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Cook County Recorder 29.00



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**THIS DOCUMENT CONSTITUTES A SECURITY AGREEMENT  
FOR PURPOSES OF ARTICLE 9 OF THE ILLINOIS  
UNIFORM COMMERCIAL CODE**

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**THIRD MORTGAGE MODIFICATION AGREEMENT**

THIS THIRD MORTGAGE MODIFICATION AGREEMENT ("Second Modification") is made as of December 31, 1998, by PAR PACKAGING, INC., an Illinois corporation (f/k/a Par Packaging Acquisition Co.), with an office at 2537 South Wabash Avenue, Chicago, Illinois 60606 ("Mortgagor"), to LASALLE NATIONAL BANK, with an office at 135 South LaSalle Street, Chicago, Illinois ("Mortgagee").

WHEREAS, Mortgagor became indebted to Mortgagee pursuant to a Loan and Security Agreement dated June 15, 1995 ("1995 Loan Agreement") and related documents and instruments, which indebtedness was secured by a First Mortgage from Mortgagor to Mortgagee, dated as of June 15, 1995 (recorded on July 17, 1995 as Document No. 95-101007) (the "Mortgage") on real property located in the County of Cook, State of Illinois and described in Exhibit A attached hereto and made a part hereof (the "Real Property").

WHEREAS, pursuant to an Amended and Restated Loan and Security Agreement dated October 25, 1996 ("1996 Loan Agreement"), by and between Mortgagor, Mortgagee, and various affiliates of Mortgagor, Mortgagor and Mortgagee amended the 1995 Loan Agreement and, in conjunction therewith entered into a Mortgage Modification Agreement with respect to the Real Property dated as of October 25, 1996 (recorded on October 25, 1996, as Document No. 96816832) (the "First Modification").

WHEREAS, pursuant to a First Amendment to Amended and Restated Loan and Security Agreement dated as of June 30, 1998 ("June 1998 Loan Amendment"), by and between Mortgagor, Mortgagee, and various affiliates of Mortgagor, Mortgagor and Mortgagee amended

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the 1996 Loan Agreement and, in conjunction therewith entered into a Second Mortgage Modification Agreement with respect to the Real Property dated as of June 30, 1998 (recorded on August 18, 1998, as Document No. 98728110) (the "Second Modification").

WHEREAS, certain defaults having occurred under the 1998 Loan Agreement, the Mortgagor and affiliates of Mortgagor wish to amend the 1995 Loan Agreement, as previously amended and restated by the 1996 Loan Agreement, and as further amended by the June 1998 Loan Amendment, and related documents and instruments to provide for the modification of Mortgagor's and such affiliates' borrowing from Mortgagee so that Mortgagee will continue to provide such borrowing.

WHEREAS, Mortgagee is unwilling to enter into such amendment unless Mortgagor enters into this Third Modification.

WHEREAS, the parties intend that the Mortgage, as previously modified by the First Modification and the Second Modification and as further modified by this Third Modification, continue to secure all amounts loaned to Mortgagor and its affiliates by Mortgagee.

NOW, THEREFORE, in consideration of the Mortgagee's agreement to continue to fund the loan, the Mortgagor agrees as follows, which agreements shall, to the extent permitted by law, be deemed to run with the land:

1. The Mortgage is modified to add the following recital after the second recital of the Mortgage (which second recital became a part of such Mortgage pursuant to Section 1 of the Prior Modification):

"WHEREAS, as of December 31, 1998, Mortgagor, affiliates of Mortgagor and Mortgagee entered into a Second Amendment to Amended and Restated Loan and Security Agreement (the "Second Amendment"), which provided for (i) decreases in the maximum amount loaned by Mortgagee to Mortgagor and such affiliates and an increase in the interest rate with respect to certain of the amounts loaned by Mortgagee to Mortgagor and such affiliates pursuant to the 1996 Loan Agreement, as modified by the Amendment and the Second Amendment, and (ii) the delivery by Mortgagor and its affiliates of amended versions of the Revolving Note and Term Notes to evidence an extension of time to pay the Revolving Note and the Term Notes, a decrease in the maximum amount to be loaned to Mortgagor and such affiliates pursuant to such amended version of the Term Notes, and an increase in the interest to be paid with respect to one of the Term Notes. (References in this Mortgage to "Revolving Note" and "Term Note" include the Third Amended Secured Revolving Note and the Third Amended Secured Term Notes, respectively, dated as of December 31, 1998, and all replacements, renewals, and extensions thereof, in whole or in part, and the Third Amended Secured Revolving Note and the Third Amended Secured Term Notes are referred to collectively as the "Notes"). The Revolving Note is in the principal sum of THREE MILLION

DOLLARS (\$3,000,000) advanced by the Mortgagee to the Mortgagor and its affiliates, bearing interest and payable as set forth in the Loan Agreement, as amended by the Amendment and the Second Amendment. The Term Notes are in the aggregate principal sum of SIX MILLION EIGHT HUNDRED SEVENTY-FIVE THOUSAND FIVE HUNDRED DOLLARS (\$6,875,500) advanced by the Mortgagee to the Mortgagor and its affiliates, bearing interest and payable as set forth in the Loan Agreement, as amended by the Amendment and the Second Amendment.”

2. Section 10 of the Mortgage is modified to read as follows:

“10. *Events of Default.* It shall be an Event of Default if: (a) there is an Event of Default under the Loan Agreement (as such term is defined therein), as amended by the Amendment and the Second Amendment; or (b) the Mortgagor takes any action prohibited by this Mortgage and such action continues for 30 days after written notice thereof from Mortgagee to Mortgagor; or (c) the Mortgagor fails to perform any obligation secured or required by this Mortgage and such failure continues for 30 days after written notice thereof from Mortgagee to Mortgagor; or (d) the Mortgagor transfers the Property or any interest therein without the written consent of Mortgagee.”

3. All of the other provisions, terms and conditions of the Mortgage, as modified by the First Modification and the Second Modification, shall continue in effect without change and shall be applicable to continue to secure the indebtedness of Mortgagor and its affiliates to Mortgagee as evidenced by (i) the 1996 Loan Agreement, as amended by the Amendment and the Second Amendment, (ii) the Third Amended Secured Revolving Note dated as of the date hereof, and (iii) the Third Amended Secured Term Notes dated as of the date hereof. From and after the date hereof, all references in the Mortgage, as modified by the Prior Modification and as further modified by this Second Modification, to (i) the “Mortgage” shall be deemed to refer to the Mortgage, as modified by the Prior Modification and as further modified by this Second Modification, (ii) the “Loan and Security Agreement” shall be deemed to refer to the 1996 Loan Agreement, as amended by the Amendment and the second Amendment, (iii) the “Revolving Note” shall be deemed to refer to the Third Amended Secured Revolving Note, and (iv) the “Term Note” shall be deemed to refer to the Third Amended Secured Term Notes.

\* \* \* \* \*

[SEE SIGNATURE PAGE FOLLOWING]

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IN WITNESS WHEREOF, this Third Modification is executed by the undersigned as of the date first set forth above.

Attest:

PAR PACKAGING, INC.

Robert Tracy  
Secretary

[Signature]  
By: \_\_\_\_\_  
Title: President

New York  
STATE OF ~~ILLINOIS~~ )  
WASHINGTON  
COUNTY OF ~~COOK~~ )

ss.:

I, LAWRENCE F. KATH a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Thomas Priese, the PRESIDENT of PAR PACKAGING, INC., and Robert TRACY, the Secretary of said Company, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such PRESIDENT and Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth; and the said Secretary then and there acknowledged that he, as custodian of the corporate seal of said Company, did affix the corporate seal of said company to said instrument as his own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth.

GIVEN Under my hand and Notarial Seal this 7 day of December, 1998.

My commission expires: \_\_\_\_\_

[Signature]  
LAWRENCE F. KATH  
NOTARY PUBLIC, STATE OF NEW YORK  
RESIDED IN WASHINGTON COUNTY  
MY COMMISSION EXPIRES 6/30/10  
REGISTRATION # 478143

DRAFTED BY AND WHEN RECORDED RETURN TO:

Anthony E. Rothschild  
Butler, Rubin, Saltarelli & Boyd  
Suite 1800  
70 W. Madison Street  
Chicago, IL 60602

EXHIBIT A

LEGAL DESCRIPTION:

LOTS 5 TO 9, IN THE SUBDIVISION OF THE WEST 1/2 OF  
BLOCK 71, IN THE CANAL TRUSTEES' SUBDIVISION OF THE WEST 1/2  
OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD  
PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

STREET ADDRESS: 2537 South Wabash Avenue  
Chicago, Illinois 60606

PIN NO.: 17-27-123-011-0000

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