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MODIFICATION AGREEMENT

THIS MODIFICATION AGREEMENT (this "Modification") is entered into as of ^{February} ~~January~~ 8, 1999 by and among The 823 West Lill L.L.C., an Illinois limited liability company ("Borrower"), SCOTT Y. SCHILLER ("Schiller"), MICHAEL N. SCHWARTZ ("Schwartz") (Schiller and Schwartz are hereinafter collectively known as the "Guarantors") and FIRST BANK AND TRUST COMPANY OF ILLINOIS ("Lender").



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 1999-03-23 10:25:22
 Cook County Recorder 41.00

RECITALS:

A. On June 1, 1998, Borrower borrowed from Lender the sum of TWO MILLION THREE HUNDRED AND FIFTY THOUSAND DOLLARS AND NO CENTS (\$2,350,000) (the "Loan").

B. The Loan was evidenced by a Mortgage Note of even date therewith made by Borrower to Lender in the principal amount of TWO MILLION THREE HUNDRED AND FIFTY THOUSAND DOLLARS AND NO CENTS (\$2,350,000) (the "Note"). The Note was evidenced and secured, among other things, by the following described documents (said security documents and any other document or instrument securing the Note are hereinafter collectively referred to as the "Loan Documents"):

1. Mortgage by Borrower in favor of Lender, dated April 13, 1998 (the "Mortgage") and recorded June 18, 1998 in the Office of the Cook County Recorder as Document No. 98516508.
2. Assignment of Rents and Lessor's Interest in Leases by Borrower in favor of Lender, dated April 13, 1998 and recorded June 18, 1998 in the Office of the Cook County Recorder as Document No. 98516509 (the "Assignment of Rents").
3. Construction Loan Agreement made by Borrower and Lender dated April 13, 1998 (the "Construction Loan Agreement").
4. Security Agreement by and between Borrower and Lender dated April 13, 1998 granting Lender a first security interest in the Collateral (as defined in the Security Agreement).
5. Continuing Guarantec from Guarantors to Lender dated April 13, 1998 (the "Guarantee").

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 Sherick DI
 1409-77 36093

[Handwritten signature]
 BML

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6. Environmental Indemnity Agreement from Borrower and Guarantors to Lender dated April 13, 1998 (the "Indemnity").

C. The current outstanding principal balance under the Note is \$2,206,448.88.

D. Borrower and Guarantors wish, and Lender is willing, to modify the terms of the Loan Documents, subject to the terms and conditions set forth below.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Recitals. The foregoing recitals are hereby incorporated into and made a part of this Modification Agreement.
2. Capitalized Terms. Capitalized terms contained in this Modification Agreement shall retain the meaning given under the Note or the Loan Documents (as defined in the Note).
3. Principal Balance. The outstanding principal balance of the Note shall be TWO MILLION SIX HUNDRED THOUSAND DOLLARS AND NO CENTS (\$2,600,000), and all references in the Loan Documents to TWO MILLION THREE HUNDRED AND FIFTY THOUSAND DOLLARS AND NO CENTS (\$2,350,000) shall be deleted and replaced with TWO MILLION, SIX HUNDRED THOUSAND DOLLARS AND NO CENTS (\$2,600,000).
4. Loan Fee. Upon the execution of this Modification Agreement, Borrower shall herewith pay Lender a fee of \$5,000 and such fee has been fully earned and shall not be refundable regardless of whether any funds are disbursed hereunder, unless such failure to disburse is due solely to Lender's default under this Modification Agreement or any Loan Document.
5. Budget. Exhibit B to the Construction Loan Agreement is hereby deleted and replaced with Exhibit B attached hereto and made a part hereof.
6. Consent of Guarantor. Guarantor expressly consents to the terms, provisions and conditions of this Modification Agreement and acknowledges and ratifies all other terms of the Guarantee and Indemnity.
7. Conditions Precedent. Borrower and Guarantor acknowledge and agree that this Modification Agreement shall be of no force or effect unless and until:
 - (a) This Modification Agreement has been executed by Borrower and Guarantor and delivered to and accepted and executed by Lender and recorded with the Cook County Recorder of Deeds.
 - (b) Chicago Title Insurance Company shall have delivered to Lender an endorsement, dated no earlier than the recording date of this Modification Agreement, to its Policy No. 1409 007736093 dated June 18, 1998, which endorsement shall (i) insure

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the validity and first priority of each of the recorded Loan Documents as securing the Note, as the same are amended by this Modification Agreement; (ii) disclose no Schedule B-1 exceptions other than those set forth in said Policy or as approved in writing by Lender's counsel; (iii) insure that Borrower is owner in fee simple of title to the Property; (iv) increase the amount of coverage to the principal balance of the Note; and (v) provide for a pending disbursement endorsement.

8. Documents to Remain in Effect; Confirmation of Obligations. The Note and the Loan Documents shall remain in full force and effect as originally executed and delivered by the parties, except as expressly modified and amended herein. The Loan Documents shall include this Modification Agreement, and all references in the Note and the Loan Documents to such documents shall be deemed to refer to the Note and Loan Documents as modified herein. Borrower and Guarantors hereby confirm and reaffirm all of their obligations under the Note and the Loan Documents, as modified and amended herein, and confirm and reaffirm that the Loan Documents secure the Note. To induce Lender to enter into this Modification Agreement, Borrower and Guarantors hereby represent, acknowledge and agree that they do not now have or hold any defense to the performance of any of their respective obligations under the Note or the Loan Documents, nor do Borrower or Guarantors have any claim against Lender which might be set off or credited against any payments due under any of the Note or Loan Documents. Borrower and Guarantors further represent, acknowledge and agree that, as of the date hereof, they do not have any actual or potential actions, claims, suits or defenses arising from any letters of intent, correspondence or other communications (oral or written) between Borrower, Guarantors, and Lender.

9. Certifications, Representations and Warranties. In order to induce Lender to enter into this Modification Agreement, Borrower and Guarantors hereby certify, represent and warrant to Lender that all certifications, representations and warranties contained in the Note and the Loan Documents and in all certificates heretofore delivered to Lender are true and correct as of the date hereof, and all such certifications, representations and warranties are hereby remade and made to speak as of the date of this Modification Agreement.

10. Not a Novation. Borrower, Guarantors, and Lender expressly state, declare and acknowledge that this Modification Agreement is intended only to modify Borrower's and Guarantors' continuing obligations under the Note and the Loan Documents in the manner set forth herein and is not intended as a novation.

11. Entire Agreement. This Modification Agreement sets forth all of the covenants, provisions, agreements, conditions and understandings of the parties relating to the subject matter of this Modification Agreement, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as are herein set forth. The parties hereto hereby agree that the terms of this Modification Agreement supersede all of the terms, conditions and obligations of Lender set forth in all prior commitment letters, correspondence or other commitments (oral or written) between Borrower, Guarantors and Lender relating to this Modification Agreement.

12. Additional Documents. Borrower and Guarantors agree to execute and deliver such other and further documents requested by Lender or its counsel to achieve the objectives of

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this Modification Agreement, provided such other and further documents do not obligate Borrower to provide additional collateral for or materially increase Borrower's or Guarantors' obligations related to the Loan.

13. Successors. This Modification Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors, assigns and legal representatives.

14. Severability. In the event any provision of this Modification Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

15. Amendments, Changes and Modifications. This Modification Agreement may be amended, changed, modified, altered or terminated only by a written instrument executed by all of the parties hereto.

16. Construction.

a. The words "herof", "herein", and "hereunder", and other words of a similar import refer to this Modification Agreement as a whole and not to the individual sections in which such terms are used.

b. The headings of this Modification Agreement are for convenience only and shall not define or limit the provisions hereof.

c. Where the context so requires, words used in singular shall include the plural and vice versa, and words of one gender shall include all other genders.

d. Any capitalized terms not defined herein shall retain the meaning as set forth in the Loan Documents.

17. Execution of Counterparts. This Modification Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

18. Governing Law. This Modification Agreement is prepared and entered into with the intention that the law of the State of Illinois shall govern its construction and enforcement.

19. Effective Date. The effective date of this Modification Agreement shall be as of the date herof.

[signatures contained on the following page]

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IN WITNESS WHEREOF, the parties have executed this Modification Agreement as of the date first above written.

LENDER:

FIRST BANK AND TRUST COMPANY OF ILLINOIS

By: [Signature]
Its: President

BORROWER:

THE 823 WEST LILL, L.L.C., an Illinois limited liability company

By: [Signature]
Its: Member

GUARANTORS:

[Signature]
Scott Y. Schiller

[Signature]
Michael N. Schwartz

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STATE OF ILLINOIS)
) SS.
 COUNTY OF COOK)

99277565

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Scott Schiller, the Member of The 823 West Lill L.L.C., an Illinois limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Member, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her 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 8th day of ~~January~~ February, 1999.

Stephanie Cox

 NOTARY PUBLIC

(SEAL)

My Commission expires:

10/23/02



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STATE OF ILLINOIS)
COUNTY OF Cook) SS.

99277565

I, Christine M. Koritko, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Michael C. Winter, the President of FIRST BANK AND TRUST COMPANY OF ILLINOIS, 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 and as the free and voluntary act of said bank for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 8th day of January, 1999.



Christine M. Koritko
Notary Public

My Commission Expires 12/16/00

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STATE OF ILLINOIS)
COUNTY OF Cook) SS.

99277565

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Scott Y. Schiller, 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 8th day of February, 1999.

Stephanie Cox
Notary Public

My Commission Expires:

10/23/02



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STATE OF ILLINOIS)
COUNTY OF Cook) SS.

99277565

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Michael N. Schwartz, 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 8th day of February, 1999.

Stephanie Cox
Notary Public

My Commission Expires:

10/23/02



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Exhibit A

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Legal Description

LOTS 16, 17 AND 18 IN THE SOUTH 1/2 OF THAT PART SOUTH OF LILL AVENUE OF LILL AND DIVERSEY'S SUBDIVISION OF BLOCK 15 IN CANAL TRUSTEES' SUBDIVISION OF THE EAST 1/2 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.: 14-29-420-017

14-29-420-018

14-29-420-019

Address: 823-29 West Lill, Chicago, Illinois.

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

Marc S. Joseph, Esq.
111 East Wacker Drive, Suite 2800
Chicago, Illinois 60601

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Exhibit B

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Budget

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