Note*

The original Note dated August 27, 1997 in the amount of Three Hundred Twenty-eight Thousand (\$328,000.00) Dollars:

| | | |
|-----|---|--------------|
| (1) | Original Note dated August 22, 1997 | \$328,000.00 |
| (2) | Modifications of Note dated February 22, 1998 | 120,000.00 |
| (3) | This Agreement | 12,000.00 |
| | Total Note Amount | \$460,000.00 |

Section 4.03. *Extension of Term and Repayment*

The Maturity Date of the Note and Construction Mortgage is hereby extended to January 1, 1999 when all unpaid principal balance of the Note, together with all accrued and unpaid interest and all sums due and owing pursuant to the Note and all other documents executed and delivered to secure the principal amount due under the Loan Documents.

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ARTICLE V

Disbursements

Section 5.01 *Disbursements*

Disbursements shall be made to Chicago Title Insurance Company pursuant to a certain Construction Escrow No. 97047394-002 ("Construction Escrow") dated the ____ day of _____, 19__ Borrowers and guarantors agree to comply with all the terms of the Construction Escrow and sign any documents including a new Sworn Owner's Statement and Request for Payment which must be approved by Lender and any other documents that may be required by the Escrowee in order to process this disbursement in order for Lender to obtain interim certification as provided in the Construction Escrow.

ARTICLE VI

Covenants

Section 6.01. *Covenants of Borrowers and Guarantors*

Borrowers and each Guarantor hereby consent and agree with Lender as follows:

Section 6.01.01. *Performance of Loan Documents*

Borrowers and the Guarantors shall, and the Guarantors shall cause Borrowers to, observe and perform all their respective obligations under the Loan Documents (unless modified by this Agreement).

Section 6.01.02. *Expenses*

Borrowers shall, and the Guarantors shall cause Borrowers to, reimburse Lender for all costs and expenses of Lender relating to this Agreement, including, without limitation, the fees and expenses of Lender's counsel.

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Section 6.01.03. Loans, Investments, or Distributions

Borrowers shall not, and the Guarantors shall not permit Borrowers to, nor shall any Guarantor, directly or indirectly, (a) create, incur, borrow, or assume, contingently or otherwise, any loan, indebtedness, or other advance, (b) make any loan, advance, extension of credit, or guaranty, or (c) make any capital contribution or investment, or (d) make any distribution of income or capital or dividends, all without the prior written consent of Lender in each case of matters described in (a), (b), (c), or (d).

Section 6.01.04. Financial Information and Access for Lender

Borrowers shall, and each Guarantor shall, and shall cause Borrowers to, provide Lender with such information about the financial status and condition of Borrowers and such Guarantors as Lender may reasonably request from time to time, and Borrowers and each Guarantor shall at the time of the execution of this Agreement deliver to Lender a fully completed, currently dated Lender's Financial Statement and also permit Lender, through Lender's representatives, to inspect the Premises and the financial records of Borrowers and each Guarantor from time to time as Lender may request.

Section 6.01.05. No Waiver by, or Imposition of Liability on, Lender

Except as herein expressly provided, Borrowers and each Guarantor acknowledge and agree that neither the execution of this Agreement by Lender nor the acceptance of payments hereunder by Lender, nor any other matter relating to the execution, delivery, or performance of this Agreement by Lender shall, or shall be deemed to, in any way, forgive, reinstate, extend in maturity, waive, alter, or release any of Borrower's or any Guarantor's respective obligations with respect to the Loan or under any of the Loan Documents, or affect or modify or derogate in any way any of Lender's rights or remedies

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with respect to default(s) of Borrowers or any Guarantor, or impose any liability on Lender. All terms and provisions of the Loan Documents shall remain in full force and effect except as modified by this Agreement. The provisions of this Agreement shall not alter, amend, change, modify or discharge any of the other covenants and conditions contained in the Loan Documents. Borrowers and each Guarantor acknowledge and agree that interest and other charges shall continue to accrue on the remaining indebtedness of the Loan until all such remaining indebtedness and all interest and other charges accruing thereon or payable in connection therewith have been paid in full.

Section 6.01.06. No Construction

Borrowers shall not undertake or commence any construction or building of improvements, or any alteration, renovations, or addition to any existing improvements, on the Premises, without Lender's prior written consent except as provided in this Agreement.

Section 6.01.07. Indemnification

Borrowers shall, and the Guarantors shall cause Borrowers to, indemnify and hold harmless Lender from and against all costs, damages, expenses, liabilities, claims, suits, and causes of action of every nature arising out of or in connection with the execution, observance, or performance of this Agreement by Lender.

ARTICLE VII

Reaffirmation of Guaranty

Section 7.01. Reaffirmation's of Each Guaranty

Each Guarantor reaffirms, ratifies, and agrees to his or her continuing obligations under the Guaranty, and agrees with Lender that the Guaranty is in full force and effect

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with respect to the Loan as presently evidenced and secured by the Loan Documents and shall continue until all indebtedness of and related to the Loan is fully paid, each Guarantor hereby waiving and release, to the extent that any such defense, offset, or counterclaim to his or her obligations under the Guaranty may exist, each and every such defense, offset, and counterclaim.

ARTICLE VIII

Miscellaneous

Section 8.01. Notices

All notices, demands, and communications to be given with respect to this Agreement will be deemed to have been given when delivered personally to the party designated to receive such notice or on the next business day if sent by Federal Express or three business days after the date of mailing when mailed by certified mail, postage and charges prepaid, addressed to the address for such party set forth at the beginning of this Agreement. Each party may change the address for notices to be given to that party by written notice to the other parties given in accordance with the terms of this paragraph.

Section 8.02. Merger of Agreements

This Agreement, together with the Loan Documents, constitutes the entire and final agreement among the parties with respect to the subject matter hereof and thereof, and there are no agreements, understandings, warranties, or representations among the parties with respect to the subject matter hereof and thereof, except as set forth herein and therein. All other prior communications, negotiations, agreements, and understandings, whether oral or written, including, without limitation, all agreements and understandings

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for extensions of the Loan and additional loans or advances, are hereby merged into this Agreement and no longer of any force or effect.

Section 8.03. *Successors*

This Agreement shall inure to the benefit of and bind the respective heirs, executors, personal representatives, successors, and assigns of the parties hereto, provided that neither Borrowers nor any Guarantor shall assign any rights or benefits under this Agreement without Lender's prior written consent, which consent may be withheld in Lender's sole discretion. No consent by Lender to any such assignment shall release Borrowers or any Guarantor from liability to Lender under the Loan Documents or this Agreement, and no consent shall waive or release the requirement for further consents to further assignments.

Section 8.04. *No Partnership*

The relationship between Borrowers and Lender is that of debtor and creditor. Nothing contained in this Agreement shall be deemed to create a partnership or joint venture or other relationship between Lender and Borrowers or between Lender and any other party, or to cause Lender to be liable or responsible in any way for the actions, liabilities, debts, or obligations of the Borrowers or any other party.

Section 8.05. *Severability*

If any clause or provision of this Agreement is determined to be illegal, invalid, or unenforceable, this Agreement, at Lender's election, shall terminate.

Section 8.06. *Captions*

Paragraph, Article, and other headings contained in this Agreement are for convenience of reference only and in no way define, limit, prescribe, expand, or otherwise

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alter the scope or intent of this Agreement or in any way affect this Agreement or any provision hereof.

Section 8.07. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute a single document.

Section 8.08. Governing Law

This Agreement shall be governed and interpreted under, and construed in accordance with, the internal substantive laws (and not the laws of conflicts) of the State of Illinois.

Section 8.09. Further Assurances

Upon Lender's request from time to time, Borrowers and each Guarantor shall execute and deliver, or cause to be executed and delivered, to Lender all documents and do, or cause to be done, all such other acts and things to assure that the benefits of this Agreement are realized by Lender.

Section 8.10. No Third Party Beneficiaries

The provisions of this Agreement are intended to be solely for the benefit of the parties hereto, and their respective heirs, executors, personal representatives, successors and assigns, and none of the provisions of this Agreement are intended to be, nor shall they be construed to be, for the benefit of any third party.

Section 8.11. Interpretation

Words used in this Agreement in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the

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context requires. The terms *hereof*, *herein*, and *herewith* and words of similar import shall be construed to refer to this Agreement in its entirety and not to any particular provision unless otherwise stated. The word *person* shall mean any natural person, partnership, corporation, and any form of business or legal entity.

Section 8.12. *Construction*

This Agreement shall be construed without regard to any presumption or rule requiring construction against the party drafting or causing any instrument to be drafted.

Section 8.13. *Time of the Essence*

Time shall be of the essence with respect to the performance of the obligations of Borrowers and each Guarantor under this Agreement.

Section 8.14. *Sale of Units*

Borrowers will pay or cause to be paid to Lender the following sums in cash which is not less than ONE HUNDRED (100%) PER CENT of the net proceeds of sales of the Units ("Release Percentage") until the Lender is paid all the sums due it under the Loan Documents. For the purposes of this Section, "Net Proceeds" shall mean all proceeds from the sale of a Unit less customary closing costs and prorations, less any broker's commission Borrowers are obligated to pay at closing. In no event shall any broker's commission exceed 3% of the purchase price if the broker is related or affiliated in any way to Borrowers or 6% of the purchase price if broker is an independent third-party. In addition, any release or partial release under the Note is contingent upon Borrowers being in full compliance with all terms and conditions of the Loan Documents and Loan Commitment. Such payments to Lender will be applied against indebtedness due under the Note, under this Agreement and under the Loan Documents, and may be allocated to

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principal, interest, or other charges or indebtedness, if any, thereunder as Lender in its sole discretion may determine.

Section 8.15. *Partial Release of Units from Lien of the Mortgage*

Whenever any Unit shall have been sold and conveyed by Borrowers to any purchaser thereof in conformity with the applicable provisions of this Agreement, and provided there does not then exist Default hereunder, Lender will deliver to Borrowers or to the Unit purchaser an instrument which if duly recorded would operate to release such Unit from the lien of the Mortgage, provided that, as additional conditions to Lender's delivery of such instrument of release, Borrowers shall pay or cause to be paid to Lender the full Release Price with respect to that Unit and Borrowers shall have complied with all of the requirements of this Agreement and the Loan Documents.

Section 8.16. *Amendment*

Neither this Agreement nor any of the provisions hereof can be changed, waived, discharged, or terminated, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought.

IN WITNESS WHEREOF, Borrowers, each Guarantor, and Lender have executed this Agreement as of the day and year first written above.

BORROWERS AND GUARANTORS:

Wilson Zambonino
Wilson Zambonino
Ella Zambonino
Ella Zambonino

LENDER:

MANUFACTURERS BANK

By James J. Quinn Service Fees.
ATTEST James J. Quinn

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EXHIBIT "A"

LEGAL DESCRIPTION

Lot 23 (except the Southwesterly 25 feet thereof) in Block 5 in Lee's Addition to Chicago in Section 6, Township 39 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N. 17-06-207-018-0000

Common Address: 1514 North Milwaukee Avenue
Chicago, Illinois 60622

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EXHIBIT "B"

LIST OF CONSTRUCTION ITEMS

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Zambonino Cost Projections

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| Area Description | Responsibility | Work description | Allowance | Projected Cost |
|-----------------------------------|-------------------|---|--------------|----------------|
| 2nd Floor-Front Unit (Kitchen) | Wilson Belmont | Kitchen Appliances Counter tops sink/faucet under cabinet lighting Kitchen Cabinets Kitchen tile | \$ 2,500.00 | |
| | Belmont | Total allowance | \$ 10,130.00 | |
| | Belmont | Closets | \$ 812.50 | |
| Bathroom | Belmont | Ceiling Fans | \$ 1,168.75 | |
| | | Cabinet & Vanity Towel Tub/Face/glass of closure Floor Tile Mirror/light/ | | |
| | | Total allowance | \$ 5,150.00 | |
| Total Cost 2 nd Floor Front | | | \$ 10,011.25 | |
| Additional Items | Wilson | air conditioners | \$ 4,000.00 | |

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Zambardino Cost Projections

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| Area Description | Responsibility | Work Description | Allowance | Projected Cost |
|----------------------|----------------|---------------------------------------|--------------|----------------|
| Exterior | | Painting, fixing lin; removal of sign | \$ 15,000.00 | |
| | Wilson | Intercom system | \$ 2,000.00 | |
| | Belmont | Doorlocks | \$ 1,550.00 | |
| | Belmont | Carpet Stairs | \$ 1,250.00 | |
| Total Cost | | | \$ 19,800.00 | |
| | | | | \$ 2,500.00 |
| 3rd Floor front unit | Wilson | Kitchen Appliances | | |
| | Belmont | Counter tops | | |
| | | sink/Faucet | | |
| | | under cabinet lighting | | |
| | | Total allowance | \$ 5,085.00 | |
| | | Chairs | \$ 812.50 | |
| | Belmont | Ceiling Fans | \$ 1,168.75 | |
| Total Costs | | | | \$ 7,866.25 |

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

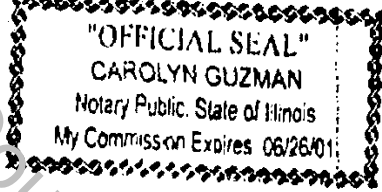
I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that the above

_____ personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they signed and delivered the said instrument as such officers of said Bank and caused the seal of said Bank to be thereunto affixed as their free and voluntary act and as the free and voluntary act and deed of said Bank for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 1st day of Oct 1998.

Carolyn Guzman
Notary Public

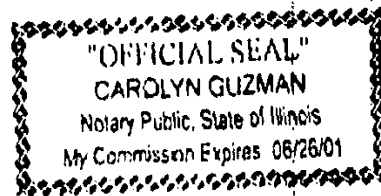
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)



I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that the above named WILSON ZAMBONINO and ELLA ZAMBONINO personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 1st day of Oct 1998.

Carolyn Guzman
Notary Public



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