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1999-07-06 09:34:54
Cook County Recorder 37.50

THIS DOCUMENT PREPARED
BY AND AFTER RECORDING
SHOULD BE RETURNED TO:
THOMAS S. EISNER
900 MAPLE ROAD
HOMewood, IL 60430



99641131

COOK COUNTY
RECORDER
EUGENE "GENE" MOORE
MARKHAM OFFICE



SECOND LOAN MODIFICATION AGREEMENT

THIS SECOND LOAN MODIFICATION AGREEMENT is made as of this 1st day of May, 1999, by and among PACIFIC SCIENCE SUPPLIES, INC., an Illinois corporation ("Borrower"); HUILONG GAO and TODD M. CLARK (sometimes "Todd") (Huilong Gao and Todd are, sometimes, collectively "Guarantors"); and, SOUTH SHORE BANK OF CHICAGO ("Lender"),

WITNESSETH:

WHEREAS, Borrower, January 14, 1998, borrowed the sum of One Hundred Twenty-Five Thousand and 00/100 Dollars (\$125,000.00) from Lender pursuant to a loan and security agreement (the "L and S Agreement"), a copy of which is attached hereto as Exhibit "A", the proceeds of which were used for working capital for the operation and conduct by Borrower of its business in compliance with a Loan Agreement dated January 14, 1998 (the "Loan Agreement"), a copy of which is attached as Exhibit "B"; and,

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WHEREAS, Borrower, Guarantors and Lender, November 1, 1998, entered into a loan modification agreement (the "Loan Modification Agreement"), increasing the maximum principal balance available to Borrower pursuant to the L and S Agreement from One Hundred Twenty-Five Thousand and 00/100 Dollars (\$125,000.00) to Two Hundred Twenty Five Thousand and 00/100 Dollars (\$225,000.00); extending the due date for payment to Lender of the principal balance of the Liabilities, as defined in the L and S Agreement, and unpaid accrued interest thereon, from January 1, 1999, to May 1, 1999; providing for advances to be made against Eligible Inventory, as defined in the L and S Agreement; and, adding, as Collateral, as defined in the L and S Agreement real estate commonly known as 839 Brentwood Place, Elk Grove Village, Illinois ("Brentwood"). A copy of the Loan Modification Agreement is attached hereto as Exhibit "C"; and,

WHEREAS, Todd heretofore sold Brentwood, purchased real estate commonly known as 540 North Hampton Court, Elk Grove Village, Illinois ("Hampton"), and granted Lender a junior mortgage lien in Hampton, as Collateral for the obligations of Borrower contained in the L and S Agreement; and,

WHEREAS, Borrower desires to modify the L and S Agreement, as heretofore modified by the Loan Modification Agreement, by decreasing the maximum principal balance available to Borrower from Two Hundred Twenty-Five Thousand and 00/100 Dollars (\$225,000.00) to One Hundred Seventy-Five Thousand and 00/100 Dollars (\$175,000.00); by extending the due date for payment to Lender of the principal balance of the Liabilities, and unpaid accrued interest thereon, from May 1, 1999, to May 1, 2000; and by eliminating advances pursuant to the L and S Agreement, against Eligible Inventory; and, Lender is willing to so modify the L and S Agreement, pursuant to the terms and provisions contained herein; and,

WHEREAS, the L and S Agreement and all obligations of Borrower contained therein are presently secured and collateralized by the following:

a.) Uniform Commercial Code--Financing Statements--forms UCC-1 and UCC-2, executed by Borrower in favor of Lender;

b.) guaranty of Guarantors, dated January 14, 1998, executed by Guarantors in favor of Lender, guaranteeing payment thereto of the L and S Agreement;

c.) collateral assignment to Lender, by Guarantors, of policies of insurance on their lives in the aggregate face amount of not less than the aggregate outstanding principal balance of all loans made to Borrower by Lender;

d.) Providence Washington Insurance Company, policy no. CS 01001709, insuring substantially all Borrower's business assets, designating Lender as a lender's loss payee;

e.) Junior mortgage (the "Junior Mortgage") dated March 30, 1999, executed by Todd and all other title holders thereof, granting Lender a lien encumbering Hampton.

Copies of those documents hereinabove enumerated in paragraphs a.) through e.) are attached hereto as Group Exhibit "D" and are collectively referred to herein as the "Existing Collateral Documents";

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto agree as follows:

1.) INCORPORATION OF RECITALS.

The preambles and recitals set forth above are incorporated by reference as though fully set forth herein.

2.) AMENDMENT OF L AND S AGREEMENT.

The L and S Agreement is hereby amended as follows:

a.) section 1.20.) of the L and S Agreement is hereby amended by adding the following section thereto:

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"1.20.) "Real Estate" shall mean the land and building located at and commonly known as 540 North Hampton Court, Elk Grove Village, Illinois."

b.) sections 1.21.) and 1.22.) of the L and S Agreement are hereby deleted.

c.) Section 2.1.) of the L and S Agreement is hereby deleted in its entirety and the following is substituted in its place:

"2.1.) Total Facility. Lender shall, provided Borrower is not then in Default herein, make available for Borrower's use from time to time during the term of this Agreement, upon Borrower's request therefor, certain loans and other financial accommodations. Such loans shall be subject to all of the terms and conditions of this Agreement, and shall consist of a revolving line of credit consisting of advances against Eligible Accounts (the "Revolving Loan") in an aggregate principal amount not to exceed, at any time, the lesser of One Hundred Seventy-Five Thousand and 00/100 Dollars (\$175,000.00), or the outstanding amount of collateral availability (hereafter defined). As used in this Agreement, "Collateral Availability" shall mean, and at any particular time and from time to time, be equal to the sum of up to seventy-five percent (75%) of the net amount (after deduction of such reserves as Lender reasonably deems proper and necessary) of Eligible Accounts."

d.) Section 2.5.) of the L and S Agreement is hereby deleted in its entirety and the following is substituted in its place:

"2.5.) Payment Terms. The principal balance of the Liabilities, and unpaid accrued interest thereon provided for herein, shall be due and payable not later than May 1, 2000. Interest from time to time due and owing in connection with the Liabilities shall be payable on the first day of each month during the term hereof (for the immediately preceding month) commencing June 1, 1999. Fees, costs, expenses and similar charges shall be payable as and when provided in this Agreement or the Ancillary Agreements. If at any time the outstanding principal balance of the Liabilities exceeds the Collateral Availability, Borrower shall immediately pay to Lender such amount with accrued and unpaid interest thereon as is necessary to eliminate such excess. Lender shall be entitled, at its option, to debit, without prior notice to Borrower, any accounts maintained by Borrower at Lender for the amount of any payment, fee, charge or expense due Lender pursuant to this Agreement or the Ancillary Agreements. In addition to any other payments provided for herein, Borrower shall, not later than May 31, 1999, pay to Lender the principal

amount of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00); and, not later than June 30, 1999, shall pay to Lender the additional principal amount of Ten Thousand and 00/100 Dollars (\$10,000.00); and, not later than July 31, 1999, shall pay to Lender the additional principal amount of Thirty Thousand and 00/100 Dollars (\$30,000.00)".

e.) Section 3.2.) of the L and S Agreement is hereby deleted.

f.) all other terms and conditions of the L and S Agreement remain in full force and effect according to their original tenor.

3.) AMENDMENT OF GUARANTY.

The guaranty hereinabove described is hereby amended as follows:

a.) the term of the guaranty is hereby extended from May 1, 1999 to May 1, 2000, and the principal amount of the guaranty to which Lender's right of recovery is limited is decreased from Two Hundred Twenty-Five Thousand and 00/100 Dollars (\$225,000.00) to One Hundred Seventy-Five Thousand and 00/100 Dollars (\$175,000.00);

b.) all other terms and conditions of the guaranty remain in full force and effect according to their original tenor.

4.) AMENDMENT OF JUNIOR MORTGAGE.

The Junior Mortgage is hereby amended as follows:

a.) the principal amount of L and S Agreement secured by the Junior Mortgage is reduced from Two Hundred Twenty-Five Thousand and 00/100 Dollars (\$225,000.00) to One Hundred Seventy-Five Thousand and 00/100 Dollars (\$175,000.00), and the due date for payment of the L and S Agreement is extended from May 1, 1999, to May 1, 2000;

b.) attached hereto as Exhibit "E" is a legal description of Hampton;

c.) all other terms and conditions of the Junior Mortgage remain in full force and effect according to their original tenor.

5.) AMENDMENT OF LOAN AGREEMENT.

The Loan Agreement is hereby amended as follows:

a.) the Loan Agreement is amended to incorporate therein those modifications to the L and S Agreement, and the Existing Collateral Documents provided for in this Agreement;

b.) all other terms and conditions of the Loan Agreement remain in full force and effect according to their original tenor.

6.) AMENDMENT OF LIFE INSURANCE POLICY(IES) AND COLLATERAL ASSIGNMENT.

The principal amount of life insurance policies maintained on Guarantors' lives, collaterally assigned to Lender shall each be not less than the aggregate principal balance of all loans heretofore made to Borrower by Lender, and the collateral assignments thereof, shall remain in full force and effect until satisfaction of the L and S Agreement, as revised and modified herein.

7.) AMENDMENT OF PROPERTY AND HAZARD INSURANCE.

The amount of property insurance covering Borrower's business assets shall be not less than the outstanding principal balance of all loans from time to time made to Borrower by Lender; provided, however, if the maximum insurable value of the business assets is less than the outstanding principal balance of such loans, the insurance shall be in the maximum insurable amount thereof. The insurance shall remain in full force and effect until satisfaction of the L and S Agreement, as revised and modified herein.

8.) AMENDMENT OF STANDBY AGREEMENT.

The standby agreement heretofore executed by Huilong Gao is hereby extended for the term of L and S Agreement as renewed herein.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement, or caused it to be executed by their duly authorized officers, all as of the date and year first above written.

SOUTH SHORE BANK OF CHICAGO

PACIFIC SCIENCE SUPPLIES, INC.,
an Illinois corporation

BY: Charlene Soby

BY: Huilong Gao
HUILONG GAO, President

Huilong Gao
HUILONG GAO, as Guarantor

Todd M. Clark
TODD M. CLARK, as Guarantor

The undersigned hereby executes this second loan modification agreement for the sole purpose of consenting to the modification of the Junior Mortgage as herein provided.

Sharon K. Clark
SHARON K. CLARK

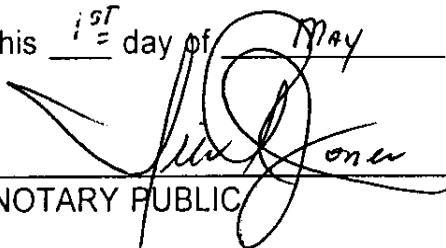
Proposed by Cook County Clerk's Office

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

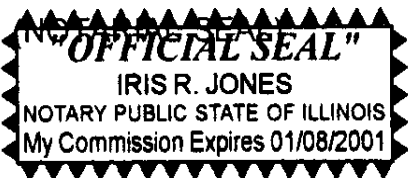
I, the undersigned, a notary public in and for said county, in the state aforesaid, do hereby certify that on this day personally appeared before me, **TODD CLARK** and **SHARON K. CLARK**, his wife, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, and acknowledged that they signed, sealed, and delivered the said instrument as their free and voluntary acts and deeds, for the uses and purposes therein set forth, including the waiver of rights of redemption and waiver of all rights and benefits under and by virtue of the homestead exemption laws of this state.

Given under my hand and notarial seal this 1st day of May, 1999.



NOTARY PUBLIC

My commission expires: 01-08-01



Property of Cook County Clerk's Office

Exhibit "E"

LEGAL DESCRIPTION OF HAMPTON

LEGAL DESCRIPTION:

Lot 4852 in Elk Grove Village Section 16, being a Subdivision in the South 1/2 of Section 29, Township 41 North, Range 11 East of the Third Principal Meridian, in Cook County, Illinois, according to plat thereof recorded in the Office of the Recorder of Deeds as document 20492038 in Cook County, Illinois

STREET ADDRESS:

540 North Hampton Court, Elk Grove Village, IL

PERMANENT REAL ESTATE INDEX NUMBER:

08-29-408-035

Property of Cook County Clerk's Office