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Attn: Allan Goldberg, Esq.

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COOK COUNTY RECORDER

MEMORANDUM OF FIRST AMENDMENT TO MORTGAGE, MORTGAGE NOTE AND CONSTRUCTION LOAN AGREEMENT

THIS MEMORANDUM OF FIRST AMENDMENT TO MORTGAGE, MORTGAGE
NOTE AND CONSTRUCTION LOAN AGREEMENT (the "Memorandum") is made by the
parties on the dates set forth below their executions but executed to be effective as of
December 1, 1996, by and among DEVELOPMENT CORPORATION ("Lender"),
DORSET ELLIS, L.L.C., an Illinois limited liability company ("Borrower") and RONALD
FLESCHE ("Guarantor") with reference to the following facts.

RECITALS:

A. Description of Loan Agreement. On or about December 1, 1995, Lender
entered into that certain Construction Loan Agreement (the "Loan Agreement") with
Borrower and Guarantor whereby Lender made a Nine Hundred Sixty-three Thousand and
No/100 Dollar (\$963,000.00) construction loan (the "Loan") to Borrower for the purpose of
converting an existing structure on the Property, as that term is hereinafter defined, into
ten (10) condominium units (collectively, the "Units" and each a "Unit").

B. Description of Note. The Loan is evidenced by a Mortgage Note (the
"Note") dated December 1, 1995 in the stated principal amount of Nine Hundred Sixty-
three Thousand and No/100 Dollars (\$963,000.00).

C. Description of Mortgage. The Note is secured by that certain Mortgage,
Security Agreement, Assignment of Rents and Financing Statement dated December 1,
1995 (the "Mortgage"), executed and delivered by Borrower, as mortgagor, to and for the
benefit of Lender. The Mortgage was recorded on December 4, 1995, in the Office of the
Recorder of Deeds of Cook County, Illinois as Document No. 95839780. The Mortgage

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encumbers those certain properties located in Cook County, Illinois, and commonly known as 4345-49 South Ellis, Chicago, Illinois, all as more particularly therein described (referred to hereinafter collectively as the "Property").

D. **Description of Pledge Agreement.** As further security for Borrower's payment and performance under the Note, Borrower executed and delivered to Lender that certain Pledge Agreement dated December 1, 1995 (the "Pledge Agreement") whereby Borrower pledged to Lender a first priority interest in Account No. 41-36357 with Lender.

E. **Description of Collateral ABI.** As further security for Borrower's payment and performance under the Note, DORSET, LTD., an Illinois corporation, and the owner of one hundred percent (100%) of the beneficial interest with power of direction, executed and delivered to Lender that certain Collateral Assignment of Beneficial Interest dated December 1, 1995 (the "Collateral ABI") in American National Bank and Trust Company of Chicago Land Trust No. 120755-03.

F. **Description of Guaranty.** On or about December 1, 1995, Guarantor executed and delivered to Lender, to further secure the Note, that certain Guaranty of Payment and Performance, unconditionally guaranteeing the payment and performance of Borrower's obligations to Lender under the Note, upon the terms and conditions as more fully provided and set forth in said Guaranty of Payment and Performance (the "Guaranty").

G. **Description of Indemnity.** On or about December 1, 1995, Borrower and Guarantor executed that certain Indemnity Agreement in favor of Lender (the "Indemnity").

H. **Description of Collateral Assignments.** As further security for Borrower's payment and performance under the Note: (i) Borrower executed and delivered to Lender that certain Collateral Assignment of General Contractor's Agreement, Licenses, Permits, Plans and Specifications and Sales Contracts in favor of Lender (the "Collateral Assignment of Contracts") and (ii) Guarantor executed and delivered to Lender that certain Collateral Assignment of Proprietary Lease and Pledge Agreement in favor of Lender, granting to Lender a security interest in Guarantor's lease for the co-operative unit in New York City, New York, commonly known as 129 W. 80th Street, New York, New York and his shares of stock in the co-operative that owns said unit (the "Collateral Assignment of Lease") (The Collateral Assignment of Contracts and the Collateral Assignment of Lease are hereinafter referred to collectively as the "Collateral Assignments").

I. **Description of Loan Documents.** The Note, the Mortgage, the Pledge Agreement, the Collateral ABI, the Guaranty, the Indemnity, and the Collateral Assignments together with this First Amendment, and any and all other documents

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evidencing or securing the obligations of Borrower to Lender, are hereinafter collectively referred to as the "Loan Documents".

J. **Outstanding Default.** Borrower acknowledges that a default has occurred in the payment of the final balance due under the Loan, as evidenced by the Note, and Borrower has failed to pay Lender such final installment when due. However, Borrower has requested that Lender defer the exercise of Lender's rights and remedies now available to Lender pursuant to the terms and conditions of the Loan Documents. Borrower acknowledges that it is now obligated to pay in full all of the indebtedness due and owing under the Loan Documents as of November 1, 1996 (hereinafter the "Indebtedness"), and that it has no right of offset or counterclaim or defense with respect to the Indebtedness. Lender has agreed to comply with the request of Borrower with respect to the forbearance of Lender to exercise such rights and remedies, including, without limitation, Lender's right to pursue and enforce the payment and performance under the Guaranty, but only upon certain terms and conditions which are satisfactory to Lender and Borrower, as hereinafter set forth.

K. **Ratification of the Loan Documents.** Borrower and Lender now wish to modify the Loan as set forth below, and Guarantor has agreed to execute this First Amendment acknowledging and ratifying his consent to the terms and conditions of this First Amendment. Further, Borrower and Guarantor also acknowledge and agree that each of the Loan Documents secures, extends to, includes, and is effective with respect to all past, present, and future indebtedness and obligations to Lender by either of them, as well as by any future extensions, renewals, increases, amendments, or modifications thereto.

L. **Modification of Loan Documents.** Borrower has requested that Lender modify the Loan Documents upon the terms and conditions set forth in that certain First Amendment to Mortgage Note and Construction Loan Agreement made by and among Lender, Borrower and Guarantor of even date herewith (the "First Amendment"). Lender has agreed to make such modifications to the Loan Documents in consideration of the representations, warranties, covenants and other matters contained in the First Amendment.

NOW, THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and First Amendment s set forth herein and in the First Amendment, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree, and Guarantor hereby consents, as follows:

1. Borrower and Lender have agreed that this Memorandum shall be recorded to give notice of the modification of the Loan Documents by the First Amendment, the terms and conditions of which are incorporated herein by reference as if they were fully set

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forth herein. Among other things, the First Amendment modifies the Note and the Mortgage to extend the maturity date of the Loan to December 31, 1997.

2. This Memorandum shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

3. The parties to this Memorandum acknowledge that the recitals set forth above and the exhibit attached hereto are true and correct and are incorporated into this Memorandum by this reference as if they were fully set forth herein.

IN WITNESS WHEREOF, the parties have executed this Memorandum on the dates set forth below their executions but executed to be effective as of December 1, 1996.

BORROWER:

DORSET ELLIS, L.L.C.

an Illinois limited liability company

By: Dorset, Ltd., its managing member

By: Ronald Flesch

Its: President

Dated: 4-30, 1997

LENDER:

**BANK OF AMERICA ILLINOIS COMMUNITY
DEVELOPMENT CORPORATION**

By: _____

Its: _____

Dated: _____, 19____

GUARANTOR:

Ronald Flesch

Ronald Flesch

Dated: 4-30, 1997

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BORROWER:

DORSET ELLIS, L.L.C.

an Illinois limited liability company

By: Dorset, Ltd., its managing member

By: _____

Its: President

Dated: _____, 1997

LENDER:

BANK OF AMERICA ILLINOIS COMMUNITY
DEVELOPMENT CORPORATION

By: *William B. Washington*

Its: *Vice President*

Dated: *April 30, 1997*

GUARANTOR:

Ronald Flesch

Dated: _____, 1997

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Bernard Flecken, President of Dorset, Ltd., an Illinois corporation, Managing Member of DORSET ELLIS, L.L.C., who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said association, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 2nd day of April, 1997.

Kristie L. Lokken
Notary Public



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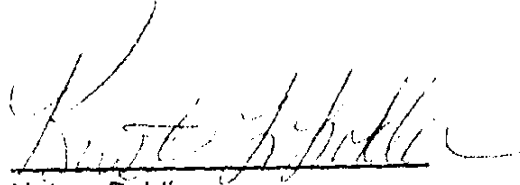
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STATE OF ILLINOIS)
)
COUNTY OF COOK)

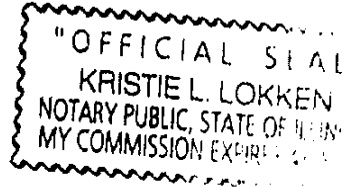
Subscribed, sworn to and acknowledged before me this 20th day of April, 1997 by Ronald Flesch, who personally appeared before me.

Witness my hand and official seal.

My commission expires: 4/28/99



Notary Public



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EXHIBIT A

Description:

LOTS 16 AND 17 AND THE SOUTH 24 FEET OF LOT 18 IN BLOCK 2 IN ABELL'S SUBDIVISION OF THE SOUTH 412.5 FEET OF LOT 2 IN THE SUBDIVISION BY THE EXECUTORS OF E. K. HUBBARD OF THE EAST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Address: 4345-49 S. Ellis
Chicago, Illinois

P.I.N. No. 20-02-302-020-0000

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