EXTENSION AGREEMENT

THIS AGREEMENT made as of this 5th day of February, 1988, by and between THE FIRST NATIONAL BANK OF ELGIN, Elgin, Illinois ("Bank") and INLAND BROACHING AND TOOL CO., INC. ("Debtor"). In the event that this Agreement is executed by more than one Debtor, the term "Debtor" shall be deemed to include all of them (or any of them) and all of the undertakings and agreements contained herein shall be the joint and several obligations of all said Debtors and each of them.

In consideration of the mutual covenants herein contained, the parties state and agree as follows:

1. Debtor is indebted to the Bank as evidenced by a Promissory Note ("Note") dated November 30, 1982, in the principal amount of Fifty Thousand and no/100 Dollars ($50,000.00), identified on the Bank's records as Note 50195-2840. The Note was amended or supplemented by separate Extension and Modification Agreements ("Extension Agreements") dated as of December 5, 1985 and December 5, 1986, respectively. The term Note as used herein shall refer to the Note as amended and supplemented by the Extension Agreements.

2. The debt evidenced by the Note is past due and in default.

3. As of February 5, 1988, the balance due on the debt is Forty Thousand Seven Hundred Sixteen and 51/100 Dollars ($40,716.51) and Ninety-nine and 25/100 Dollars ($99.25) of accrued but unpaid interest for a total unpaid indebtedness of Forty Thousand Eight Hundred Fifteen and 76/100 Dollars ($40,815.76) ("Remaining Indebtedness"). At the request of Debtor, Bank is willing to extend the Remaining Indebtedness which shall be paid in full on or before October 5, 1989, and Debtor, in consideration of such extension agrees to pay the entire amount of such indebtedness, as hereby extended, with interest thereon after date until maturity, calculated on the actual days elapsed on a 360 day year at the rate of one per cent (1%) in excess of the Continental Illinois National Bank and Trust Company's publicly announced reference commercial lending rate for short term borrowing, the rate to change when and as any change occurs in said reference rate, and after maturity, whether by acceleration or otherwise, until payment in full, at the rate stated above plus two per cent (2%), with all costs of collection, including reasonable attorney's fees. There shall be a maximum limit on the non-default interest rate provided for herein of fourteen and one-half per cent (14-1/2%) per annum.

4. Debtor agrees to make payments on the Note as follows:

> Principal and interest shall be payable in equal monthly installments of Six Hundred Eighty and 87/100 Dollars ($680.87) on the 5th day of each month, beginning on the 5th day of February, 1988, each payment to be first applied to interest and the balance to principal; provided, the remaining unpaid balance of interest and principal shall be due in full on October 5, 1989.

5. This Agreement is supplementary to the Note, and any Loan Agreements, Security Agreements, Collateral Assignments, Financing Statements and any other document, instrument or agreement evidencing, governing or collateralizing the indebtedness evidenced by the Note; all such documents (including the Note and Extension Agreements) herein referred to as the "Loan Documents." All provisions of the Loan Documents shall remain in full force and effect except as herein expressly modified and the execution of this Agreement shall not abrogate

or diminish the rights of the Bank under any existing Loan Document, except as expressly amended hereby. Debtor agrees to perform and hereby reaffirms all the covenants and terms of the Loan Documents except as herein expressly modified. Debtor and the Bank expressly intend that all Loan Documents secure the indebtedness hereby extended with all the priorities enjoyed by said Loan Documents at their inception. The execution of this Agreement shall not be deemed to waive any defaults which may exist under the terms of the Loan Documents, as hereby amended and Bank expressly reserves the right to strictly enforce the terms of the Loan Documents except as herein expressly modified. Debtor waives and releases all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois with respect to the assets referred to in the Loan Documents.

In addition to other Loan Documents, this Note is secured by a Mortgage made by the McHenry State Bank as Trustee under Trust Agreement dated August 10, 1972 and known as Trust No. 499 ("Trust 499") which Mortgage is dated June 22, 1983, and recorded July 15, 1983, with the Recorder of Deeds of Cook County, Illinois, as Document 26690539 ("Mortgage"), which conveys and mortgages to Bank real estate in Cook County, Illinois, legally described on Exhibit A attached hereto and made a part hereof.

THE FIRST NATIONAL BANK OF ELGIN

By Gregory L. Volk, A.V.P.

DEBTOR

INLAND BROACHING AND TOOL CO., INC.

By J. Salemi
President

ATTEST:

By _____
Secretary

CONSENT OF GUARANTORS

The undersigned, being Guarantors of the Note and other Loan Documents, hereby consent to the provisions of the foregoing Amendment and agree that their Guaranty shall continue in full force and effect and shall in no way be altered or impaired except to acknowledge and include a guarantee of the changes recited in the foregoing Extension Agreement, which Guaranty is hereby reaffirmed in its entirety by the undersigned.

Jerry S. Salemi

Jerry S. Salemi

Joseph R. Salemi

Joseph R. Salemi

STATE OF ILLINOIS)
) ss
COUNTY OF Kane)

Carolyn J. Nesk, a Notary Public in and for said County and State aforesaid, DO HEREBY CERTIFY, that Gregory L. Volk, and _____, of THE FIRST NATIONAL BANK OF ELGIN, who ~~are~~ is personally known to me to be the same person whose names ~~are~~ subscribed in

the foregoing instrument as such Asst. Vice Pres. and _____, appeared before me this day in person and severally acknowledged that they signed, sealed and delivered the said instrument of writing as their free and voluntary act, and as the free and voluntary act of said corporation for the uses and purposes therein set forth pursuant to authority given by the Board of Directors of said corporation and caused the corporate seal of said corporation to be thereto attached.

GIVEN under my hand and notarial seal this 5th day of February, 1988.

Carolyn J. Scott
Notary Public

My Commission Expires: March 4, 1989

OFFICIAL SEAL
CAROLYN J. SCOTT
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires 3/4/1989

STATE OF ILLINOIS)
) ss
COUNTY OF Kane)

Carolyn J. Scott, a Notary Public in and for said County and State aforesaid, DO HEREBY CERTIFY, that Joseph R. Salemi and Jerry S. Salemi, appeared before me this day in person and severally acknowledged that they signed, sealed and delivered the said instrument of writing as their free and voluntary act.

GIVEN under my hand and notarial seal this 5th day of February, 1988.

Carolyn J. Scott
Notary Public

My Commission Expires: March 4, 1989

OFFICIAL SEAL
CAROLYN J. SCOTT
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires 3/4/1989

STATE OF ILLINOIS)
) ss
COUNTY OF Kane)

Carolyn J. Scott, a Notary Public in and for said County and State aforesaid, DO HEREBY CERTIFY, that J. R. Salemi, President, for Inland Broaching and Tool Co., Inc., appeared before me this day in person and severally acknowledged that he/she signed, sealed and delivered the said instrument of writing as his/her free and voluntary act and as the free and voluntary act of said corporation.

GIVEN under my hand and notarial seal this 5th day of February, 1988.

Carolyn J. Scott
Notary Public

My Commission Expires: March 4, 1989

OFFICIAL SEAL
CAROLYN J. SCOTT
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires 3/4/1989

Prepared By:

Roger K. Frandsen
Brady, McQueen, Martin,
Collins & Jensen
80 Fountain Square Plaza
P. O. Box 807
Elgin, IL 60121-0807
(312)695-2000

Return Recorded Document To:

Roger K. Frandsen
Brady, McQueen, Martin,
Collins & Jensen
80 Fountain Square Plaza
P. O. Box 807
Elgin, IL 60121-0807
(312)695-2000

The North 125 feet of Lot 13 in Klefstad's Palatine Industrial Park being a Subdivision of that part of the East 1/2 of the South West 1/4 of Section 23, Township 42 North, Range 10 East of the Third Principal Meridian, lying West of the West right of way of State Route 52 (Hicks Road) in Cook County, Illinois

02-23-313-036 K
F.A.O

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