

This Document Prepared By
and After Recording Return To:

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FIRST AMENDMENT TO CONSTRUCTION MORTGAGE AND
SECURITY AGREEMENT WITH ASSIGNMENT OF RENTS

This First Amendment to Construction Mortgage and Security Agreement with Assignment of Rents (this "Amendment") dated as of September 27, 1997 from REALEN HOMES DEVELOPERS, INC., a Pennsylvania corporation with an address at 1628 Colonial Parkway, Inverness, Illinois 60067 (hereinafter referred to as "Mortgagor") to HARRIS TRUST AND SAVINGS BANK, an Illinois banking corporation with its principal place of business at 111 West Monroe Street, Chicago, Illinois 60690 (hereinafter referred to as "Mortgagee");

WITNESSETH THAT:

WHEREAS, Mortgagor has executed and delivered a promissory note bearing even date herewith in the original principal amount of U.S. \$1,686,000, such promissory note made payable to the order of Mortgagee in and by which Mortgagor promises to pay said principal sum (or so much thereof as may be outstanding at the maturity thereof) together with interest on the balance of principal from time to time outstanding and unpaid thereon at the rates and at the times specified in the Construction Loan Agreement hereinafter defined with a final maturity of all principal and interest to be paid on the Termination Date (as defined in the Construction Loan Agreement) (said promissory note and any and all extensions and renewals thereof and any notes issued in replacement or substitution therefor being herein collectively referred to as the "Term Note"); and

WHEREAS, Mortgagor has executed and delivered a revolving promissory note bearing even date herewith in the original principal amount of U.S. \$1,640,000, such promissory note made payable to the order of Mortgagee in and by which Mortgagor promises to pay said principal sum (or so much thereof as may be outstanding at the

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maturity thereof), together with interest on the balance of principal from time to time outstanding and unpaid thereon at the rates and at the times specified in the Construction Loan Agreement with a final maturity of all principal and interest to be paid on the Termination Date, as provided for in the Construction Loan Agreement (said promissory note and any and all extensions and renewals thereof and any notes issued in replacement or substitution therefor being herein collectively referred to as the "Revolving Note"; the Term Note and the Revolving Note are herein collectively referred to as the "Notes");

WHEREAS, the Notes have been issued under and subject to the provisions of a Construction Loan and Reimbursement Agreement between Mortgagor and Mortgagee dated as of September 27, 1996, as amended by that certain First Amendment to Construction Loan and Reimbursement Agreement dated as of September 19, 1997 (as amended, the "Construction Loan Agreement"), and the Notes evidencing the \$3,326,000 loan made pursuant to the Construction Loan Agreement,

WHEREAS, Mortgagor is exercising one of its two options to extend the maturity date of the Notes for an additional six (6) months to March 27, 1998;

WHEREAS, Mortgagor and Mortgagee wish to amend that certain Construction Mortgage and Security Agreement with Assignment of Rents dated as of September 27, 1996 from Mortgagor to Mortgagee recorded in Cook County, Illinois, as Document Number 96755532 (the "Mortgage") to bring it into conformity with the Construction Loan Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby agree as follows:

1. The Mortgage is hereby amended by deleting "\$1,686,000" in the second line of the first "WHEREAS" clause and replacing in its stead "\$1,287,365."
2. The Mortgage is hereby amended by deleting "1,610,000" in the second line of the second "WHEREAS" clause and replacing in its stead "\$900,000."
3. Section 29 of the Mortgage is hereby amended by deleting "\$3,332,250" in the sixteenth line and replacing in its stead "\$6,392,730."
4. Mortgagor hereby represents and warrants to Mortgagee that as of the date hereof each of the representations and warranties set forth in the Mortgage as supplemented hereby are true and correct and that no default or event of default has occurred and is continuing or shall result after giving effect to this Amendment. Mortgagor hereby repeats and reaffirms all covenants and agreements contained in the Mortgage. Mortgagor repeats and reaffirms its covenant that all the indebtedness secured by the Mortgage as supplemented hereby will be promptly paid as and when the same becomes due and payable.

All of the provisions, stipulations, powers and covenants contained in the Mortgage shall stand and remain unchanged and in full force and effect except to the extent specifically modified hereby.

This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each of which when so executed shall be an original but all of which to constitute one and the same instrument.

No reference to this Amendment need be made in any note, instrument or other document making reference to the Mortgage, any reference to the Mortgage in any of such to be deemed to be a reference to the Mortgage as modified hereby.

This instrument shall be construed and governed by and in accordance with the laws of the State of Illinois.

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IN WITNESS WHEREOF, Mortgagor has caused these presents to be signed and sealed the day and year first above written.

REALTY HOMES DEVELOPERS, INC., a Pennsylvania corporation

By [Signature]
Its [Signature]

R. H. P. P. P.
(Type or Print Name)

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STATE OF PA)
) SS.
COUNTY OF Monterey)

I, Lynn Sano, a Notary Public in and for said County, in the State aforesaid, do hereby certify that John A. Peve, Treasurer of Realen Homes Developers, Inc., a Pennsylvania corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Treasurer, appeared before me this day in person and acknowledged that s/he signed and delivered the said instrument as her/his own free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

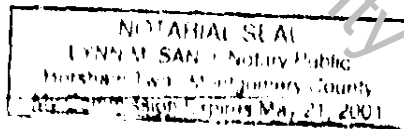
Given under my hand and notarial seal, this 27th day of September, 1997.

Lynn Sano
Notary Public

Lynn Sano
(TYPE OR PRINT NAME)

(SEAL)

My Commission Expires:



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