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MODIFICATION AGREEMENT

This **MODIFICATION AGREEMENT** (this "Instrument") is made as of the 31st day of May, 2000, between **METAL MANAGEMENT INDIANA, INC.**, an Illinois corporation, formerly known as **American Scrap Processing, Inc. ("Mortgagor")**, whose chief executive office is 2232 S. Blue Island Avenue, Chicago, Illinois 60608, and **BT COMMERCIAL CORPORATION**, a Delaware corporation, whose address is 233 South Wacker Drive, Chicago, Illinois 60606, in its capacity as agent (in such capacity, "Mortgagee") for all "Lenders" (as such term is defined by reference in the Mortgage described below). Capitalized terms used but not defined herein shall have the same meanings herein as such terms have in the Mortgage.

STATE OF INDIANA
LAKE COUNTY
RECORDER'S OFFICE
MAY 31 2000 11:11

RECITALS

A. Mortgagee, Mortgagor and Lenders are parties to that certain Credit Agreement dated as of March 31, 1998, as amended (as amended, restated, supplemented and otherwise modified and in effect from time to time, the "Credit Agreement"), pursuant to which Mortgagee and Lenders have made loans and/or extended other financial accommodations to or for the benefit of Mortgagor and certain of its affiliates which are secured by, among other things, the Mortgage referred to herein below.

B. Pursuant to the Credit Agreement, Mortgagor has previously executed and delivered in favor of Mortgagee a certain Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing made as of June 12, 1998 and recorded in the office of the Recorder for Lake County, State of Indiana on June 18, 1998, as Document Number 98045806 (the "Mortgage"), and modified pursuant to a certain Modification Agreement made as of September 30, 1998 and recorded in the office of the Recorder for Lake County, State of Indiana on October 8, 1998, as Document Number 98079602, which Mortgage encumbers Mortgagor's interest in the land located in Lake County, State of Indiana legally described on Exhibit A attached hereto (the "Land"), in addition to various other real and personal property pledged to the Mortgagee as more fully described in the Mortgage.

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C. Lenders, Mortgagee and Mortgagor have mutually agreed to amend the terms of the Credit Agreement to, among other things, extend the maturity date thereof from March 31, 2001 to March 31, 2004 and, in connection with such extension, have required the execution and delivery of this Instrument.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the mutual receipt and sufficiency of which are hereby acknowledged, Mortgagor and Mortgagee hereby agree as follows:

1. Recitals.

The Recitals set forth above are incorporated herein by this reference thereto as if fully set forth herein.

2. Amendment of Mortgage.

Effective as of the date hereof, the Mortgage is hereby amended and modified as hereinafter provided:

2.1 **Recital A to the Mortgage is hereby deleted in its entirety and the following language is hereby substituted therefor:**

" A. Mortgagee and Lenders have agreed, subject to the terms and conditions set forth in that certain Credit Agreement dated as of March 31, 1998, as amended, by and among Lenders, Mortgagee and Mortgagor (as heretofore and hereafter amended, restated, supplemented or otherwise modified and in effect from time to time, the "Credit Agreement"), to make certain loans and other extensions of credit in a principal amount not to exceed \$250,000,000 in the aggregate at any time outstanding (the "Revolving Loan") to Mortgagor. The Revolving Loan is evidenced by the Credit Agreement and a certain Substituted and Amended Revolving Note dated as of June 19, 1998 in the principal amount of up to \$250,000,000, made by Mortgagor (which note, together with all notes issued in substitution or exchange therefor and all amendments thereto, is hereinafter referred to as the "Note"). The Note, the Credit Agreement and the other Credit Documents provide for certain payments as set forth therein and in the Credit Agreement with the outstanding balance thereof due and payable no later than March 31, 2004. **THE NOTE PROVIDES FOR A VARIABLE RATE OF INTEREST WHICH VARIES WITH CHANGES IN THE PRIME LENDING RATE OR THE LIBOR RATE IN ACCORDANCE WITH THE PROVISIONS OF THE NOTE.**"

3. No Further Amendment.

This Instrument is given solely to amend and modify the Mortgage as set forth herein. No further amendment or modification of the Mortgage is made or intended, and the respective terms and provisions thereof shall, as expressly amended and modified hereby, continue in full force and effect after the date hereof. The warranties, representations, covenants and agreements contained

in the Mortgage as herein expressly amended, are hereby ratified, approved and confirmed in every respect. Mortgagor also hereby (i) expressly ratifies and confirms, as of the date of the Mortgage and as of the date hereof, the grant by Mortgagor of the liens, charges, security interests and encumbrances on and in all of the property and interests in property created or intended to be created by the Mortgage, in each case as amended and modified hereby and (ii) represents and warrants that Mortgagor has not created or suffered or permitted to exist any other lien, charge, security interest or encumbrance upon or in any such property or interests in property subsequent to the execution and delivery of the Mortgage, other than as expressly permitted pursuant to the terms and provisions thereof.

4. No Release.

The indebtedness, liabilities and other obligations secured by the Mortgage are continuing obligations and nothing contained herein shall be deemed to release, terminate or subordinate any lien, charge, security interest, assignment or other encumbrance created or evidenced thereby and all such liens, charges, security interests, assignments and encumbrances and the priority thereof shall relate back to the recordation date for the Mortgage as referenced herein. This Instrument is not intended and shall not be deemed or construed to in any way affect the enforceability or priority of the Mortgage or constitute a novation, termination or replacement of all or any part of the indebtedness, liabilities or other obligations secured thereby.

5. Successors and Assigns; Agents; Captions.

The covenants and agreements contained herein shall bind, and the rights thereunder shall inure to, the respective successors and assigns of Mortgagor and Mortgagee, subject to the provisions of Section 10 of the Mortgage. In exercising any rights under the Credit Documents or taking any actions provided for therein, Mortgagee may act through its employees, agents or independent contractors as authorized by Mortgagee. The captions and headings of the paragraphs of this Instrument are for convenience only and are not to be used to interpret or define the provisions hereof.

6. Recordation; Expenses.

Mortgagor shall cause this Instrument to be recorded in the recording office applicable to the Mortgage and/or such other places as reasonably requested by Mortgagee, and Mortgagor shall pay to Mortgagee all reasonable expenses incurred by Mortgagee in connection with the preparation, execution, filing and recordation of this Instrument, including without limitation, reasonable attorneys' fees.

7. Counterparts.

This Instrument may be executed in any number of original counterparts, each of which when so executed shall be deemed to be an original for all purposes, and all counterparts shall together constitute one and the same instrument.

8. Governing Law: Severability.

THIS INSTRUMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS, EXCEPT THAT THE PROVISIONS OF THE LAWS OF THE JURISDICTION IN WHICH THE LAND IS LOCATED SHALL BE APPLICABLE TO THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIEN CREATED BY THE MORTGAGE AND THE EXERCISE OF REMEDIES HEREUNDER OR THEREUNDER MANDATORILY GOVERNED BY THE LAWS OF THE STATE IN WHICH THE LAND IS LOCATED. THE INVALIDITY, ILLEGALITY OR UNENFORCEABILITY OF ANY PROVISION OF THIS INSTRUMENT SHALL NOT AFFECT OR IMPAIR THE VALIDITY, LEGALITY OR ENFORCEABILITY OF THE REMAINDER OF THIS INSTRUMENT, AND TO THIS END, THE PROVISIONS OF THIS INSTRUMENT ARE DECLARED TO BE SEVERABLE.



IN WITNESS WHEREOF, Mortgagor and Mortgagee have each executed this Instrument on the date set forth in their respective acknowledgments hereto, to be effective as of the date first above written.

MORTGAGOR:

METAL MANAGEMENT INDIANA, INC., an Illinois corporation

By: 

David A. Carpenter
Vice President

NOT OFFICIAL!

This Document is the property of the Lake County Recorder!

MORTGAGEE:

BT COMMERCIAL CORPORATION, a Delaware corporation, as Agent

By: 

Steven Friedlander
Vice President



ACKNOWLEDGMENT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, SHEILA J HARVEY, a Notary Public in and for said County, in the State aforesaid, **DO HEREBY CERTIFY** that David A. Carpenter, personally known to me to be a Vice President of **METAL MANAGEMENT INDIANA, INC.**, an Illinois corporation, and the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that such person signed and delivered the said instrument as Vice President of said corporation pursuant to authority given by the Board of Directors of said corporation, as said person's 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 25th day of August, 2000.

Sheila J Harvey
Notary Public

My Commission Expires:
4/13/02



ACKNOWLEDGMENT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, MIDNA M. RODRIGUEZ, a Notary Public in and for said County, in the State aforesaid, **DO HEREBY CERTIFY** that Steven Friedlander personally known to me to be a Vice President of **BT COMMERCIAL CORPORATION**, a Delaware corporation, and the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that such person signed and delivered the said instrument as Vice President of said corporation pursuant to authority given by the Board of Directors of said corporation, as said person's 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 31st day of August, 2000.



Midna M. Rodriguez
Notary Public

My Commission Expires:
06/02/01



EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

Page 1 of 2

PARCEL 1: That part of the West 1/2 of Section 21, Township 37 North, Range 9 West of the 2nd Principal Meridian, Lake County, Indiana, described as follows: Commencing at the point of intersection of the South line of said Section 21 with a line parallel to and 100 feet East of the West line thereof; thence North 0 degrees 28 minutes 50 seconds West on the last mentioned line, being also the East line of Waterway conveyed to the United States of America by deed dated July 5, 1888 and recorded April 15, 1889, in Book No. 44, pages 476 and 477, in the Office of the Recorder of Lake County, Indiana, a distance of 1775.46 feet for a point of beginning; thence North 46 degrees 26 minutes 20 seconds East on a line 600 feet Southeasterly of and parallel to the Southeasterly line of the Waterway conveyed to the United States of America by deed dated July 5, 1888 and recorded April 15, 1889, in Book 44 pages 472 to 475 in the Office of the Recorder of Lake County, Indiana, a distance of 1391.30 feet; thence South 74 degrees 50 minutes 40 seconds East, 233.90 feet to a point of intersection with a line parallel to and 55.0 feet Southwesterly of the Southwesterly line of the 15.0 foot right of way conveyed to the Chicago, Indiana and Southern Railroad Company by deed dated June 20, 1907 and recorded in Deed Record 128, page 219 in the Office of the Recorder of Lake County, Indiana; thence Southeasterly along said parallel line, 413.73 feet to a point of intersection with a curved line convex to the North, having a radius of 396.20 feet; thence Northwesterly along said curved line, a distance of 487.10 feet to a point of tangency in a line 950.0 feet, Southeasterly of and parallel to the Southeasterly line of the United States Waterway at a point 364.83 feet Southwesterly on said parallel line, from the aforesaid parallel line to and 55.0 feet Southwesterly of the Southwesterly line of said 15.0 foot right of way of the Chicago, Indiana and Southern Railroad Company; thence South 16 degrees 26 minutes 20 seconds West along said line parallel to said Waterway, 1480.0 feet to the East line of the United States Waterway; thence North 0 degrees 28 minutes 50 seconds West along said East line of the Waterway, 478.96 feet to the point of beginning (excepting therefrom a strip of land 100 feet wide (measured at right angles), East of and adjoining the East line of said United States Waterway.)

PARCEL 2: A non-exclusive Easement for the benefit of Parcel I, to grade, construct, build and maintain one railroad track, said Railroad right of way not to exceed 20 feet in width, and to use said tract for railroad purposes, with full and free right of ingress and egress by any railroad, cars or trains, in common with the Grantors herein, their heirs, successors and assigns and also the right at any time to designate, lay out, use, improve and maintain across said Parcel in the City of East Chicago, Indiana, one private way, with full and free right of ingress and egress of the Grantors and Grantee herein, their respective agents and employees, and also the right at any time to lay down and construct sewers, drains, water and gas pipes, and to erect electric light and power lines or place the same underground in conduits, or otherwise, in through, over, across or under said way, and to use, keep and maintain the same, which

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

Page 2 of 2

said private way shall be laid out in an Easterly and Westerly direction over and across the South 100 feet of Parcel, and not to exceed 66 feet in width, as created in deed executed by the East Chicago Company, a corporation of the State of Indiana, to East Chicago Dock Terminal Company, a corporation of the State of Indiana, dated November 28, 1927 and recorded November 28, 1927, in Deed Record 410, page 308, and as granted to Gary National Bank of Gary now known as Grainer Bank, NA, as Trustee under the provisions of a trust agreement dated the 1st day of July, 1947 known as Trust No. 1330, by Bertram I. Kaplan in Deed in Trust dated July 1, 1947 and recorded July 9, 1947, in Deed Record 785, page 293, as Document No. 290190, described as follows:

That part of the West 1/2 of Section 21, Township 37 North, Range 9 West of the 2nd Principal Meridian, in the City of East Chicago, Lake County, Indiana, described as follows:

Beginning at a point in the Southwesterly line of the 15 foot right of way conveyed to the Chicago, Indiana and Southern Railroad Company by deed dated June 20, 1907 and recorded in Deed Record 128 page 219 in the Office of the Recorder of Lake County, Indiana, said point being 600.31 feet Southeasterly from the Southeasterly line of the 200 foot Waterway conveyed to the United States of America by deed dated July 5, 1888 and recorded April 15, 1889 in Record 44, pages 472 to 475 in the Office of the Recorder of Lake County, Indiana; thence South 45 degrees 24 minutes 40 seconds East along said Railroad right of way line, 450.0 feet to a point; thence South 46 degrees 26 minutes 20 seconds West 55.03 feet; thence North 45 degrees 24 minutes 40 seconds West and parallel with said Railroad right of way 250.0 feet to a point; thence North 74 degrees 50 minutes 40 seconds West 233.9 feet to its intersection with a line parallel with 600.0 feet Southeasterly (measured at right angles) from the Southeasterly line of the 200 foot Waterway aforesaid; thence North 46 degrees 26 minutes 20 seconds East along last described parallel line 170.0 feet to the point of beginning.

Common Address: 3601 Canal Street
East Chicago, Indiana