

MODIFICATION AGREEMENT



THIS MODIFICATION AGREEMENT (this "Modification") is entered into as of August __, 2001 by and among **S&S Home Builders, LLC**, an Illinois limited liability company **Michael N. Schwartz** and **Scott Y. Schiller** (collectively, "Borrower") and **Builders Bank**, an Illinois corporation ("Lender").

RECITALS:

A. On February 23, 2001, Borrower borrowed from Lender the sum of \$445,000 (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 \$445,000 (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 February 23, 2001, (the "Mortgage") and recorded March 2, 2001 in the Cook County Recorder's Office as Document No. 0010170618; and

2. Other loan documents executed in connection with the Loan (collectively, the "Loan Documents").

C. The current outstanding principal balance under the Note is \$445,000.00.

D. Borrower and Guarantor 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.

2. Capitalized Terms. Capitalized terms contained in this Modification shall retain the meaning given under the Note or the Loan Documents.

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3. Loan Documents. This Modification shall be included in the definition of Loan Documents, as defined in the Note, the Mortgage and the other Loan Documents.

4. Loan Amount. The outstanding principal balance of the Note shall be increased by \$27,000 (the "Interest Reserve Account") from \$445,000 to \$472,000, and all references in the Loan Documents to \$445,000 shall be deleted and replaced with \$472,000. If there is no Event of Default then occurring, Lender shall make disbursements from the Interest Reserve Account for the payment of interest due under the Loan. If an Event of Default, by Borrower has occurred, Borrower authorizes Lender to fund and apply any of the funds in the Interest Reserve Amount to cure such default after delivering five (5) days written notice to Borrower, which Borrower agrees to be commercially reasonable notice thereof.

5. Maturity Date. The Maturity Date, as defined in the Loan Documents, shall be extended from May 23, 2001 to October 31, 2001, and all references in the Loan Documents to May 23, 2001 shall be deleted and replaced with October 31, 2001.

6. Consent of Guarantor. Guarantor expressly consents to the terms, provisions and conditions of this Modification and acknowledges and ratifies all other terms of the Guarantee and Indemnity.

7. 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, 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 Guarantor 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, Borrower and Guarantor 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 Guarantor 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 Guarantor 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, Guarantor, and Lender.

8. 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's Office.

(b) Mercury Title Company shall have delivered to Lender an endorsement, dated no earlier than the recording date of this Modification Agreement, to its Policy No. 72107145490, dated March 2, 2001, which endorsement shall (i) insure the validity and first priority of each of the recorded Loan Documents as securing the Note, as the same are amended

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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; and (iv) increase the amount of insurance to \$472,000.

9. Certifications, Representations and Warranties. In order to induce Lender to enter into this Modification, Borrower and Guarantor 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.

10. Additional Certificates, Representations and Warranties. In addition to the certifications, representations and warranties set forth in the Note and the Loan Documents, Borrower and Guarantor hereby certify, represent and warrant to Lender that:

(a) Borrower has all necessary power to carry on its present business, and has full right, power and authority to enter into and execute and deliver this Modification and to otherwise perform and consummate the transactions contemplated hereby.

(b) Guarantor is under no legal disability and has full right, power and authority to enter into and execute and deliver this Modification and to otherwise perform and consummate the transactions contemplated hereby.

(c) This Modification has been duly authorized, executed and delivered by Borrower and Guarantor and constitute valid and legally binding obligations enforceable against each such party in accordance with their terms. The execution and delivery of this Modification and compliance with the provisions hereof and thereof under the circumstances contemplated herein and therein do not and will not conflict with or constitute a breach or violation of or default under the agreement creating Borrower or any agreement or other instrument to which Borrower, Guarantor, or both, is a party, or by which any one of them is bound, or to which any of their properties are subject, or any existing law, administrative regulation, court order or consent decree to which any one of them is subject.

(d) There is no litigation or administrative proceeding pending or threatened to restrain or enjoin the transactions contemplated by this Modification or questioning the validity hereof, or in any way contesting the existence or powers of Borrower or Guarantor, or in which an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Modification.

(e) Borrower and Guarantor are in full compliance with all of the terms and conditions of this Modification, the Note and the Loan Documents, no event of default has occurred and is continuing with respect thereto and no event has occurred and is continuing which with the lapse of time or the giving of notice or both would constitute such an event of default, and Borrower and Guarantor hereby release and waive any and all (i) defenses to

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payment of obligations under the Note and the Loan Documents; and (ii) claims or causes of action which Borrower or Guarantor may have against Lender or its agents.

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

12. Entire Agreement. This Modification sets forth all of the covenants, provisions, agreements, conditions and understandings of the parties relating to the subject matter of this Modification, 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 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, Guarantor and Lender relating to this Modification.

13. Additional Documents. Borrower and Guarantor agree to execute and deliver such other and further documents requested by Lender or its counsel to achieve the objectives of this Modification, provided such other and further documents do not obligate Borrower to provide additional collateral for or materially increase Borrower's or Guarantor's obligations related to the Loan.

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

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

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

17. Construction.

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

b. The headings of this Modification 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.

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18. Execution of Counterparts. This Modification 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.

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

20. Effective Date. The effective date of this Modification shall be as of the date hereof.

[signatures on the following page]

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

LENDER:

BUILDERS BANK, an Illinois banking corporation

By: Charles J. Madura
Its: B.V.P.

BORROWER:

S&S Home Builders, LLC, an Illinois limited liability company

By: Michael Schwartz
Its: Member
Name: Michael Schwartz

GUARANTOR:

Michael Schwartz
Michael N. Schwartz

Scott Y. Schiller
Scott Y. Schiller

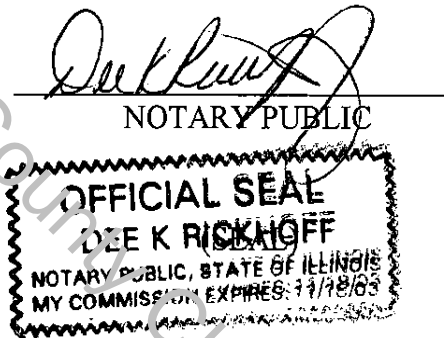
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STATE OF ILLINOIS)
)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that AKHAR SINGH the MEMBER of S&S Home Builders, LLC, 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 PERSON, 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 6th day of SEPTEMBER, 2001.



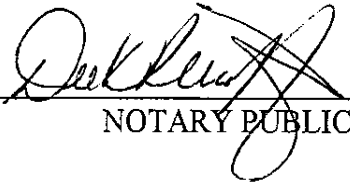
My Commission expires:

11/18/03

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

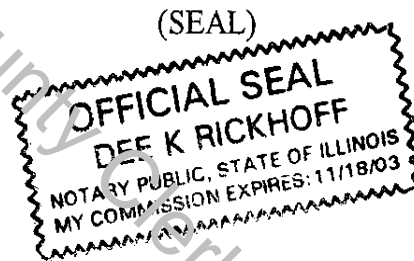
I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that **Michael N. Schwartz**, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he 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 6th day of ~~August~~ ^{SEPTEMBER}, 2001.


NOTARY PUBLIC

My Commission expires:

11/18/03



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STATE OF ILLINOIS)
)
COUNTY OF COOK)

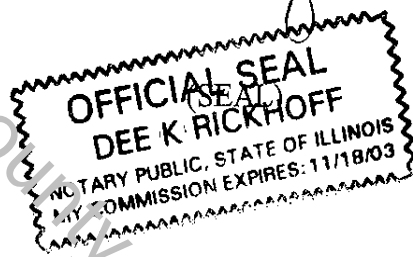
SS.

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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 6th day of ~~August~~ ^{SEPTEMBER}, 2001.


NOTARY PUBLIC



My Commission expires:

11/18/03

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

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I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, the _____ of Builders Bank, 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 ____ day of August, 2001.

Notary Public

My Commission Expires:

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LEGAL DESCRIPTION

LOT 48 IN BLOCK 4 D. S. LEE'S ADDITION TO CHICAGO, IN THE EAST 1/2 OF THE
NORTHWEST 1/4 OF SECTION 6, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD
PRINCIPAL MERIDIAN, IN DOOK COUNTY, ILLINOIS

PIN # 17-06-107-012-0000
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This Document drafted by
and when recorded, return to:
Matthew J. Wilk, Esq.
Builders Bank
225 N. LaSalle
Suite 3400
Chicago, IL 60601

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