10586

THIS INSTRUMENT PREPARED BY AND
PLEASE RETURN TO:
KIMBERLY K. ENDERS
100 WEST MONROE STREET #1310
CHICAGO, ILLINOIS 60603

BOX 333-HV

86571708

7036099

LOAN MODIFICATION AGREEMENT

This instrument is a Loan Modification Agreement ("Modification Agreement") by and between LaSalle National Bank, a national banking association ("Lender"); Stepan Partners, an Illinois limited partnership ("Borrower"); Paul Stepan and Ann Stepan (collectively "Guarantors"); and Morton Hotel Partners, an Illinois limited partnership.

RECITALS

A. On June 18, 1986, Borrower and Lender entered into a Loan Agreement ("Loan Agreement") pursuant to which Borrower executed and delivered to Lender its Promissory Note ("Note") in the principal amount of Three Hundred Seventy-Five Thousand ($375,000) Dollars payable to the order of Lender on August 1, 1986.

B. To secure the Note, there was executed and delivered to Lender the following documents pursuant to the Loan Agreement on June 18, 1986 ("Security Documents"):

(1) A Real Estate Mortgage and Assignment of Rents executed by Borrower securing the property legally described in Exhibit A attached hereto ("Mortgage"), which was recorded with the Recorder of Deeds of Cook County, Illinois on June 23, 1986 as Document No. 86254855;

(2) A Waiver of Defenses executed by Borrower ("Waiver of Defenses") which was recorded with the Recorder of Deeds of Cook County, Illinois on June 23, 1986 as Document No. 86254856;

(3) A Guaranty executed by Guarantors, jointly and severally ("Guaranty"); and

(4) A Third Modification and Security Agreement executed by and among Borrower, Guarantors, Morton Hotel Partners, an Illinois limited partnership, and Lender, a copy of which is attached hereto as Exhibit B.

C. Borrower has requested Lender to extend the date of payment of the amounts due under the Note until December 31, 1986. Lender is agreeable to this request, subject to the terms, provisions, conditions and agreements hereinafter set forth.

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THEREFORE, in consideration of good and valuable consideration in hand paid, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Note, Loan Agreement and Security Documents are hereby modified and amended in that subparagraphs (i) and (ii) of the Note are hereby deleted and the following provisions are substituted in their place:

(i) On the first day of the month following the date of the initial disbursement hereunder, and on the first day of each month thereafter to and including December 1, 1986, interest shall be paid at a variable rate equal to the prime rate of interest announced and from time to time in effect at the Continental Illinois National Bank and Trust Company of Chicago plus one and one-half (1.5%) percent per annum.

(ii) On December 31, 1986, the entire unpaid principal balance, together with all accrued and unpaid interest, and all other amounts which become due hereunder, shall be paid.

2. All other provisions of the Note, Loan Agreement and Security Documents remain unchanged.

3. This Modification shall constitute an amendment of the Note, Loan Agreement and Security Documents as set forth above, and wherever in said instruments or in any other instrument evidencing or securing the indebtedness evidenced by the Note reference is made to the Note, Loan Agreement and/or the Security Documents, such reference shall be deemed a reference to such Note, Loan Agreement and Security Documents as hereby modified and amended.

4. Nothing herein contained shall in any manner affect the lien or priority of the Security Documents or the covenants, conditions and agreements contained in the Note and the Loan Agreement.

5. Guarantors hereby expressly acknowledge and confirm that by executing this Modification Agreement, Lender has not waived, altered or modified Lender's rights under the Note, Loan Agreement or the Security Documents to amend, extend, renew, modify or otherwise deal with the obligations of the Borrower or any of the security given to Lender in connection therewith without the consent of Guarantors and without such action releasing, modifying or affecting the obligations of Guarantors or affecting any of the security heretofore granted to Lender.

6. Borrower, Guarantor and Morton Hotel Partners hereby renew, remake and affirm the representations and warranties contained in the Note, Loan Agreement and Security Documents as of the execution hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Modification Agreement on 11-12, 1986 to take effect on August 1, 1986.

Stepan Partners, an Illinois limited partnership

BY: _____
Paul Stepan,
a General Partner

BY: _____
Ann Stepan,
a General Partner

_____
Paul Stepan, individually

_____
Ann Stepan, individually

LaSalle National Bank

BY: _____
Vice President

Morton Hotel Partners

BY: Morton Hotel Associates, its General Partner
BY: S.A., Inc., a Nevada corporation, its General Partner

BY: _____

ATTEST: _____

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

Lillian I. Lespier, a Notary Public in and for the State and County aforesaid, do hereby certify that Paul Stepan and Ann Stepan, General Partners of Stepan Partners, an Illinois limited partnership, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day 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 limited partnership, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 11 day of November, 1986.

_____
Notary Public

LILLIAN I. LESPIER, Notary Public
Cook County, State of Illinois
My Commission Expires Dec. 28, 1987

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STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

Lillian I Lespier, a Notary Public in and for the State and County aforesaid, do hereby certify that Paul Stepan, 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 11 day of November, 1986.

Lillian I Lespier
Notary Public

LILLIAN I. LESPIER, Notary Public
Cook County, State of Illinois
My Commission Expires Dec. 28, 1987

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

Lillian I. Lespier, a Notary Public in and for the State and County aforesaid, do hereby certify that Ann Stepan, 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 she signed and delivered the said instrument as her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 11 day of November, 1986.

Lillian I Lespier
Notary Public

LILLIAN I. LESPIER, Notary Public
Cook County, State of Illinois
My Commission Expires Dec. 28, 1987

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

Lillian I. Lespier, a Notary Public in and for the State and County aforesaid, do hereby certify that Richard Cohler and Dawn Molski, _____ President and _____ Secretary, respectively, of S.A., Inc., a Nevada corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day 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 11 day of November, 1986.

Lillian I Lespier
Notary Public

LILLIAN I. LESPIER, Notary Public
Cook County, State of Illinois
My Commission Expires Dec. 28, 1987

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

David H. Addis, a Notary Public in and for the State and County aforesaid, do hereby certify that Bruce C. Duncan and _____, VP President ~~and~~ _____ Secretary, respectively, of LaSalle National Bank, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day 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 Bank, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 12 day of November, 1986.

Notary Public

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EXHIBIT A

LEGAL DESCRIPTION:

LOTS 25 AND 26 (EXCEPT THE EAST 35 FEET THEREOF, MORE OR LESS, TAKEN FOR OPENING DEARBORN STREET AND EXCEPT THE NORTH 21 FEET OF LOT 25 TAKEN FOR CONGRESS STREET) IN OGDEN'S SUBDIVISION OF BLOCK 124 IN SCHOOL SECTION ADDITION TO CHICAGO OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDAIN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS 516 SOUTH DEARBORN STREET, CHICAGO, ILLINOIS.

P.I.N.: 17-16-245-009-0000 - 26
17-16-245-017-0000 - 25 N/S
B-H-O

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THIRD MODIFICATION AND SECURITY AGREEMENT

This instrument is an agreement by and among Stepan Partners, an Illinois limited partnership, Paul Stepan, Ann Stepan, Morton Hotel Partners, an Illinois limited partnership, and LaSalle National Bank, a national banking association ("Bank").

RECITALS:

A. On March 20, 1985, Stepan Partners, an affiliate of Morton Hotel Partners, entered into a Letter Agreement with Bank wherein Bank provided Stepan Partners with a Line of Credit in the amount of $1,500,000. The Line of Credit indebtedness was evidenced by two notes, Note A in the amount of $150,000 and Note B in the amount of $1,350,000.

B. From time to time the Letter Agreement was amended. The last amendment of that Letter Agreement was as of June 3, 1986. Copies of the Letter Agreement and the June 3, 1986 Amendment are attached hereto as Exhibit A and incorporated herein. Attached to that amendment is an acknowledgment made by Paul H. Stepan and Ann R. Stepan ratifying and confirming their Guaranty and Security Agreements of September 24, 1985 ("Guaranties") in all respects.

C. On December 31, 1985, Stepan Partners, an Illinois limited partnership, Paul Stepan, Ann Stepan, Morton Hotel Partners, an Illinois limited partnership, and Bank entered into a Modification and Security Agreement. A copy of that Modification and Security Agreement is attached hereto as Exhibit B and incorporated herein.

D. On June 3, 1986, Stepan Partners, an Illinois limited partnership, Paul Stepan, Ann Stepan, Morton Hotel Partners, an Illinois limited partnership and Bank entered into a Second Modification and Security Agreement. A copy of that Second Modification and Security Agreement is attached hereto as Exhibit C and incorporated herein.

E. Stepan Partners has now applied to Bank for a loan in the amount of $375,000, to be used to purchase the property commonly known as 516 South Dearborn Street, Chicago and legally described in Exhibit D attached hereto and incorporated herein. Bank is willing to make said loan in the amount of $375,000 ("Loan") if there is provided additional collateral to secure the repayment of the Loan.

THEREFORE, in consideration of the premises and for the purpose of inducing Bank to enter into the Loan, IT IS AGREED AS FOLLOWS:

1. Section 4 of the Letter Agreement between Stepan Partners and Bank, entitled "Evidence of Indebtedness", is hereby amended to add the Loan in the

EXHIBIT B

principal amount of $375,000 made by the Bank to Stepan Partners. The total amount of indebtedness therefore is increased to $4,041,500.

2. Section 8 of the Letter Agreement entitled "Collateral" is hereby amended as follows:

> 137,100 shares of Stepan Company common stock. All shares will be pledged as collateral for the Bank's participation to the extent of $1,000,000 in the Construction Loan Agreement between Morton Hotel Partners and the Indiana National Bank, the Bank's participation to the extent of $816,500 in the Bridge Loan to Morton Hotel Partners from the Bank and Note E-1, and the Bank's loan to Stepan Partners in the amount of $375,000. If at any time the amount outstanding under Note E-1 exceeds 70% of the market value of the Stepan Company stock pledged thereunder, Borrower (Stepan Partners) will, at Borrower's option, either prepay part of the indebtedness, or pledge additional collateral satisfactory to Bank. For purposes of this section, the collateral will be valued every Monday, using the rate given in the Wall Street Journal for that date.

3. Stepan Partners hereby warrants that all representations and warranties contained in section 9 of the Letter Agreement are true and correct as of the date hereof.

4. Except as specifically amended in paragraph numbered 1 of this Agreement, all other provisions of the Letter Agreement, the Modification and Security Agreement, the Second Modification and Security Agreement and the Morton Loan Documents are incorporated herein and renewed as if re-executed as of the date of this Agreement.

5. Guarantors republish, renew and reaffirm their personal guaranties of the Stepan Partners Line of Credit, executed on September 27, 1985 as of the date hereof and agree that their guaranties remain in full force and effect notwithstanding the execution and delivery of this instrument.

EXECUTED and DELIVERED this 18th day of June, 1986.

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Morton Hotel Partners
by Morton Hotel Associates,
its general partner
by S.A., Inc., a Nevada corporation, its general partner

BY: [signature] Pres

ATTEST: [signature] its Asst. Secy

Stepan Partners, an Illinois limited partnership

BY: Paul Stepan by [signature] Attorney-in-Fact
Paul Stepan, one of its general partners

BY: Ann Stepan by [signature] Attorney-in-Fact
Ann Stepan, one of its general partners

Paul Stepan by [signature] Attorney-in-Fact
Paul Stepan, individually

Ann Stepan by [signature] Attorney-in-Fact
Ann Stepan, individually

LaSalle National Bank

BY: [signature]