



This instrument was prepared by and after recording should be returned to:

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Horwood Marcus & Berk Chartered
180 N. LaSalle St., Suite 3700
Chicago, IL 60601

THIRD MODIFICATION OF LOAN DOCUMENTS

This Third Modification of Loan Documents ("Third Modification") is dated as of the 30th day of June, 2002, by and between NATIONAL ENERGY PROPERTIES, L.L.C., an Illinois limited liability company ("NEP LLC"), KITMEER GROUP OF BUSINESSES, INC., an Illinois corporation ("Kitmeer"), CARY A. URETZ and LOIS A. URETZ (collectively, "Uretz"), SALIK N. RAO and FARHANO RAO (collectively, "Rao"), CHARLES C. EVERHARDT ("Everhardt"), LAWRENCE NESIS ("Nesis") (each of the preceding, a "Borrower" and collectively, "Borrowers") and IABE BANK ("Bank").

RECITALS

WHEREAS, NEP LLC, National Energy Properties Operating, L.L.C., an Illinois limited liability company ("NEPO LLC"), Cary A. Uretz, Everhardt, Nesis and Salik N. Rao are the borrowers on that certain Promissory Note dated September 27, 2000 in favor of Bank in the amount of \$900,000.00 ("\$900,000 Note"), which \$900,000 Note is secured by that certain Commercial Security Agreement ("Commercial Security Agreement") dated September 27, 2000 in favor of Bank by NEP LLC, NEPO LLC, Cary A. Uretz, Everhardt, Nesis and Salik N. Rao;

WHEREAS, pursuant to that certain Change in Terms Agreement dated August 12, 2001 ("Change in Terms Agreement"), Bank extended the maturity date of the \$900,000 Note from August 12, 2001 to June 30, 2002;

WHEREAS, NEP LLC has requested and Bank has agreed to again extend the maturity date of the \$900,000 Note from June 30, 2002 to January 3, 2003 and to delete NEPO LLC as a borrower, and the parties hereto desire that the \$900,000 Note and Commercial Security Agreement be amended to reflect said extension and such deletion of NEPO LLC;

WHEREAS, as consideration for Bank's agreement to extend the maturity date of the \$900,000 Note and to delete NEPO LLC, the Mortgages (as defined below) will serve as additional security on the \$900,000 Note, and the parties desire that the \$900,000 Note and Commercial Security Agreement be amended to reflect said additional security;

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WHEREAS, NEP LLC, Carey A. Uretz and Salik N. Rao are the borrowers on that certain Note dated June 29, 2001 in favor of Bank in the amount of \$300,000.00 ("\$300,000 Note"), which \$300,000 Note is secured by the following documents: (i) that certain Mortgage, Assignment of Leases and Rents and Security Agreement by Kitmeer dated June 29, 2001 in favor of Bank encumbering the property located 41490 U.S. 41, Wadsworth, Illinois and recorded March 1, 2002 with the Lake County Recorder's Office ("Lake Recorder") as document no. 4872520 ("Kitmeer Mortgage"); (ii) that certain Mortgage by Uretz dated June 29, 2001 in favor of Bank encumbering the property located at 1362 Crossfield Court, Buffalo Grove, Illinois and recorded March 1, 2002 with the Lake Recorder as document no. 4872521 ("Uretz Mortgage"); (iii) that certain Mortgage by Rao dated June 29, 2001 in favor of Bank encumbering the property located at 827 Winfal Drive, Schaumburg, Illinois and recorded with the Cook County Recorder of Deeds ("Cook Recorder") on June 29, 2001 as document no. 10578306 ("Rao Mortgage," collectively with the Kitmeer Mortgage and the Uretz Mortgage, "Mortgages"); (iv) that certain Commercial Pledge and Security Agreement dated June 29, 2001 in favor of Bank by NEP LLC ("Pledge Agreement"); (v) that certain Guaranty dated June 29, 2001 in favor of Bank by Everhardt ("Everhardt Guaranty"); and (v) that certain Guaranty dated June 29, 2001 in favor of Bank by Nesis ("Nesis Guaranty") (collectively "Security Documents");

WHEREAS, pursuant to that certain First Modification of Loan Documents ("First Modification") dated October 31, 2001 and recorded March 1, 2002 with the Lake Recorder as document no. 4872522 and recorded July 8, 2002 with the Cook Recorder as document no. 20745825, Bank extended the maturity date of the \$300,000 Note from October 31, 2001 to February 4, 2002;

WHEREAS, pursuant to that certain Second Modification of Loan Documents ("Second Modification") dated February 4, 2002 and recorded July 10, 2002 with the Lake Recorder as document no. 4960348 and recorded July 8, 2002 with the Cook Recorder as document no. 20745826, Bank extended the maturity date of the \$300,000 Note from February 4, 2002 to June 30, 2002;

WHEREAS, NEP LLC has requested and Bank has agreed to again extend the maturity date of the \$300,000 Note from June 30, 2002 to January 3, 2003 and to reflect a principal payment in the amount of \$25,000, and the parties hereto desire that the \$300,000 Note and the Security Documents be amended to reflect said extension and such payment;

WHEREAS, as consideration for Bank's agreement to extend the maturity date of the \$900,000 Note and \$300,000 Note, a default interest rate shall be added to such notes, and the parties desire that the \$900,000 Note and \$300,000 Note be amended as set forth below; and

WHEREAS, as consideration for Bank's agreement to extend the maturity date of the \$900,000 Note and \$300,000 Note, an exit fee, shall be added to such notes, and the parties desire that the \$900,000 Note and \$300,000 Note be amended as set forth below.

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NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. Amended and Restated Promissory Note. (a) Concurrently herewith, NEP LLC, Cary A. Uretz, Everhardt, Nesis and Salik N. Rao have executed and delivered to Bank that certain Amended and Restated Promissory Note in the amount of \$900,000.00 dated as of June 30, 2002 (as amended, the "Amended and Restated \$900,000 Note").

(b) A default interest rate is added to the \$900,000 Note by inserting the following provision in the Amended and Restated \$900,000 Note:

Default Interest Rate. While any Event of Default exists, interest on the unpaid principal balance of the Loan will accrue at an annual rate of five percent (5.0%) over the Index, rounded to the nearest 0.125%. Borrowers must pay such interest upon demand, or if no such demand is made, then at the times installments of interest or principal are due as provided herein."

(c) An exit fee is added to the \$900,000 Note by inserting the following provision in the Amended and Restated \$900,000 Note:

Exit Fee. In addition to each Monthly Payment and the Final Payment, an exit fee in an amount equal to one percent (1.0%) of each such payment shall be added and paid concurrently with such payment."

2. Amended and Restated Commercial Security Agreement. (a) Concurrently herewith, NEP LLC, Cary A. Uretz, Everhardt, Nesis and Salik N. Rao have executed and delivered to Bank that certain Amended and Restated Commercial Security Agreement dated as of June 30, 2002 (as amended, the "Amended and Restated Commercial Security Agreement").

3. Amended and Restated Note. (a) Concurrently herewith, NEP LLC, Cary A. Uretz and Salik N. Rao have executed and delivered to Bank that certain Amended and Restated Note in the amount of \$275,000.00 dated as of June 30, 2002 (as amended, the "Amended and Restated \$300,000 Note").

(b) A default interest rate is added to the \$300,000 Note by inserting the following provision in the Amended and Restated \$300,000 Note:

Default Interest Rate. While any Event of Default exists, including failure to pay upon final maturity, at Bank's option, and if permitted by applicable law, Bank may add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at an annual rate equal to the Prime Rate plus five percent (5%), and Borrowers must pay such interest upon demand, or if no such demand is made, then at the times installments of interest or principal are due as provided herein."

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(c) An exit fee is added to the \$300,000 Note by inserting the following provision in the Amended and Restated \$300,000 Note:

“Exit Fee. In addition to each Monthly Payment and the Final Payment, an exit fee in an amount equal to 1% of each such payment shall be added and paid concurrently with such payment.”

4. Amended and Restated Pledge Agreement. Concurrently herewith, NEP LLC, Cary A. Uretz and Salik N. Rao have executed and delivered to Bank that certain Amended and Restated Commercial Pledge and Security Agreement dated as of June 30, 2002 (as amended, the “Amended and Restated Pledge Agreement”).

5. References. All references in the \$900,000 Note, the \$300,000 Note, the Commercial Security Agreement, the Security Documents, the Change in Terms Agreement, the First Modification and the Second Modification (collectively, “Loan Documents”) to (i) the \$900,000 Note shall be deemed to refer to the Amended and Restated \$900,00 Note, (ii) the \$300,000 Note shall be deemed to refer to the Amended and Restated \$300,000 Note, (iii) the Commercial Security Agreement shall be deemed to refer to the Amended and Restated Commercial Security Agreement, and (iv) the Pledge Agreement shall be deemed to refer to the Amended and Restated Pledge Agreement.

6. Conflicts/Reaffirmation. In the event of any conflict or inconsistency between the provisions of the Loan Documents, on the one hand, and the provisions of this Third Modification, on the other hand, the provisions of this Third Modification shall govern. The provisions of the Loan Documents, as amended hereby, are in full force and effect, and the Loan Documents, as so amended, are hereby ratified and confirmed and all covenants, agreements, representations and warranties made therein by Borrowers, and all schedules attached thereto are true and correct as of the date hereof.

7. Representations and Warranties. Each Borrower represents and warrants to Bank as follows:

(a) This Third Modification (and the Loan Documents in their entirety) constitute the legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their terms;

(b) The execution and delivery of and the performance under this Third Modification are within Borrower’s power and authority, have been duly authorized by all requisite actions and are not in contravention of any law, Borrower’s charter documents or any other agreement made by Borrower or by which its assets are bound;

(c) No default or Event of Default exists under the Loan Documents; and

(d) Borrower has no defenses to the enforcement of the Loan Documents.

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8. Binding Effect. This Third Modification shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

9. Counterparts. This Third Modification may be executed in two or more counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same original.

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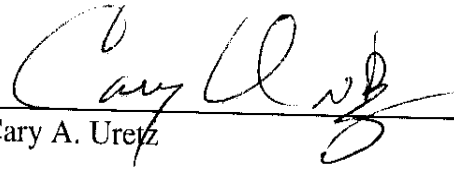
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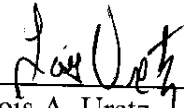
IN WITNESS WHEREOF, the parties have executed this Third Modification of Loan Documents as of the date written above.

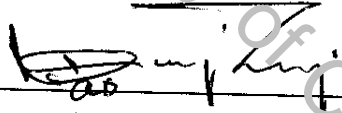
NATIONAL ENERGY PROPERTIES, L.L.C., INDIVIDUALS:
an Illinois limited liability company

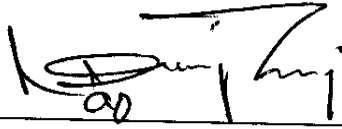
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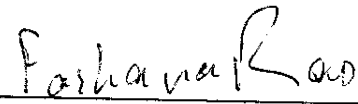

Cary A. Uretz


KITMEER GROUP OF BUSINESSES, INC.,
an Illinois corporation


Lois A. Uretz

By: 
Name: _____
Its: President


Salik N. Rao


Farhana Rao


Charles C. Everhart


Lawrence Nesis

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Exhibit A

THE LAND REFERRED TO IN THIS COMMITMENT IS DESCRIBED AS FOLLOWS:

LOT 6 IN BLOCK 4 IN OLD FARM VILLAGE UNIT THREE, BEING A SUBDIVISION OF PART OF THE NORTHWEST 1/4 AND PART OF THE SOUTHWEST 1/4 OF SECTION 28, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 16, 1985 AS DOCUMENT 2392343, AND AMENDED BY CERTIFICATES OF CORRECTION RECORDED JANUARY 23, 1986 AS DOCUMENT 2415234 AND RECORDED JANUARY 27, 1986 AS DOCUMENT 2416104, IN LAKE COUNTY, ILLINOIS.

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Exhibit A

THE LAND REFERRED TO IN THIS COMMITMENT IS DESCRIBED AS FOLLOWS:

THAT PART OF LOTS 10 AND 11 (TAKEN AS A TRACT) IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 46 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF A LINE WHICH IS 80 FEET WEST (AS MEASURED NORMAL TO) THE CENTERLINE OF SKOKIE HIGHWAY AS DEDICATED BY DOCUMENT 406898 RECORDED DECEMBER 5, 1934, WITH THE NORTH LINE OF SAID LOT 10; THENCE WEST ALONG THE NORTH LINE OF SAID LOTS 10 AND 11 A DISTANCE OF 220 FEET (220.57 FEET MEASURED) TO A POINT 300 FEET NORMAL TO AND WEST OF THE CENTER LINE OF SKOKIE HIGHWAY; THENCE SOUTH ALONG A LINE DRAWN PARALLEL WITH THE CENTER LINE OF SKOKIE HIGHWAY A DISTANCE OF 249 FEET TO A POINT; THENCE WEST ALONG A LINE DRAWN PARALLEL WITH THE NORTH LINE OF SAID LOTS 10 AND 11 A DISTANCE OF 90 FEET (90.24 FEET MEASURED) TO A POINT ON A LINE 390 FEET NORMAL TO AND WEST OF THE CENTER LINE OF SKOKIE HIGHWAY; THENCE SOUTH ALONG A LINE DRAWN PARALLEL WITH THE CENTER LINE OF SKOKIE HIGHWAY A DISTANCE OF 76.85 FEET TO A POINT ON A LINE 325.0 FEET NORMAL TO AND SOUTH OF THE NORTH LINE OF SAID LOTS 10 AND 11; THENCE EAST ALONG SAID LINE DRAWN PARALLEL WITH THE NORTH LINE OF SAID LOTS 10 AND 11 A DISTANCE OF 310.81 FEET TO THE WEST LINE OF SKOKIE HIGHWAY; THENCE NORTH ALONG THE WEST LINE OF SKOKIE HIGHWAY A DISTANCE OF 245.37 FEET TO A POINT OF CURVATURE IN SAID LINE; THENCE NORTHWESTERLY ALONG A CURVED LINE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 52.79 FEET, AN ARC DISTANCE OF 79.19 FEET TO A POINT 40 FEET SOUTH OF THE CENTER LINE OF ILLINOIS ROUTE 173 AS DEDICATED BY DOCUMENT 340087 RECORDED JULY 16, 1929; THENCE EAST PARALLEL WITH THE CENTER LINE OF ILLINOIS ROUTE 173 A DISTANCE OF 49.18 FEET TO A POINT ON A LINE 80.0 FEET WEST (AS MEASURED NORMAL TO) THE CENTER LINE OF SKOKIE HIGHWAY; THENCE NORTH PARALLEL WITH THE CENTER LINE OF SAID SKOKIE HIGHWAY A DISTANCE OF 31.30 FEET TO THE POINT OF BEGINNING, (EXCEPT THAT PART THEREOF TAKEN BY THE ILLINOIS DEPARTMENT OF TRANSPORTATION IN CONDEMNATION CASE NO. 9487 19) IN LAKE COUNTY, ILLINOIS.

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Exhibit A

THE LAND REFERRED TO IN THIS COMMITMENT IS DESCRIBED AS FOLLOWS:

LOT 23 IN BLOCK 4 IN ESSEX CLUB SUBDIVISION UNIT NUMBER 1 , BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 23, TOWNSHIP 41 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

D.E.N. 07-23-212-023

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