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FIRST MODIFICATION OF SECOND AMENDED AND RESTATED LOAN DOCUMENTS

THIS FIRST MODIFICATION, made and entered into as of the 20th day of May, 1989 by and between MORTON HOTEL PARTNERS, an Illinois limited partnership ("Borrower") and INB NATIONAL BANK, a national banking association, formerly known as The Indiana National Bank ("Bank");

$19.00

WITNESSETH:

WHEREAS, pursuant to the terms and conditions of that certain Second Amended and Restated Construction Loan Agreement entered into by and between Bank and Borrower dated April 11, 1988 (the "Loan Agreement"), Bank agreed to extend credit to Borrower in the maximum principal amount of Ten Million Eight Hundred Thousand and No/100 Dollars ($10,800,000.00) (the "Loan") for the purpose of constructing and renovating a hotel located in Chicago, Cook County, Illinois; and

WHEREAS, the Loan is evidenced by a certain Second Amended and Restated Mortgage Note executed and delivered by Borrower to Bank dated April 11, 1988, in the principal face amount of Ten Million Eight Hundred Thousand and No/100 Dollars ($10,800,000.00) (the "Note"); and

WHEREAS, the Note is secured by the lien of certain Second Amended and Restated Real Estate Mortgage and Security Agreement executed and delivered by Borrower in favor of Bank dated April 11, 1988 and recorded April 28, 1988 as Instrument No. 88179349 in the Office of the Recorder of Cook County, Illinois (the "Mortgage"); and

WHEREAS, the Note is further secured by a certain Second Amended and Restated Assignment of Rents and Leases executed and delivered by Borrower to Bank dated April 11, 1988 and recorded April 28, 1988 as Instrument No. 88179350 in the Office of the Recorder of Cook County, Illinois (the "Assignment"); and

WHEREAS, as additional security for the Loan, on April 11, 1988 Borrower executed and delivered to Bank those certain Second Amended and Restated Collateral Assignment of Construction Contracts and Second Amended and Restated Collateral Assignment of Architects' Contracts and Plans (the "Contract Assignments") (the Loan Agreement, Note, Mortgage, Assignment and Contract Assignments being sometimes hereinafter collectively referred to as the "Loan Documents"); and

WHEREAS, Borrower and Bank mutually desire to extend the maturity of the Loan upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants, conditions, provisions and agreements contained herein, Borrower and Bank agree that the Loan Documents be, and they hereby are, modified as follows:

1. Bank. The name of the Bank, as defined in the Loan Documents, is hereby amended to be INB National Bank, a national banking association, formerly The Indiana National Bank.

2. Maturity Date. The maturity of the Loan, as evidenced by the Note and governed and secured by the Loan Documents, is hereby extended to August 18, 1989, on which date the entire unpaid principal balance of the Loan, together with all accrued but unpaid interest thereon, shall be due and payable.

3. Extension Fee. As consideration for the extension herein granted by Bank, Borrower shall pay to Bank an extension fee in the aggregate amount of Twenty-Seven Thousand and No/100 Dollars ($27,000.00), which extension fee shall be due and payable upon the execution of this Modification.

4. Representations and Warranties. Borrower hereby represents and warrants to Bank that there does not presently exist any default under the Loan Documents or any event which with the notice or lapse of time or both would constitute a default under the Loan Documents and that each of the representations and warranties set forth in the Loan Documents remain true and correct as of the date hereof, except to the extent said representations and warranties specifically apply to those items explicitly modified by or otherwise disclosed in this Modification, and each of said representations and warranties is hereby incorporated herein by reference and modified as necessary to apply to and cover the undertakings of the Borrower evidenced by this Modification.

5. Continuing Effect. All other terms, conditions, provisions, representations and warranties set forth in the Loan Documents not specifically relating to those items explicitly modified by or otherwise disclosed in this Modification shall remain unchanged and shall continue in full force and effect. This Modification shall, wherever possible, be construed in a manner consistent with the Loan Documents; provided, however, in the event of any irreconcilable inconsistency between the terms of this Modification and the terms of Loan Documents, the terms of this Modification shall control.

6. Waiver. No provision hereof shall constitute a waiver of any of the terms or conditions of the Loan Documents, other than those terms or conditions explicitly modified or otherwise affected hereby.

IN WITNESS WHEREOF, Borrower and Bank have caused this First Modification of Second Amended and Restated Loan Documents to be duly executed as of the date and year first above written.

"Borrower"

MORTON HOTEL PARTNERS
an Illinois limited partnership

By: MORTON HOTEL ASSOCIATES, an Illinois limited partnership, Its General Partner

By: S.A., INC., a Nevada corporation, General Partner

By: _____
Richard Cohler
President

"Bank"

INB NATIONAL BANK,
a national banking association

By: _____

Printed: CHARLES V. REED

Its: VICE PRESIDENT

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STATE OF ILLINOIS)
) SS:
COUNTY OF Cook)

Before me, a Notary Public in and for said County and State, personally appeared Richard Cohler, known to me to be the President of S.A., Inc., a General Partner of Morton Hotel Associates, the General Partner of Borrower, and acknowledged the execution of the foregoing First Modification of Second Amended and Restated Loan Documents for and on behalf of said Borrower.

WITNESS my hand and Notarial Seal this 28th day of July, 1989.

Notary Public-Signature

Peter M. Stazzone
Notary Public-Printed Name

County of Residence: Cook

My Commission Expires: My Commission Expires Feb. 10, 1990

STATE OF ~~ILLINOIS~~ Indiana)
) SS:
COUNTY OF Marion)

Before me, a Notary Public in and for said County and State, personally appeared Charles J. Reed, known to me to be the Vice President of INB National Bank, a national banking association, and having been first duly sworn, acknowledged the execution of the foregoing First Modification of Second Amended and Restated Loan Documents for and on behalf of said Bank.

WITNESS my hand and Notarial Seal this 20th day of September, 1989.

Shelly Lynn Byfield
Notary Public-Signature

Shelly Lynn Byfield
Notary Public-Printed Name

SHELLY LYNN BYFIELD, Notary Public
My Commission Expires: June 4, 1991
County of Residence: Marion

County of Residence: Marion

My Commission Expires: June 4, 1991

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REAFFIRMATION OF GUARANTY

The undersigned, being all of the guarantors of the obligations of the Borrower under the Loan Documents, hereby jointly and severally consent to the foregoing First Modification of Second Amended and Restated Loan Documents and agree that neither the execution nor the performance of such First Modification of Second Amended and Restated Loan Documents shall in any way affect, impair, discharge relieve or release the obligations of the undersigned under their contract of guaranty, which contract of guaranty is hereby ratified, confirmed and reaffirmed in all respects and is hereby extended upon its same terms consistent with the foregoing First Modification of Second Amended and Restated Loan Documents. Said contract of guaranty shall continue in full force and effect until all obligations of Borrower to Bank under the Loan Documents, as modified, are fully paid and performed.

Executed as of the 28th day of July, 1989.

STEPAN PARTNERS, an Illinois limited partnership

By: Paul Stepan
Paul Stepan, General Partner

Paul Stepan
PAUL STEPAN

Ann Stepan
ANN STEPAN

Richard Cohler
RICHARD COHLER

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STATE OF Illinois)
) SS:
COUNTY OF Cook)

Before me, a Notary Public in and for said County and State, personally appeared Paul Stepan, personally known to me to be the general partner of Stepan Partners, an Illinois limited partnership, and having been first duly sworn, acknowledged the execution of the foregoing Reaffirmation of Guaranty for and on behalf of said partnership.

Witness my hand and Notarial Seal this 28th day of July, 1989.

Notary Public-Signature

Peter M. Stazzone
Notary Public-Printed Name

County of Residence: Cook

My Commission Expires: My Commission Expires Feb. 10, 1990

STATE OF Illinois)
) SS:
COUNTY OF Cook)

Before me, a Notary Public in and for said County and State, personally appeared Paul Stepan, and having been first duly sworn, acknowledged the execution of the foregoing Reaffirmation of Guaranty as of his own voluntary act and deed.

Witness my hand and Notarial Seal this 28th day of July, 1989.

Notary Public-Signature

Peter M. Stazzone
Notary Public-Printed Name

County of Residence: Cook

My Commission Expires: My Commission Expires Feb. 10, 1990

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STATE OF Illinois)
) SS:
COUNTY OF Cook)

Before me, a Notary Public in and for said County and State, personally appeared Ann Stepan, and having been first duly sworn, acknowledged the execution of the foregoing Reaffirmation of Guaranty as of her own voluntary act and deed.

Witness my hand and Notarial Seal this 28th day of July, 1989.

Notary Public-Signature

Peter M. Stazione

Notary Public-Printed Name

County of Residence: Cook

My Commission Expires: My Commission Expires Feb. 10, 1990

STATE OF Illinois)
) SS:
COUNTY OF Cook)

Before me, a Notary Public in and for said County and State, personally appeared Richard Cohler, and having been first duly sworn, acknowledged the execution of the foregoing Reaffirmation of Guaranty as of his own voluntary act and deed.

Witness my hand and Notarial Seal this 28th day of July, 1989.

Notary Public-Signature

Peter M. Stazione

Notary Public-Printed Name

County of Residence: Cook

My Commission Expires: My Commission Expires Feb. 10, 1990

My Commission Expires Feb. 10, 1990

→ mail to

This instrument prepared by Richard L. Johnson, attorney-at-law, JOHNSON, SMITH, DENSBORN, WRIGHT & HEATH, One Indiana Square, 1800 Indiana National Bank Tower, Indianapolis, Indiana 46204.

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