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This Document Prepared By And
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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

2005 047691

2005 JUN 10 AM 9:50

MICHAEL A. TROWN
RECORDER

For Recorder's Use Only

SECOND MODIFICATION AND EXTENSION AGREEMENT

THIS SECOND MODIFICATION AND EXTENSION AGREEMENT made as of the 25th day of March, 2005, by and between MERRILLVILLAS, LLC, a Delaware limited liability company ("**Borrower**"), GENE T. STEINMARCH, JOEL H. COHEN and DANIEL M. BENZAQUEN (sometimes hereinafter jointly referred to as "**Guarantors**"), and HERITAGE COMMUNITY BANK, an Illinois banking corporation ("**Lender**").

WITNESSETH:

WHEREAS, on or about June 25, 2002, Lender made a loan ("**Loan**") to Borrower in the amount of TWO MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$2,100,000.00) to finance the construction and development of fifteen (15) 4-unit townhome buildings known as Merrillvillas Townhomes ("**Project**") upon the real estate commonly known as 1100 West 81st Avenue, Merrillville, Indiana, as legally described in Exhibit A attached hereto ("**Land**");

WHEREAS, the Loan is evidenced and secured by the following instruments, each dated as of June 25, 2002, unless otherwise noted ("**Loan Instruments**");

1. Construction Loan Agreement between Borrower and Lender ("**Loan Agreement**");
2. Construction Note made by Borrower payable to Lender in the amount of TWO MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$2,100,000.00) ("**Construction Note**");
3. Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing from Borrower to Lender covering the Land, and recorded in the Lake County Recorder's Office, Lake County, Indiana, on July 1, 2002, as Document No. 2002059025 ("**Mortgage**");
4. Guaranty of payment and performance by the Guarantors (the "**Guaranty**");
5. Environmental Indemnity Agreement from Borrower and Guarantors to Lender covering the Land and the Project;
6. Collateral Assignment of Construction Contracts;
7. Collateral Assignment of Architect's Contract; and
8. Disbursement Authorization;

OK # 2348
3/02
AB

WHEREAS, the following Subordination Agreements evidencing indebtedness of Borrower which is expressly subject and subordinate to the Loan, were executed, delivered and recorded as a condition precedent to the funding of the Loan:

1. Subordination Agreement dated June 25, 2002, made by and between Lender, as Senior Mortgagee, and Sycamore Cove Joint Venture, as Junior Mortgagee, recorded in the Lake County Recorder's Office, Lake County, Indiana, on July 1, 2002, as Document No. 2002059027; and
2. Subordination Agreement dated June 25, 2002, made by and between Lender, as Senior Lender, and Villas of America II LLC, formerly known as Villas of America LLC, a Delaware limited liability company, as Junior Lender, recorded in the Lake County Recorder's Office, Lake County, Indiana, on July 1, 2002, as Document No. 2002059028;

WHEREAS, the terms and provisions of the Loan Instruments were modified and amended by the Modification and Extension Agreement dated December 25, 2004, and recorded in the Lake County Recorder's Office, Lake County, Indiana, on March 8, 2005, as Document No. 2005016903, whereby the Maturity Date of the Loan was extended to March 25, 2005.

WHEREAS, as of the date of this Agreement there is a principal balance on the Loan in the amount of ONE MILLION SIX HUNDRED NINETY-SEVEN THOUSAND ONE HUNDRED NINETY-TWO AND 53/100 DOLLARS (\$1,697,192.53); and

WHEREAS, Lender, Borrower and Guarantors have agreed to modify the Loan Documents as hereinafter provided, so as to extend the Maturity Date of the Loan to October 15, 2005;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. **Extension Fee.** As consideration for the extension of the Maturity Date of the Loan as hereinafter provided, Borrower shall pay to Lender a non-refundable extension fee in the amount of TEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$10,500.00) which shall be due and payable on or before October 15, 2005.
2. **Modification of Loan Instruments.** Subject to the terms and provisions herein contained, the Loan Agreement, and the corresponding provisions of the other Loan Instruments, shall be modified and amended effective as of the date hereof so as to provide that the Maturity Date of the Loan is extended to October 15, 2005.
3. **Reaffirmation of Loan Instruments.** Except as expressly herein provided, Borrower, Guarantors and Lender hereby reaffirm and incorporate herein by reference each and every term, provision, representation and warranty contained in the Loan Instruments, and Borrower, Guarantors and Lender agree that said terms, provisions, representations and warranties shall remain in full force and effect.

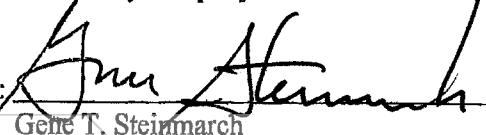
4. **Reaffirmation of Guaranty.** Guarantors hereby consent to the terms and conditions of this Agreement, and further reaffirm the Guaranty and agree that it shall continue to secure the Loan, as modified hereby.


5. **Attorneys' Fees and Costs.** Borrower shall pay any and all attorneys' fees and costs incurred by Lender in connection with the preparation, negotiation and perfection of this Agreement, including recording and title charges.

6. **Counterparts.** This Agreement may be executed by the parties hereto in any number of counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed and acknowledged as of the day and year first above written.

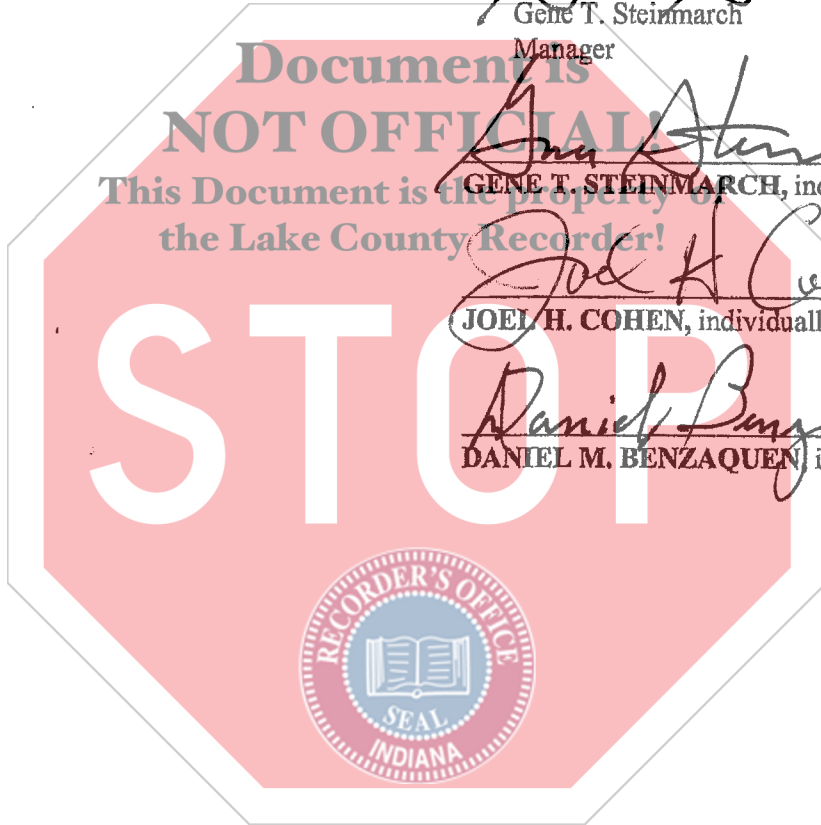
MERRILLVILLAS, LLC, a Delaware limited liability company

By: 
Gene T. Steinmarch
Manager


GENE T. STEINMARCH, individually


JOEL H. COHEN, individually


DANIEL M. BENZAQUEN, individually



IN WITNESS WHEREOF, Lender has caused these presents to be executed the day and year first above written.

HERITAGE COMMUNITY BANK, an
Illinois banking corporation

By: _____

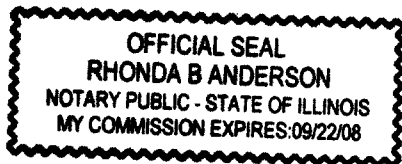
Patrick G. Fanning
Executive Vice President and
Senior Lending Officer



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 GENE T. STEINMARCH, personally known to me to be the Manager of MERRILLVILLAS, LLC, a Delaware limited liability company, and the same person whose name is subscribed to the foregoing instrument as such Manager, appeared before me this day in person and acknowledged to me that he signed and delivered the said instrument as his own free and voluntary act and the free and voluntary act of said LLC for the uses and purposes therein set forth.

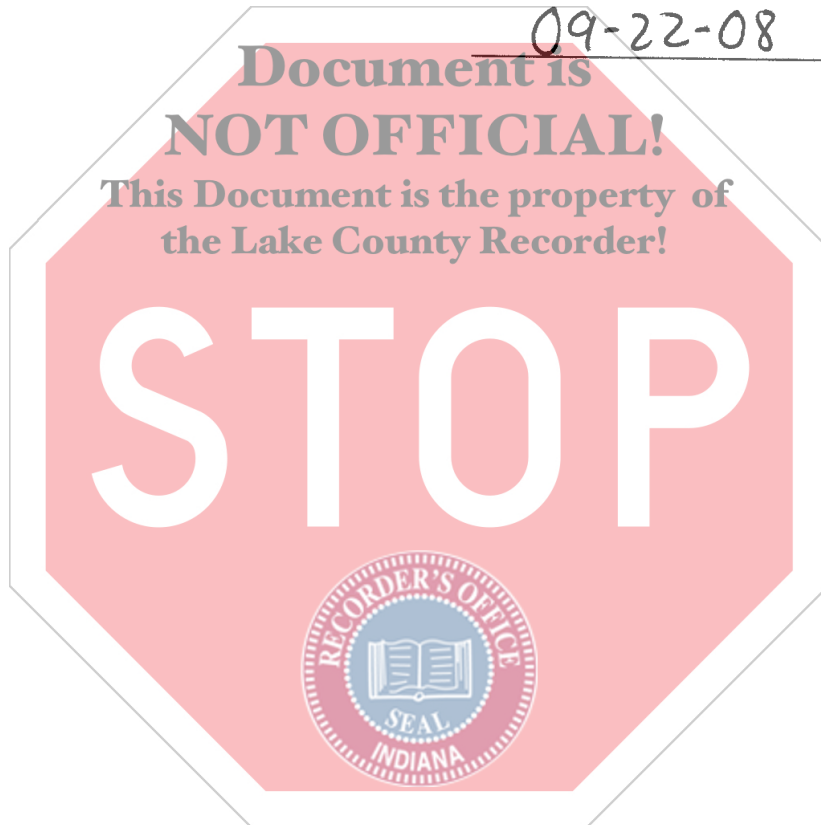
GIVEN under my hand and Notarial Seal this 3rd day of June, 2005.



Rhonda B. Anderson
NOTARY PUBLIC

My Commission Expires:

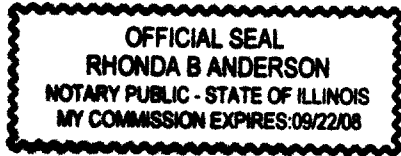
09-22-08



STATE OF Illinois)
COUNTY OF Cook) SS

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that **GENE T. STEINMARCH**, the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he signed and delivered the said instrument as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 3rd day of June, 2005.



Rhonda B. Anderson
NOTARY PUBLIC

My Commission Expires:

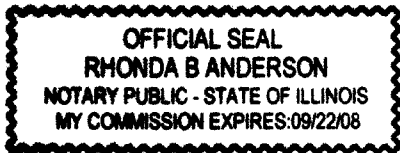
9-22-08



STATE OF Illinois)
COUNTY OF Cook) SS

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that **JOEL H. COHEN**, the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he signed and delivered the said instrument as his own free and voluntary act, for the uses and purposes therein set forth.

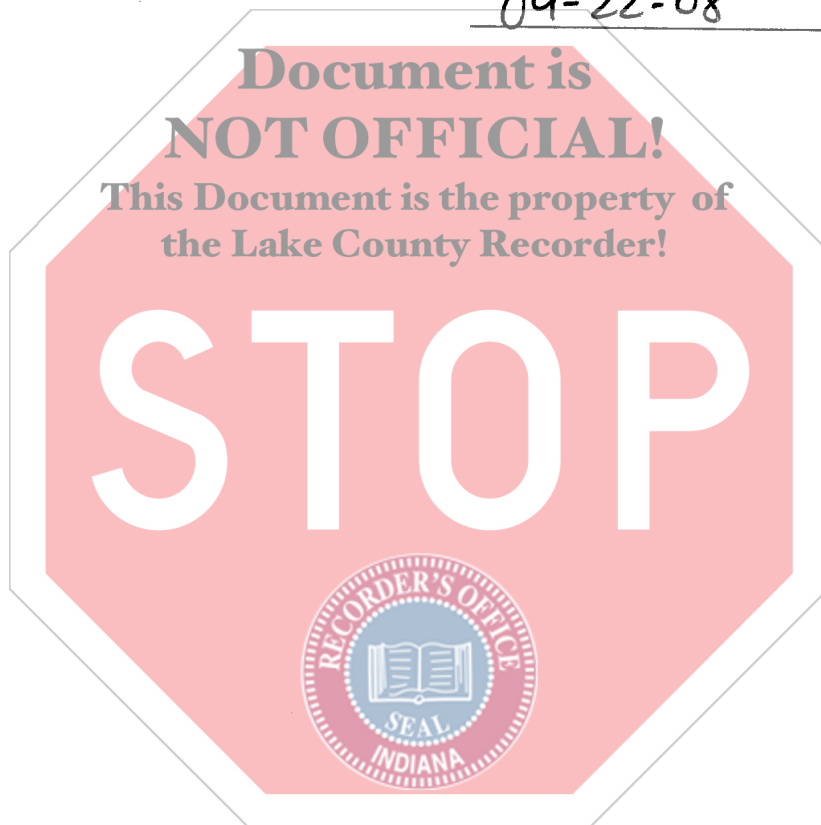
GIVEN under my hand and Notarial Seal this 3rd day of June, 2005.



Rhonda B. Anderson
NOTARY PUBLIC

My Commission Expires:

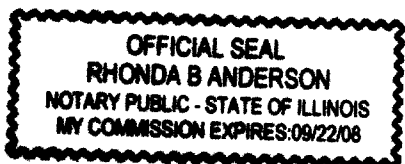
09-22-08



STATE OF Illinois
COUNTY OF Cook) SS

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that **DANIEL M. BENZAQUEN**, the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he signed and delivered the said instrument as his own free and voluntary act, for the uses and purposes therein set forth.

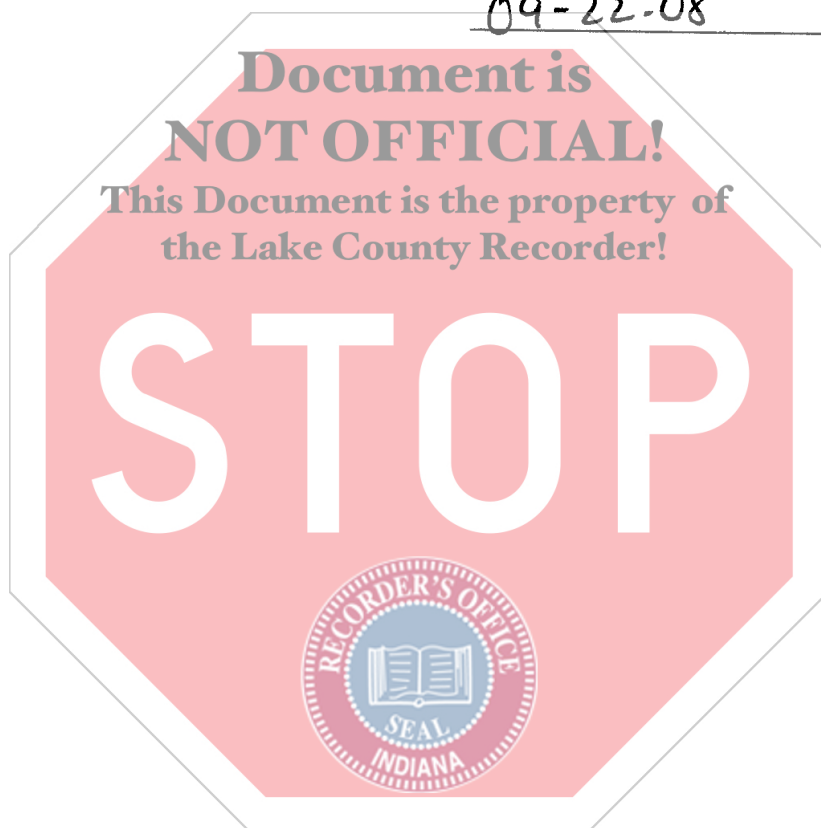
GIVEN under my hand and Notarial Seal this 3rd day of June, 2005.



Rhonda B. Anderson
NOTARY PUBLIC

My Commission Expires:

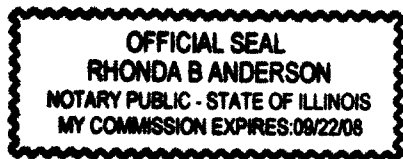
09-22-08



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 PATRICK G. FANNING, personally known to me to be the Executive Vice President and Senior Lending Officer of **HERITAGE COMMUNITY BANK**, an Illinois banking corporation, personally appeared before me this day in person and acknowledged to me that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Bank for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 3rd day of June, 2005.



Rhonda B. Anderson
NOTARY PUBLIC

My Commission Expires:

09-22-08

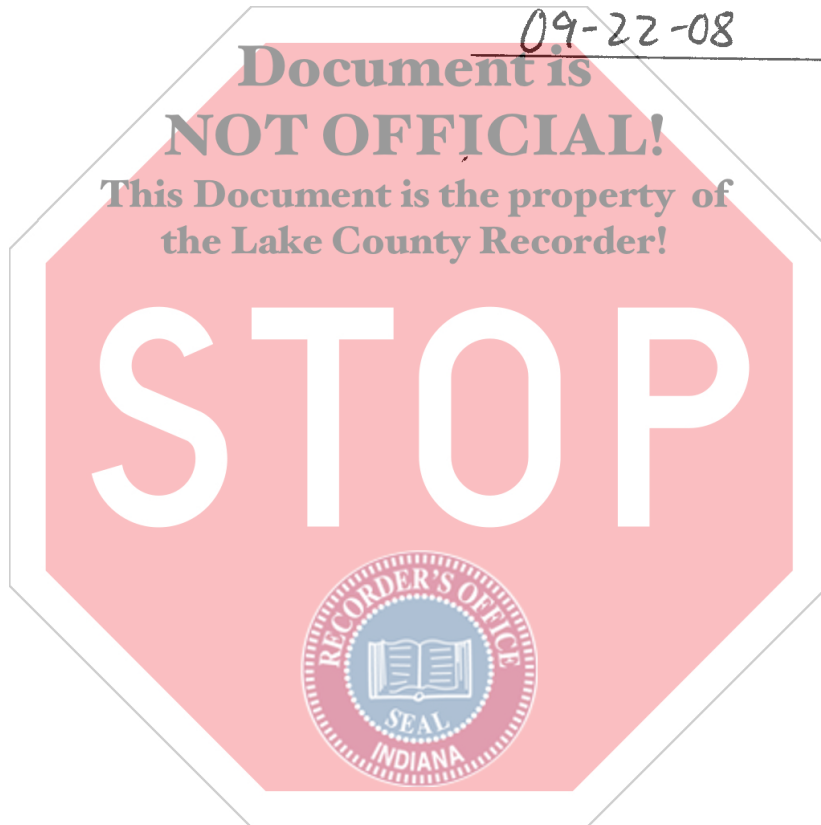


EXHIBIT A

THE LAND

Parcel One:

The North 690.00 feet of the southeast 1/4 of the Northwest 1/4 of Section 21, Township 35 North, Range 8 West of the Second Principal Meridian, in Lake County, Indiana, excepting therefrom the East 1017.54 feet, the West 126 feet, and the South 40 feet of the West 106 feet thereof.

Parcel Two:

Lot 4 in Columbus Subdivision, in the Town of Merrillville, Indiana, as shown in Plat Book 50, Page 41, in the Recorder's Office of Lake County, Indiana and a part of the Southeast Quarter of the Northwest Quarter of Section 21, Township 35 North, Range 8 West of the Second Principal Meridian, more particularly described as follows: Commencing at a point on the North line of said Southeast Quarter of the Northwest Quarter that is North 89 degrees 59 minutes 48 seconds West 181.82 feet from the Northeast corner thereof, which point is also the Northeast corner of said Lot 4; thence South 00 degrees 44 minutes 06 seconds East along the East line of Lot 4 which is also the East line of the West 699.28 feet of the East 881.10 feet of said Southeast Quarter of the Northwest Quarter a distance of 600.00 feet to the Southeast corner of said Lot 4; thence North 89 degrees 59 minutes 48 seconds West along the South line of said Lot 4 a distance of 291.28 feet; thence South 00 degrees 44 minutes 06 seconds East a distance of 30.00 feet to the centerline of 80th Avenue, as shown on the recorded plat of said Columbus Subdivision; thence North 89 degrees 59 minutes 48 seconds West along said centerline a distance of 408.00 feet to the West line of said Columbus Subdivision; thence continue North 89 degrees 59 minutes 48 seconds West distance of 135.00 feet; thence North 00 degrees 44 minutes 06 seconds West parallel to the West line of said Columbus Subdivision a distance of 630.00 feet to the North line of said Southeast Quarter of the Northwest Quarter, thence South 89 degrees 59 minutes 48 seconds East along said North line of said Southeast Quarter of the Northwest Quarter a distance of 135.00 feet to the Northwest corner of said Lot 4; thence continuing South 89 degrees 59 minutes 48 seconds East along said North line of the Southeast Quarter of the Northwest Quarter which is also the North line of said Lot 4 a distance of 699.28 feet to the point of beginning, in the Town of Merrillville, Lake County, Indiana, EXCEPTING THEREFROM that part known as Sycamore Cove Block 1 as per plat thereof recorded in Plat Book 77, Page 79 in the Office of the Recorder of Lake County, Indiana, more particularly described by metes and bounds as follows: Part of the Southeast Quarter of the Northwest Quarter of Section 21, Township 35 North, Range 8 West of the Second Principal Meridian, more particularly described as follows: Commencing at the Southeast corner of Sycamore Cove, a planned unit development to the Town of Merrillville, as recorded in Plat Book 76, Page 70 in the Office of the Recorder of Lake County, Indiana; thence North 89 degrees 59 minutes 49 seconds West along the South line of said Sycamore Cove, a distance of 171.99 feet to the point of beginning; thence Northwesterly along a curve concave to the Southwest and having a radius of 60.00 feet (the chord of which bears North 58 degrees 17 minutes 51 seconds West a distance of 90.16 feet) an arc distance of 102.01 feet; thence Northwesterly along a curve concave to the Northeast and having a radius of 15.00 feet (the chord of which bears North 02 degrees 59 minutes 30 seconds West a distance of 1.57 feet) an arc distance of 1.57 feet; thence North 00 degrees 00 minutes 11 seconds East a distance of 148.39 feet; thence North 89 degrees 59 minutes 49 seconds West a distance of 397.55 feet; thence South 00 degrees 00 minutes 11 seconds West a distance of 87.43 feet (recorded

87.33 feet); thence North 89 degrees 59 minutes 49 seconds West a distance of 20.00 feet; thence North 00 degrees 00 minutes 11 seconds East a distance of 87.43 feet; thence North 89 degrees 59 minutes 49 seconds West a distance of 25.00 feet; thence South 00 degrees 00 minute 11 seconds West a distance of 197.33 feet to the South line of said Sycamore Cove; thence North 89 degrees 59 minutes 49 seconds West along the South line of said Sycamore Cove a distance of 7.94 feet; thence South 00 degrees 44 minutes 06 seconds East a distance of 30.00 feet to the centerline of vacated 80th Avenue; thence South 89 degrees 59 minutes 49 seconds East a distance of 408.00 feet along said centerline; thence North 00 degrees 44 minutes 06 seconds West a distance of 30.00 feet to the South line of said Sycamore Cove; thence South 89 degrees 59 minutes 48 seconds East along the South line of said Sycamore Cove a distance of 119.29 feet to the point of beginning, all in the Town of Merrillville, Lake County, Indiana.

Common Address: 1100 West 81st Avenue, Merrillville, Indiana

Tax Key Numbers: 08-15-0120-0285 (Affects Parcel One)
08-15-0120-0274 (Affects part of the land)
08-15-0490-0004 (Affects part of the land)

