

**SEVENTH LOAN
MODIFICATION
AGREEMENT**



**THIS SEVENTH LOAN
MODIFICATION
AGREEMENT** dated as of the 26th
day of June, 2001, among
**CHIAPPETTI WHOLESALE
MEAT CORPORATION**, an
Illinois corporation ("Chiappetti"),

having its chief executive offices at 3900 S. Emerald Avenue, Chicago, Illinois 60609, **DEN-FRANCO CORPORATION**, an Illinois corporation ("Den-Franco"), having its chief executive offices at 3900 S. Emerald Avenue, Chicago, Illinois 60609, **DC PROPERTIES, INC.**, an Illinois corporation ("DC" and together with Chiappetti and Den-Franco, "Corporate Borrowers" and individually a "Corporate Borrower"), having its chief executive offices at 3900 S. Emerald Avenue, Chicago, Illinois 60609, and **COLE TAYLOR BANK/FORD CITY BANK AND TRUST COMPANY**, not personally, but solely as trustee ("Land Trustee" and together with the Corporate Borrowers, the "Borrowers" and individually, a "Borrower"), under Trust Agreement dated March 1, 1985 and known as Trust No. 4336 (the "Land Trust"), having its principal place of business at 850 West Jackson Boulevard, Chicago, Illinois 60607, **DENNIS CHIAPPETTI**, an individual, residing at 8025 Cambridge Drive, Orland Park, Illinois 60462 ("Guarantor") and **AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO**, a national banking association ("Lender"), with its principal place of business at 120 South LaSalle Street, Chicago, Illinois 60603.

RECITALS

WHEREAS, the Borrowers and the Lender have heretofore entered into that certain Loan and Security Agreement dated as of December 15, 1996, as amended (the "Existing Agreement"), providing for, among other things, the borrowing by the Borrowers from the Lender and the lending by the Lender to the Borrower of Loans, including that certain Revolving Credit Loan evidenced by the \$2,700,000 Revolving Credit Note, as amended, of Chiappetti and Den-Franco payable to the order of Lender, dated December 15, 1996 and due on June 30, 2001 (the "Existing Revolving Credit Note") and that certain \$400,000 Borrowers Term Note of Borrowers dated December 28, 1998 and due May 31, 2004 (the "Existing Borrowers Term Note"); and

WHEREAS, to secure the repayment of the Loans, the Corporate Borrowers granted Lender a security interest in the Collateral pursuant to the Existing Agreement, and DC and the Land Trustee granted a mortgage lien on the Parcel pursuant to that certain Mortgage dated as of December 15, 1996, as amended (the "Existing Mortgage"); and

WHEREAS, the Borrowers have failed to make monthly principal payments on the Borrowers Term Note as required by Section 2.2(D) of the Existing Agreement; and

WHEREAS, the Revolving Credit Loan and the Existing Revolving Credit Note mature June 30, 2001; and

WHEREAS, the Borrowers desire Lender to (a) waive the default for failure to make principal payments on the Borrowers Term Loan when due, (b) reamortize the Borrowers Term Loan, and (c) extend the maturity of the Revolving Credit Loan and the Existing Revolving Credit Note to December 31, 2001, and Lender is willing so to do, all upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. The Recitals set forth above are incorporated herein by reference and made a part hereof.

2. Capitalized terms not expressly defined in this Seventh Loan Modification Agreement have the meanings ascribed to them in the Existing Agreement.

3. Borrowers and each of them represent and warrant to Lender that Schedule I attached hereto sets forth (a) in the case of a Corporate Borrower, the exact name of each such Borrower as it appears in its articles of incorporation as currently in effect, and in the case of the Land Trust, the exact name of such Borrower as it appears in its trust agreement as currently in effect, and (b) the true and correct (i) federal taxpayer identification number, if any, of such Borrower, (ii) the state of organization of each Borrower, (iii) the state organizational number, if any, of each Borrower, and (iv) the chief executive office and location (within the meaning of Section 9-307 of the Code) of each Borrower.

4. Section 1.1 of the Existing Agreement is hereby amended by amending the definitions of Adjusted Base Rate, Capital Expenditures and Commitment Termination Date, and by adding the definitions of Debt Service Coverage Ratio, Debt Service Payments and EBITDA, all as follows:

Adjusted Base Rate - For each semi-annual fiscal period ending February 28 or 29, as the case may be, and August 31, commencing with the semi-annual period beginning September 1, 2001, the rate of interest per annum for such semi-annual fiscal period shall take effect thirty (30) days after the end of the preceding fiscal period and be determined as follows:

Debt Service Coverage Ratio for
Preceding Semi-Annual Fiscal
Period Ending February 28 or 29,
as the case may be, or for Preceding
Annual Fiscal Period Ending
August 31, as applicable

Adjusted Base Rate for
Semi-annual Fiscal Period, Such
Adjusted Base Rate Shall Take
Effect Thirty (30) Days after the
End of the Preceding Fiscal Period

Equal or greater than 1.60 to 1.00 Base Rate less 75 basis points

Equal to or greater than 1.20 to 1.00, Base Rate less 50 basis points
but less than 1.60 to 1.00

Equal to or greater than 1.00 to 1.00 Base Rate less 25 basis points
but less than 1.20 to 1.00

Equal to or greater than .80 to 1.00 Base Rate
but less than 1.00 to 1.00

Less than .80 to 1.00 Base Rate plus 25 basis points

provided, however, that the Adjusted Base Rate prior to September 1, 2001, shall equal the Base Rate less 75 basis points.

Capital Expenditures - As to any Person, any and all expenditures of such Person for fixed or capital assets, including, without limitation, the incurrence of obligations under Capitalized Lease Obligations, all as determined in accordance with GAAP.

Commitment Termination Date - The earliest of (i) December 31, 2001 unless extended by an amendment hereto executed by Borrower and Lender; or (ii) the date of termination of the Commitment to make further Revolving Credit Loans pursuant to Section 11.2 hereof.

Debt Service Coverage Ratio - For any period, the ratio of (i) EBITDA of Chiappetti decreased by (1) Capital Expenditures made by Chiappetti during such period to the extent not funded by proceeds of Capitalized Lease Obligations or purchase money indebtedness and (2) actual corporate income taxes paid without regard to the period for which such taxes are payable, to (ii) Debt Service Payments for Chiappetti, in each case for such period.

Debt Service Payments - Shall mean (a) scheduled mandatory payments of principal and interest on Chiappetti's Obligations (specifically excluding any prepayments required pursuant to Section 2.4(B)(ii) plus (b) scheduled payments owed by Chiappetti under any Capitalized Lease Obligations (excluding any such Capitalized Lease Obligations owed to an Affiliate).

EBITDA - For any period, the aggregate net earnings of Chiappetti before nonrecurring items, amortization, interest, depreciation and corporate income taxes.

5. Sections 2.1(B), 2.3(A) and 3.6 of the Existing Agreement are amended by deleting from each thereof the date "June 30, 2001" and substituting therefor the date "December 31, 2001."

6. Section 2.2(D) of the Existing Agreement is amended to read as follows:

(D) Pursuant to the provisions of that certain Third Loan Modification Agreement dated as of December 28, 1998 among Borrowers, Guarantor and Lender, Borrowers borrowed from Lender an amount not to exceed \$400,000 (the "Borrowers Term Loan"), of which amount \$333,632.76 remains outstanding as of June 26, 2001. The principal amount of the Borrowers Term Loan shall be payable in equal, consecutive monthly installments of principal of \$5,561.00 each, commencing on the last Business Day of July, 2001, with the entire unpaid principal amount thereof being due and payable on the last Business Day of May, 2004. The unpaid principal amount of the Borrowers Term Loan shall bear interest at the rate or rates per annum hereinafter provided in Section 3.1 below, which interest shall be due and payable on the last Business Day of each month, commencing on the last Business Day of July, 2001 and at maturity (whether by acceleration, lapse of time or both). The Borrowers Term Loan shall be used solely for the purposes set forth in the recitals set forth in said Third Loan Modification Agreement.

7. Sections 9.3(C) and (D) of the Existing Agreement are amended to read as follows:

(C) Capital Expenditures. They will not make Capital Expenditures in any fiscal year beginning on or after September 1, 2000, in excess of \$550,000 in the aggregate.

(D) Tangible Net Worth. At the end of each fiscal quarter of Chiappetti during the period commencing October 1, 1996 and terminating November 30, 1998, Chiappetti shall have a Tangible Net Worth greater than \$900,000; at the end of each fiscal quarter of Chiappetti beginning with the fiscal quarter ending February 28, 1999, Chiappetti shall have a Tangible Net Worth greater than \$1,000,000; at June 30, 2001, Chiappetti, shall have a Tangible Net Worth greater than \$1,300,000; and at the end of each fiscal quarter of Chiappetti, beginning with the fiscal quarter ending August 31, 2001, Chiappetti shall have a Tangible Net Worth greater than \$1,400,000.

8. Section 9.3 of the Existing Agreement is further amended by adding thereto the following as Section 9.3(E) thereof.

(E) Debt Service Coverage Ratio. As at the end of each of its fiscal quarters, Chiappetti shall have a Debt Service Coverage Ratio for the then current fiscal year to date of not less than 1.15 to 1.00.

9. Exhibit A to the Existing Agreement, Exhibit A to the Existing Mortgage and the Existing Revolving Credit Note are each amended by deleting therefrom wherever appearing the date "June 30, 2001" and substituting therefor the date "December 31, 2001."

10. Exhibit C to the Existing Agreement and the Existing Mortgage are each amended by deleting from each thereof the third paragraph of the Recitals thereto and substituting therefor the following:

WHEREAS, Chiappetti and Den-Franco have executed and delivered their joint and severable revolving credit promissory note payable to the order of Mortgagee and bearing interest at the rates set forth therein in a principal amount not to exceed \$2,700,000 and payable in all events not later than December 31, 2001, and otherwise in the form attached hereto as Exhibit A (the "Revolving Credit Note") as amended, which Revolving Credit Note is incorporated herein and made a part hereof by this reference with the same effect as if set forth at length; and

11. Exhibit D to the Existing Agreement and the Existing Assignment are each amended by deleting from each thereof Subsection (a) of Section 1 thereof and substituting therefor the following:

(a) Payment of the indebtedness evidenced by those notes (herein together called "Notes") in the aggregate principal amount not to exceed \$3,609,934.50 payable to the order of Assignee and any extensions, modifications or renewals thereof and secured by that certain Mortgage dated as of December 15, 1996 from Assignor, as mortgagor, to Assignee, as mortgagee, upon the Premises, and filed for record in the proper office of the County and State where the Premises are located on December 23, 1996, as Document No. 96-965397, as amended by that certain (i) First Modification Agreement dated as of May 29, 1998 among Assignor and Assignee, (ii) Third Loan Modification Agreement dated as of December 23, 1998 among Chiappetti, Den-Franco, Assignor, Dennis Chiappetti, and Assignee and recorded in such office on January 22, 1999 as Document No. 99071953, (iii) Fourth Loan Modification Agreement dated as of January 31, 2001 among Chiappetti, Den-Franco, Assignor, Dennis Chiappetti, and Assignee and recorded in such office on _____, 2001 as Document No. _____, (iv) Fifth Loan Modification Agreement dated as of March 21, 2001, among Chiappetti, Den-Franco, Assignor, Dennis Chiappetti, and Assignee and recorded in such office on April 16, 2001 as Document No. 0010306723, (v) Sixth Loan Modification Agreement dated as of May 31, 2001, among Chiappetti, Den-Franco, Assignor, Dennis Chiappetti, and Assignee and recorded in such office on _____, 2001, as Document No. _____, and (vi) Seventh Loan Modification

Agreement dated as of July __, 2001, among Chiappetti, Den-Franco, Assignor, Dennis Chiappetti and Assignee and recorded in such office on _____, 2001 as Document No. _____ (said Mortgage as so amended hereinafter called the "Mortgage"); which Mortgage and Notes are held by or for the benefit of the Assignee.

12. The parties hereto, by their respective execution hereof, acknowledge and agree that all reference in (a) the Collateral ABI to "Lender Debt," (b) the Guaranty to "guaranteed debt" and "Loan Agreement," and (c) the Environmental Indemnity Agreement to "Loans" and "Loan Documents" shall be deemed to refer to the Existing Agreement, the Existing Mortgage, the Existing Revolving Credit Note and the Existing Borrowers Term Note, as each are hereby amended and, in the case of the Existing Revolving Credit Note and Existing Borrowers Term Note, extended and reamortized, respectively, and the indebtedness evidenced by each thereof.

13. Lender hereby waives any Default or Event of Default arising from the failure to make principal payments on the Existing Borrowers Term Note. Notwithstanding anything herein or in any of the Loan Documents contained to the contrary (including the provisions relating to the resetting of the Adjusted Base Rate by reason of changes in the Debt Service Coverage Ratio), Lender does not and shall not be deemed to waive any Default or Event of Default arising from a failure to meet the Debt Service Coverage Ratio set forth in Section 9.3(E) of the Existing Agreement, as hereby amended, any such waiver to be set forth in a separate writing executed by Lender.

14. Borrowers shall cause this Seventh Loan Modification Agreement to be recorded in the Office of the Recorder of Deeds of Cook County, Illinois.

15. Borrowers covenant and agree to pay the reasonable fees and expenses of Rosenthal and Schanfield, PC, counsel to Lender, incurred in connection with the negotiation, preparation and recordation of prior loan modification agreements, and of Dykema Gossett PLLC, counsel to Lender, incurred in connection with the negotiation, preparation and recordation of this Seventh Loan Modification Agreement.

16. All of the representations and warranties of the Borrowers and Guarantors set forth in the Loan Documents, as hereby amended, are true and correct in all material respects on and as of the date hereof. This Seventh Loan Modification Agreement has been duly authorized, executed and delivered by the Borrowers and Guarantor and constitutes the legal, validly and binding obligation of each thereof, enforceable in accordance with its terms except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect and by applicable principles of equity if equitable remedies are sought. Except as expressly amended hereby, all terms and provisions of each of the Loan Documents remain in full force and effect, and each of the Loan Documents, as hereby amended, is hereby ratified, confirmed and approved.

17. This Seventh Loan Modification Agreement is executed by Cole Taylor Bank/Ford City Bank and Trust Company, not personally but as Land Trustee aforesaid, in the exercise of the power and authority conferred upon and fixed in it as such Trustee, and it is expressly understood and agreed that nothing herein contained shall be constituted as creating any liability on said Cole Taylor Bank/Ford City Bank and Trust Company, as Land Trustee as aforesaid, or on said Cole Taylor Bank/Ford City Bank and Trust Company, personally, to pay the Obligations, or to perform any covenant either express or implied herein contained, all such liability, if any, being expressly waived by the Lender and by every person now or hereafter claiming any right or security hereunder, and that so far as Cole Taylor Bank/Ford City Bank and Trust Company, as Land Trustee as aforesaid, and its successors, and assigns, personally, only are concerned, the Lender and the owner or owners of the Notes shall look solely to any one or more of the Collateral and the Premises for the payment thereof, by the enforcement of the Liens created pursuant hereto and to the Mortgage, in the manner herein and in the Loan Documents provided, or action to enforce the personal liability of the Corporate Borrowers and each of them, or enforcement of any other security or collateral securing the Obligations.

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UNOFFICIAL COPY 10663212

IN WITNESS WHEREOF, the parties hereto have caused this Seventh Loan Modification Agreement to be executed on and as of the day, month and year first above written.

CHIAPPETTI WHOLESALE MEAT CORPORATION

By: *Dennis Chiappetti*
Dennis Chiappetti, President

DEN-FRANCO CORPORATION

By: *Dennis Chiappetti*
Dennis Chiappetti, President

DC PROPERTIES, INC.

By: *Dennis Chiappetti*
Dennis Chiappetti, President

Dennis Chiappetti
DENNIS CHIAPPETTI

COLE TAYLOR BANK/FORD CITY BANK AND TRUST COMPANY, not personally but solely as Trustee as aforesaid

ATTEST:

O. Castillo
Assistant Secretary

By: *I. Walter Deitch*
Vice President

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

By: *Robert J. Alvarado*
Vice President

THIS INSTRUMENT WAS PREPARED BY AND AFTER RECORDING RETURN TO

I. Walter Deitch
DYKEMA GOSSETT PLLC
55 East Monroe Street, Suite 3050
Chicago, Illinois 60603

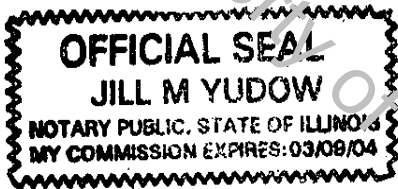
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10663212

STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

I, Jill M. Yudow, a Notary Public in and for the County and State aforesaid, do hereby certify that Dennis Chappetti the (Vice) President of **CHIAPPETTI WHOLESALE MEAT CORPORATION**, an Illinois corporation, who is personally known to me to be the same person whose names is subscribed to the foregoing instrument as such officer of said corporation, appeared before me 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 corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 17th day of July, 2001.

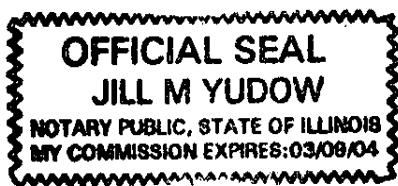


Jill M. Yudow
Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

I, Jill M. Yudow, a Notary Public in and for the County and State aforesaid, do hereby certify that Dennis Chappetti the (Vice) President of **DEN-FRANCO CORPORATION**, an Illinois corporation, who is personally known to me to be the same person whose names is subscribed to the foregoing instrument as such officer of said corporation, appeared before me 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 corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 17th day of July, 2001.



Jill M. Yudow
Notary Public

UNOFFICIAL COPY

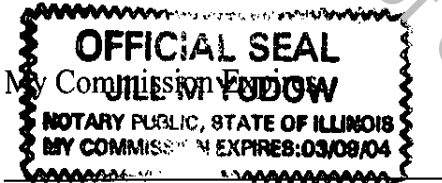
10663212

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, JILL M. YUDOW, a Notary Public in and for the County and State aforesaid, do hereby certify that DENNIS CHIAPPETTI, the (Vice) President of DC PROPERTIES, INC., an Illinois corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer of said corporation, appeared before me 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 corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 17th day of July, 2001.

Jill M. Yudow
Notary Public

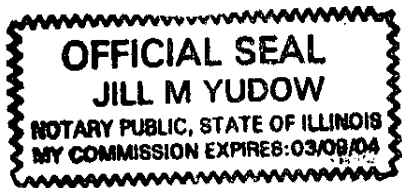


STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, JILL M. YUDOW, a Notary Public in and for the County and State aforesaid, do hereby certify that DENNIS CHIAPPETTI, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me in person and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 17th day of July, 2001.

Jill M. Yudow
Notary Public



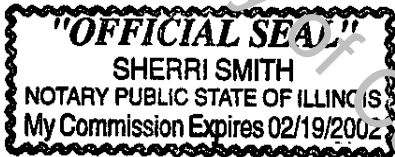
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10663212

STATE OF ILLINOIS)
) SS
COUNTY OF)

I, Sherrri Smith, a Notary Public in and for the County and State aforesaid, do hereby certify that Mario Gotanco and Maritza Castillo, respectively, the (Vice) President and (Assistant) Secretary of **COLE TAYLOR BANK/FORD CITY BANK AND TRUST COMPANY**, an Illinois banking corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such officers of said corporation, respectively, appeared before me 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 corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 18th day of July, 2001.

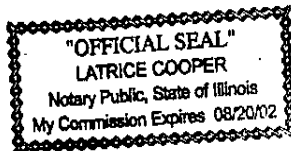


Sherrri Smith
Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Latrice Cooper, a Notary Public in and for the County and State aforesaid, do hereby certify that Robert J. Shanahan the (Vice) President of **AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO**, an Illinois banking corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer of said corporation, appeared before me 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 corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 19th day of July, 2001.



Latrice Cooper
Notary Public

10663212

SCHEDULE I

NAME AS SET FORTH IN ARTICLES OR LAND TRUST	STATE OF ORGANIZATION	FEDERAL TAX PAYER ID	STATE ORGANIZATION No.	CHIEF EXECUTIVE OFFICE AND LOCATION
Chiappetti Wholesale Meat Corporation	Illinois	36-3219952	D52976774	3900 S. Emerald Avenue Chicago, IL 60609
Den-Franco Corporation	Illinois	36-3038610	D51121347	3900 S. Emerald Avenue Chicago, IL 60609
DC Properties, Inc.	Illinois	36-3395505	D53658504	3900 S. Emerald Avenue Chicago, IL 60609
Cole Taylor Bank/Ford City Bank and Trust Company, not personally but solely as trustee, under trust agreement dated March 1, 1985 and known as Trust No. 4336	Illinois			850 W. Jackson Boulevard Chicago, IL 60607

Property of Cook County Clerk's Office

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EXHIBIT 'A'
LEGAL DESCRIPTION

10663212

LOTS 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 AND 15 IN BLOCK 18 IN GAGE, LE MOYNE, HUBBARD AND OTHERS
SUBDIVISION OF THE EAST ½ OF THE SOUTHEAST ¼ OF SECTION 32, TOWNSHIP 39 NORTH, RANGE
14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMON ADDRESS:

3810-3820 SOUTH HALSTED
CHICAGO, ILLINOIS 60609

PINS: 17-32-419-012
17-32-419-013
17-32-419-015
17-32-419-016
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17-32-419-021
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