

OPTION AGREEMENT



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This Option Agreement (the "Option") is entered into this 7th day of October, 1999 by and between 185 NORTH WABASH, LLC, a Delaware limited liability company, (hereinafter called "Seller") and FRANK PALMER, GERALDINE PALMER, DORIS HICKS, FRP FINANCIAL, INC. (hereinafter collectively referred to as "Palmer Group") and LAKE WABASH, LLC, an Illinois limited liability company (hereinafter collectively referred to as "Purchaser"), for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Purchaser and Seller hereby agree as follows:

WHEREAS, Creative Investments, LLC has entered into a Real Estate Purchase Agreement (the "Agreement") with Purchaser's affiliates, for the purchase of the property located at 185 N. Wabash Ave. (the "Property"), see legal description attached hereto as Exhibit "A", in the City of Chicago, County of Cook, and State of Illinois dated June 29, 1999. A copy of said Agreement is attached hereto as Exhibit "B" and incorporated by this reference herein. The Agreement has been modified and assigned to 185 North Wabash, LLC ("Seller"), a copy of the assignment is attached hereto as Exhibit "C", and;

WHEREAS, Purchaser is desirous of purchasing Seller's interest in the Property subsequent to Seller's acquisition of the Property, pursuant to the terms of the Agreement; and Seller is desirous of granting Purchaser the Option to purchase the Property;

NOW, THEREFORE, for good and valuable consideration as set forth herein, IT IS HEREBY AGREED, by and between Purchaser and Seller as follows:

1. Seller hereby grants to Purchaser an option to purchase the interest Seller has or that it will acquire in and to the Property ("Purchase Option") up to and including October 7, 2000 ("Option Expiration Period"). Purchaser must exercise the Purchase Option by delivery of written notice ("Option Notice") to Seller at least thirty (30) days prior to the Option Expiration Date and delivery of the sum of \$50,000.00 as and for earnest money ("Option Earnest Money"). The closing of the sale must take place on or before the Option Expiration Date. In the event Purchaser fails to exercise the Purchase Option, deliver the Option Earnest Money and close the sale in strict accordance with the terms and time periods set forth above, the Purchase Option shall terminate and be null and void, ab initio, and be of no legal force and effect and the Purchaser shall have no legal or equitable interest in the Property.

2. The Purchase Price for the Property shall be as follows:

(a) In the event Purchaser exercises its Purchase Option, complies with the terms and conditions set forth above on or before April 7, 2000 and closes the sale by May 7, 2000, the Purchase Price shall be equal to Seller's Cost (as hereafter defined) plus \$500,000.00.



LAKE WABASH LLC.
185 NORTH WABASH Suite 2200
Chicago IL 60601

(b) In the event Purchaser exercises its Purchase Option, complies with the terms and conditions set forth above on or before September 7, 2000 and closes by October 7, 2000, the Purchase Price shall be equal to Seller's cost (as hereafter defined) plus \$800,000.00. In the event Steve Schultz is a member of Seller at the time the Option is exercised, the Option Purchase Price shall be the price set forth in Paragraph 21 of the Real Estate Contract dated June 29, 1999.

For purposes of this Option Agreement, Seller's Cost shall be defined as the aggregate of the following:

(a) The Purchase Price of \$6,500,000.00 paid by Seller under that Real Estate Contract dated June 29, 1999 by and between Creative Investments, LLC which has been modified and assigned to Seller.

(b) All of Seller's costs, expenses and fees incurred in connection with the Seller's purchase, financing or refinancing of the Property including, but not limited to, interest payments made on any debt placed on the Property, loan fees, legal fees of all lender and Sellers counsel, title insurance, survey, third party reports, transfer taxes and all other costs, expenses, fees and charges incurred or paid by Seller in connection with its purchase finance and/or refinancing of the Property.

(c) On any line of credit drawn by Seller to purchase the Property all debt service computed at the Prime Rate plus one percent.

(d) Any costs, expenses or funds advanced or paid by Seller during its ownership of the Property or any liability liens or claims arising or created in connection with the management, ownership and lease of the Property.

(e) Any and all costs, expenses and fees arising from or related to the Seller's purchase and the Seller's sale of the Property to Purchaser in the event Purchaser exercises its option hereunder within five (5) business days of Purchaser's written request, Seller shall inform Purchaser in writing of the total Seller's cost.

It is acknowledged and agreed by Purchaser under this paragraph that all costs, expenses fees and liability claims and other charges incurred by Seller in connection with the purchase, finance or refinance of the Property of any kind or nature, shall be treated as Seller's Cost hereunder.

3. Until August 7, 2000 this Option may be exercised by Lake Wabash, LLC alone, after August 7, 2000 this Option may be exercised by either Lake Wabash, LLC or the Palmer Group. The Palmer Group has a right to assign its interest under this Option.

4. Purchaser and Seller both acknowledge, understand and agree that the undersigned has full power and authority to enter into this Agreement as a binding transaction

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upon each of them and/or any entity they may control relative to this transaction and this Agreement contains the entire understanding and agreement between Purchaser and Seller and there are no prior oral or written agreements or understandings not contained herein. In the event either Purchaser or Seller is required to file a lawsuit to enforce the terms and/or covenants contained in this Agreement, the prevailing party shall be entitled to all costs and attorney's fees associated therewith. For purposes of venue, the Cook County Circuit Court, First District, shall have sole and exclusive venue over any lawsuits to enforce or interpret this Option Agreement.

5. Upon the exercise of the Option, Purchaser shall close the purchase pursuant to the Real Estate Contract (hereinafter "Contract") attached hereto as Exhibit "C".

6. This document has been reviewed and approved by the parties and their respective counsel and accordingly shall not be construed more favorably against one party in favor of the other.

7. All notices required or permitted to be delivered hereunder shall be in writing and shall be delivered in person or by overnight express carrier or by United States registered or certified mail with return receipt requested. Notice by facsimile to the parties as listed below shall also be allowed as a method for notice under this contract. If delivered in person, such notices shall be effective on the date of delivery, and if sent by overnight express carrier, shall be effective on the next business day immediately following the day sent, and if so mailed, shall be effective at the time of deposit in any U.S. Post Office or collection box, with postage prepaid and if via facsimile said notice shall be effective on the date of dispatch. All notices shall be addressed as follows:

To Purchaser: Christy J. Jepson
185 N. Wabash, Suite 2200
Chicago, IL 60601
Facsimile No. 312/641-1636

Frank Palmer
9701 Minnick Ave.
Oak Lawn, IL
Facsimile No. 708/425-2110

With a copy to: Lawrence Gray
Lord, Bissell & Brook
115 S. LaSalle St., Suite 3100
Chicago, IL 60603
Facsimile No. 312/896-6440

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To Seller: 185 North Wabash, LLC
c/o Marc Realty
223 West Jackson Blvd.
Chicago, IL

With a copy to: Richard A. Merel
Garfield & Merel, Ltd.
211 W. Wacker Drive, 15th floor
Chicago, IL 60606

or at such other addresses as either party hereto may designate by giving notice thereof to the other party hereto in aforesaid manner.

ACKNOWLEDGED AND AGREED TO:

Dated: 10/7/99

LAKE WABASH, LLC

185 North Wabash, LLC, a Delaware limited liability company

By: [Signature] Member

By: [Signature]
Steve Schultz, Member

FRP FINANCIAL, INC.

By: [Signature]
Gerald Nudq, Member

By: Frank R. Palmer V.P.

THE PALMER GROUP

[Signature]
Frank Palmer

[Signature]
Geraldine Palmer

[Signature]
Doris Hicks

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To Seller: 185 North Wabash, LLC
c/o Marc Realty
223 West Jackson Blvd.
Chicago, IL

With a copy to: Richard A. Merel
Garfield & Merel, Ltd.
211 W. Wacker Drive, 15th floor
Chicago, IL 60606

or at such other addresses as either party hereto may designate by giving notice thereof to the other party hereto in aforesaid manner.

ACKNOWLEDGED AND AGREED TO:

Dated: 10/2/99

LAKE WABASH, LLC

185 North Wabash, LLC, a Delaware
limited liability company

By: [Signature]

By: [Signature]

Steve Schultz, Member

FRP FINANCIAL, INC.

[Signature]

Gerald Nudo, Member

By: _____

THE PALMER GROUP

Frank Palmer

Geraldine Palmer

Doris Hicks

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EXHIBIT A

LOTS 3 TO 6, BOTH INCLUSIVE, IN RICHARD T. HAINES' SUBDIVISION OF LOTS 1 TO 5 IN BLOCK 10 OF FORT DEARBORN ADDITION TO CHICAGO, IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS,

TOGETHER WITH,

THE NORTH 1/2 OF A STRIP OF LAND 9.5 FEET IN WIDTH: (I) LYING SOUTH AND ADJOINING LOTS 3 TO 6, BOTH INCLUSIVE, IN RICHARD T. HAINES' SUBDIVISION OF LOTS 1 TO 5 IN BLOCK 10 OF FORT DEARBORN ADDITION TO CHICAGO; (II) LYING NORTH OF AND ADJOINING LOT 7 IN RICHARD T. HAINES' SUBDIVISION AFORESAID AND (III) LYING NORTH OF THE NORTH LINE EXTENDED EAST, OF LOT 7 IN RICHARD T. HAINES' SUBDIVISION; ALL IN BLOCK 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

THE LEASHOLD ESTATE CREATED IN AND BY THAT CERTAIN INDENTURE OF LEASE EXECUTED BY LUCY J. ATWATER AS LESSOR, TO CHAUNCY KEEP, AS LESSEE, DATED JANUARY 31, 1912 AS DOCUMENT 4947021, AS AMENDED BY THREE SUPPLEMENTAL LEASES OR AGREEMENTS BY THE SAME PARTIES, THE FIRST DATED JUNE 30, 1916 AND RECORDED JULY 19, 1916 AS DOCUMENT 5913464, THE SECOND DATED JUNE 30, 1922 AND RECORDED JULY 19, 1922 AS DOCUMENT 7580239, AND THE THIRD DATED MARCH 1, 1926 AND RECORDED JUNE 16, 1926 AS DOCUMENT 9310235, AS FURTHER AMENDED BY AGREEMENT DATED JANUARY 25, 1961 AND RECORDED FEBRUARY 7, 1961 AS DOCUMENT 18079865, BY DEMISING AND LEASING FOR A TERM OF 198 YEARS, COMMENCING FEBRUARY 1, 1912 AND ENDING JANUARY 31, 2110, AS TO:

LOTS 1 AND 2 IN RICHARD T. HAINES' SUBDIVISION OF LOTS 1 TO 5 IN BLOCK 10 OF FORT DEARBORN ADDITION TO CHICAGO, IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS,

TOGETHER WITH,

THE NORTH 1/2 STRIP OF LAND 9.5 FEET IN WIDTH: (I) LYING SOUTH OF AND ADJOINING LOTS 1 AND 2, BOTH INCLUSIVE, IN RICHARD T. HAINES' SUBDIVISION OF LOTS 1 TO 5 IN BLOCK 10 OF FORT DEARBORN ADDITION TO CHICAGO; (II) LYING NORTH OF AND ADJOINING TO LOT 7 IN RICHARD T. HAINES' SUBDIVISION AFORESAID AND (III) LYING NORTH OF THE NORTH LINE EXTENDED EAST, OF LOT 7 IN RICHARD T. HAINES' SUBDIVISION; ALL IN BLOCK 10 OF FORT DEARBORN ADDITION TO CHICAGO AFORESAID, IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.