

209974

0020358904

2791/0007 21 001 Page 1 of 70

2002-03-29 09:40:59

Cook County Recorder

159.00

This agreement was prepared by
and after recording return to:

Steven J. Holler
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602



0020358904

REDEVELOPMENT AGREEMENT

CITY OF CHICAGO

AND

HEARTS UNITED PHASE III LIMITED PARTNERSHIP



Box 430

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION 1. RECITALS	3
SECTION 2. DEFINITIONS	3
SECTION 3. THE PROJECT	6
3.01 <u>The Project</u>	6
3.02 <u>Plans and Specifications</u>	6
3.03 <u>Project Budget</u>	6
3.04 <u>Other Approvals</u>	7
3.05 <u>Survey Updates</u>	7
3.06 <u>Architect's Certificates and Periodic Reports</u>	7
SECTION 4. FINANCING FOR THE PROJECT COSTS	7
4.01 <u>Initial Financing for the Project</u>	7
4.02 <u>Reimbursement for TIF-Funded Interest Costs</u>	7
4.03 <u>Sufficiency of Available Incremental Revenues for TIF-Funded Interest Costs</u>	8
4.04 <u>Source of City Funds to Pay TIF-Funded Interest Costs</u>	9
SECTION 5. GENERAL PROVISIONS	9
5.01 <u>DOH Approval</u>	9
5.02 <u>Other Approvals</u>	9
5.03 <u>Signs and Public Relations</u>	9
5.04 <u>Utility Connections</u>	10
5.05 <u>Permit Fees</u>	10
SECTION 6. GENERAL CONDITIONS	10
6.01 <u>Title Policy</u>	10
6.02 <u>Survey</u>	10
6.03 <u>Insurance</u>	10
6.04 <u>Opinion of Developer's Counsel</u>	10
6.05 <u>Plans and Specifications</u>	10
6.06 <u>Project Budget</u>	10
6.07 <u>Other Governmental Approvals</u>	10
6.08 <u>Financing</u>	11
6.09 <u>Evidence of Clean Title</u>	11
6.10 <u>Financial Statements</u>	11
6.11 <u>Environmental Matters</u>	11
6.12 <u>Entity Documents</u>	11
6.13 <u>Other Documents</u>	12
SECTION 7. AGREEMENTS WITH CONTRACTORS	12
7.01 <u>City Resident Employment Requirement</u>	12
7.02 <u>Maintaining Records</u>	14
7.03 <u>Other Provisions</u>	14
SECTION 8. COMPLETION OF CONSTRUCTION	14
8.01 <u>Certificate of Completion</u>	14

8.02	<u>Effect of Issuance of Certificate; Continuing Obligations</u>	15
8.03	<u>Failure to Complete</u>	15
8.04	<u>Notice of Expiration of Term of Agreement</u>	15
SECTION 9.	COVENANTS/REPRESENTATIONS/WARRANTIES OF DEVELOPER	16
9.01	<u>General</u>	16
9.02	<u>Covenant to Redevelop</u>	17
9.03	<u>Redevelopment Plan</u>	17
9.04	<u>Use of Available Incremental Revenues.</u>	17
9.05	<u>Arms-Length Transactions.</u>	17
9.06	<u>Conflict of Interest</u>	17
9.07	<u>Disclosure of Interest</u>	18
9.08	<u>Financial Statements</u>	18
9.09	<u>Developer's Liabilities</u>	18
9.10	<u>Compliance with Laws</u>	18
9.11	<u>Recording and Filing</u>	18
9.12	<u>Real Estate Provisions.</u>	18
9.13	<u>Survival of Covenants</u>	21
SECTION 10.	COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY	21
10.01	<u>General Covenants</u>	21
10.02	<u>Survival of Covenants</u>	21
SECTION 11.	EMPLOYMENT OPPORTUNITY	21
SECTION 12.	ENVIRONMENTAL MATTERS	24
SECTION 13.	INSURANCE	25
SECTION 14.	INDEMNIFICATION	28
SECTION 15.	MAINTAINING RECORDS/RIGHT TO INSPECT	28
15.01	<u>Books and Records</u>	28
15.02	<u>Inspection Rights</u>	29
SECTION 16.	DEFAULT AND REMEDIES	29
16.01	<u>Events of Default</u>	29
16.02	<u>Remedies</u>	30
16.03	<u>Curative Period</u>	31
16.04	<u>Right to Cure by Lender.</u>	31
SECTION 17.	NOTICE	32
SECTION 18.	MISCELLANEOUS	33
18.01	<u>Amendment</u>	33
18.02	<u>Entire Agreement</u>	33
18.03	<u>Limitation of Liability</u>	33
18.04	<u>Further Assurances</u>	33
18.05	<u>Waiver</u>	33
18.06	<u>Remedies Cumulative</u>	33

18.07	<u>Disclaimer</u>	34
18.08	<u>Headings</u>	34
18.09	<u>Counterparts</u>	34
18.10	<u>Severability</u>	34
18.11	<u>Governing Law</u>	34
18.12	<u>Form of Documents</u>	34
18.13	<u>Approval</u>	34
18.14	<u>Assignment</u>	34
18.15	<u>Binding Effect</u>	35
18.16	<u>Force Majeure.</u>	35
18.17	<u>HUD Rider</u>	35
18.18	<u>No Business Relationship With City Elected Officials.</u>	35
18.19	<u>Prevailing Wages</u>	36
	HUD-REQUIRED PROVISIONS RIDER	38

This agreement was prepared by and
after recording return to:

Steven J. Holler
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

REDEVELOPMENT AGREEMENT

This Redevelopment Agreement (the "Agreement") is made as of this 28th day of March, 2002, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Housing ("DOH"), and Hearts United Phase III Limited Partnership, an Illinois limited partnership (the "Developer").

RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the authority to promote the health, safety and welfare of the City and its inhabitants, to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act"), to finance the redevelopment of conservation and blighted areas.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of City (the "City Council") adopted the following ordinances on July 8, 1998: (1) "An Ordinance of the City of Chicago, Illinois, Approving a Redevelopment Plan for the 43 Street/Cottage Grove Avenue Tax Increment Financing Redevelopment Project Area;" (2) "An Ordinance of the City of Chicago, Illinois, Designating the 43rd Street/Cottage Grove Avenue Redevelopment Project Area a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act;" and (3) "An Ordinance of the City of Chicago, Illinois, Adopting Tax Increment Allocation Financing for the 43rd Street/Cottage Grove Avenue Redevelopment Tax Increment Financing Project". Collectively, these ordinances shall be referred to herein as the "TIF Ordinances." The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: On the closing date, the Developer will acquire from the City fee simple title to the nine (9) sites located in the Redevelopment Area and legally described on Exhibit B (each project site individually, and the nine (9) sites collectively, the "Property"). The City will convey the nine (9) sites to the Developer for the purchase price of \$1.00 per parcel. Within the time frames set forth in Section 3.01 hereof, the Developer shall commence and complete the following activities (the "Project"): construction on the Property of a total of 2 row house buildings and 7 six-flats, having, in aggregate, 53 residential units. Of such 53 units, there will be approximately 3 one-bedroom units, 36 two-bedroom units, 7 three-bedroom units and 7 four-bedroom units. Approximately 7 (13%) of the units may be leased at market rates with no income or rent restrictions and the other approximately 46 (87%) of the units will be subject to rent-restrictions and rented only by households earning sixty percent (60%) or less of the median income for the City of Chicago. But for the Developer's execution of this Agreement, the City would be unwilling to convey any portion of the Property or provide any City Funds or other City financing for the Project.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago 43rd Street/Cottage Grove Avenue Tax Increment Financing Redevelopment Project and Plan (the "Redevelopment Plan") attached hereto as Exhibit C. Among the objectives of the Redevelopment Plan are the revitalization of the Redevelopment Area and the promotion of housing types that accommodate a diverse mix of households and income levels.

F. Lender Financing: The City acknowledges that other financing for the Project is to be provided as set forth in Exhibit D attached hereto (collectively, the "Lender Financing"). The terms of certain portions of the Lender Financing include requiring the Developer to enter into various occupancy and use restrictions including, but not limited to, the Regulatory Agreement (as defined below).

G. City Financing: Pursuant to the terms and conditions of this Agreement, the City will pay or reimburse the Developer for the TIF-Funded Interest Costs (as defined below) from Available Incremental Revenues (the "City Funds") in the manner set forth in the TIF Ordinances (as defined below).

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this Agreement by reference.

SECTION 2. DEFINITIONS

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

"Act" shall have the meaning set forth in Paragraph B of the Recitals hereto.

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with the Developer.

"Available Incremental Revenues" shall mean those Incremental Taxes deposited in the Incremental Taxes Fund attributable to the taxes levied on the Property, to the extent available, allocated by the City in each fiscal year and in the amounts set forth in Exhibit E hereto for payment of the TIF-Funded Interest Costs.

"Certificate" shall mean the Certificate of Completion described in Section 8 hereof.

"City Funds" shall have the meaning set forth in Paragraph G of the Recitals hereto.

"Corporation Counsel" shall mean City's Office of Corporation Counsel.

"Employer(s)" shall have the meaning set forth in Section 11 hereof.

"Environmental Laws" shall mean the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree now or hereafter in force regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Material, as now or at any time hereafter in effect.

"Event of Default" shall have the meaning set forth in Section 16 hereof.

"FHA-Insured Loan" shall have the meaning set forth in

Paragraph 1 of Exhibit D hereto.

"Financial Statements" shall mean complete audited financial statements of the Developer prepared by a certified public accountant in accordance with generally accepted accounting principles and practices.

"First Mortgagee" shall mean Prairie Mortgage Company or the then holder of the FHA-Insured Loan if Prairie Mortgage Company is not then such holder.

"General Contractor" shall mean Linn-Mathes, Inc.

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

"HUD" shall mean the United States Department of Housing and Urban Development.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Ordinances and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by Treasurer into the Incremental Taxes Fund.

"Incremental Taxes Fund" shall mean the 43rd Street/Cottage Grove Avenue Redevelopment Project Area Special Tax Allocation Fund created pursuant to the TIF Ordinances.

"Lender Financing" shall have the meaning set forth in paragraph F of the Recitals.

"Lender" shall mean the provider of the Lender Financing.

"MBE(s)" or minority-owned business enterprise shall mean a business enterprise identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority business enterprise.

"Other Funds" shall mean those funds set forth in paragraph B of Exhibit D.

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and

specifications for the Project prepared by Booth Hanson, Inc..

"Project" shall have the meaning set forth in Paragraph D of the Recitals.

"Project Budget" shall mean the budget for the Developer Project attached hereto as Exhibit F.

"Project Costs" shall mean all of the costs incurred in connection with the Project.

"Property" shall have the meaning set forth in Paragraph D of the Recitals.

"Regulatory Agreement" shall mean that certain Regulatory Agreement for Multifamily Housing Projects dated as of the date hereof and amendments thereto, if any, entered into between the Developer and HUD with respect to the Property.

"Surplus Cash" shall have the meaning ascribed to it in the Regulatory Agreement.

"Survey" shall mean a plat of an ALTA survey of the Property acceptable in form and content to the City and the Title Company.

"Term of the Agreement" shall mean the term commencing on the date of execution of this Agreement and ending July 8, 2021 or, if the Plan is amended in accordance with the Act, 65 ILCS 5/11-74.4-3(n)(3), December 31, 2022.

"TIF-Funded Interest Costs" shall mean those costs which (i) are included within the definition of redevelopment project costs in Section 5/11-74.4-3(q) of the Act and are included in the Plan, and (ii) have the meaning set forth in Section 4.02 hereof.

"TIF Ordinances" shall have the meaning set forth in Paragraph C of the Recitals hereto.

"Title Company" shall mean Title Services, Inc.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, issued by the Title Company.

"WBE(s)" or women's business enterprise shall mean a business enterprise identified in the Directory of Certified Women's Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women's business enterprise.

SECTION 3. THE PROJECT

3.01 The Project.

(a) On the closing date, the City will convey the nine (9) sites that will comprise the Property to the Developer for the purchase price of \$1.00 per parcel. The Developer shall thereafter: (i) commence construction of the Project no later than April 1, 2002, or such later date as to which DOH may consent; and (ii) complete construction of the Project no later than 24 months after the date set forth in (i), or such later date as to which DOH may consent, and subject further to the provisions of Section 18.16 of this Agreement. The Project shall be carried out in accordance with the Plans and Specifications for the Project. In the event that HUD grants an extension of time for commencement or completion of construction of the Project, the Developer shall notify the City within five business days after receipt of notice of such extension and the foregoing dates shall be automatically extended accordingly.

(b) The City will convey the sites comprising the Property by quitclaim deed subject to (i) standard exceptions in an ALTA title insurance policy, (ii) all general real estate taxes (provided, however, that the City agrees to use reasonable efforts to obtain the waiver of any delinquent real estate tax liens on the Property, which, if not reasonably obtained by the City, shall entitle either the City or the Developer to decline to close this Agreement), (iii) all easements, encroachments, covenants and restrictions of record and not shown of record, and (iv) such other title defects and encumbrances as may exist.

3.02 Plans and Specifications. The Plans and Specifications shall conform to the Redevelopment Plan as amended from time to time and shall comply with all applicable state and local laws, ordinances and regulations. As of the date hereof, the Developer has delivered to DOH, and DOH has approved, the Plans and Specifications, a list of which are attached hereto as Exhibit G. The Developer has submitted also all such documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

Any material amendment to the Plans and Specifications must be submitted to DOH for its approval.

3.03 Project Budget. The Developer has furnished to DOH, and DOH has approved, the Project Budget. The Developer hereby certifies to the City that (a) Lender Financing and Other Funds shall be sufficient to pay all Project Costs (other than the TIF-Funded Interest Costs) and (b) to the best of the Developer's

knowledge after diligent inquiry, the Project Budget is true, correct and complete in all material respects. The Developer hereby represents to the City that the Lender Financing is (a) along with Other Funds and the City Funds, necessary to pay for all Project Costs and (b) available to be drawn upon to pay for certain Project Costs in accordance with the terms of the documents securing the Lender Financing.

3.04 Other Approvals. Construction of the Project and purchase of materials shall not commence until the Developer has obtained all permits and approvals required by state, federal or local statute, ordinance or regulation and the General Contractor has delivered to the Developer performance and payment bonds in the full amount of the construction contract.

3.05 Survey Updates. Upon DOH's request, the Developer shall provide three as-built Surveys to DOH reflecting improvements made to the Property.

3.06 Architect's Certificates and Periodic Reports. The Developer has contracted with Booth Hanson, Inc. (the "Developer's Architect") to act as its architect on the Project. The Developer's Architect shall provide the following documents to DOH:

(a) at the time of execution of this Agreement, an original executed Architect's Opening Certificate in the form attached hereto as Exhibit H-1;

(b) during construction of the Project on a monthly basis, a copy of AIA Form G-703, or a comparable form containing the same information as AIA Form G-703, and inspection reports; and

(c) upon completion of the Project, an original executed Architect's Completion Certificate in the form attached hereto as Exhibit H-2.

SECTION 4. FINANCING FOR THE PROJECT COSTS

4.01 Initial Financing for the Project. The Developer shall pay for all of the Project Costs, except the TIF-Funded Interest Costs, using the proceeds of the Lender Financing and Other Funds.

4.02 Reimbursement for TIF-Funded Interest Costs.

(a) The City hereby agrees to pay or reimburse the Developer from Available Incremental Revenues, if any, for a portion of the interest costs incurred by the Developer that will accrue on the FHA-Insured Loan (the "TIF-Funded Interest Costs") in each year and in the amounts set forth in Exhibit E hereto; provided, however,

that in no event shall the amount payable by the City for TIF-Funded Interest Costs exceed the lesser of (x) the maximum amount specified in Section 4.04 or, (y) the lesser of:

(i) 30 percent of the annual interest costs on the Lender Financing incurred by the Developer with regard to the Project during that year, provided that, if there are not sufficient Available Incremental Revenues to make the payment pursuant to this subparagraph, then the amounts so due shall accrue and be payable when Available Incremental Revenues are available; or

(ii) 30 percent of the total (A) cost paid or incurred by the Developer on the Project, plus (B) redevelopment project costs (excluding any property assembly costs and relocation costs) incurred by the City pursuant to the Act.

(b) The amounts payable pursuant to Section 4.02(a) shall be paid by the City in accordance with this Agreement while the Lender Financing remains outstanding and so long as the TIF-Funded Interest Costs, may, under the Act, be legally paid out of Available Incremental Revenues. The amounts payable pursuant to Section 4.02(a) shall be paid annually by the City to the First Mortgagee for distribution to the appropriate parties. The City will pay the First Mortgagee for the TIF-Funded Interest Costs for the Project upon submission by the First Mortgagee to the DOH of an executed Requisition Form for TIF-Funded Interest Costs in the form attached hereto as Exhibit I. The Requisition Form for TIF-Funded Interest Costs shall be sent to DOH on or after November 1 of each year that payment is requested, and shall set forth the date for payment which shall be not less than 60 days from the date of its receipt by the DOH. The City Comptroller shall pay, to the extent of any Available Incremental Revenues then available in the Incremental Taxes Fund, the amount requested in the Requisition Form for TIF-Funded Interest Costs within 60 days of its receipt; provided, that the amount so requested shall not exceed the maximum amount payable for such year as shown on Exhibit J attached hereto, plus any portion of such maximum amount for prior years that has not been paid as a result of insufficient funds. The First Mortgagee shall submit to the DOH and the Department of Finance at the addresses specified in Section 17 copies of monthly invoices sent to the Developer by the First Mortgagee to evidence the accrual of such amounts for TIF-Funded Interest Costs. Upon the City's request, the First Mortgagee will provide any additional supporting documentation. Attached as Exhibit J is a schedule of maximum amounts which may be reimbursed as interest cost incurred by the Developer in accordance with the Redevelopment Plan and the limitations provided in Section 11-74.4-3(q) (11) of the Act.

4.03 Sufficiency of Available Incremental Revenues for TIF-Funded Interest Costs. It is hereby understood and agreed to by the Developer that the City does not make any representations that

the amount of the Available Incremental Revenues will be sufficient to pay for or reimburse the Developer for any or all of the TIF-Funded Interest Costs.

4.04 Source of City Funds to Pay TIF-Funded Interest Costs.

Subject to the terms and conditions of this Agreement, the City hereby agrees to reserve City Funds from the sources and in the amounts described directly below to pay TIF-Funded Interest Costs:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Incremental Taxes Attributable to the Tax Parcels Comprising the Property	\$1,469,000

The Developer acknowledges and agrees that the City has committed to reserve only the Incremental Taxes attributable to the tax parcels comprising the Property and that the Developer has no right or claim to, and the City shall be free to otherwise reserve, pledge and commit to other redevelopment projects or financing, the Incremental Taxes attributable to the other tax parcels in the Redevelopment Area. The City acknowledges and agrees that the Developer shall have a first priority claim to the Available Incremental Taxes committed and reserved under this Section 4.04.

SECTION 5. GENERAL PROVISIONS

5.01 DOH Approval. Any approval granted by DOH pursuant to this Agreement is for the purposes of this Agreement only and does not affect or constitute any approval required by any other department of the City or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DOH pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

5.02 Other Approvals. Any DOH approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Sections 3.02 and 3.04 hereof.

5.03 Signs and Public Relations. The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the construction of the Project indicating that partial financing is being provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information

regarding the Developer, the Property and the Project in the City's promotional literature and communications.

5.04 Utility Connections. The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to the City utility lines existing on or near the perimeter of the Property, provided the Developer first complies with all the City requirements governing such connections, including the payment of customary fees and costs related thereto, subject to any fee and/or cost waivers provided to the Developer by the City, if any.

5.05 Permit Fees. In connection with the Project, the Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City and are of general applicability to other property within the City, subject to any fee waivers provided to the Developer by the City, if any.

SECTION 6. CONDITIONS

The following conditions shall be complied with to the City's satisfaction not less than five (5) business days prior to the closing date, unless otherwise specified below.

6.01 Title Policy. On the Closing Date, the Developer shall provide the City with a copy of the Title Policy showing the Developer in the title to each site comprising the Property.

6.02 Survey. The Developer has furnished the City with a Survey of each site comprising the Property.

6.03 Insurance. The Developer, at its own expense, shall insure each site comprising the Property in accordance with Section 13 hereof.

6.04 Opinion of Developer's Counsel. The Developer shall furnish the City with an opinion of counsel upon the execution of this Agreement in the form as may be reasonably required by or acceptable to Corporation Counsel.

6.05 Plans and Specifications. The Developer shall have submitted to DOH, and DOH shall have approved, the Plans and Specifications in accordance with Section 3.03.

6.06 Project Budget. The Developer shall have submitted to DOH, and DOH shall have approved, a Project Budget in accordance with the provisions of Section 3.04 hereof.

6.07 Other Governmental Approvals. The Developer shall have

secured all other necessary approvals and permits required by any State, federal, or local statute, ordinance or regulation for construction of the Project and shall submit evidence thereof to DOH.

6.08 Financing. The Developer shall have furnished proof acceptable to DOH, in its sole discretion, that it has equity and financing commitments for the financing described in Exhibit D attached hereto and otherwise sufficient to complete the Project and satisfy its obligations under this Agreement.

6.09 Evidence of Clean Title. The Developer shall have provided the City with current searches under its name and the names of its partners as follows:

Secretary of State	UCC search
Secretary of State	Federal tax search
Cook County Recorder	UCC search
Cook County Recorder	Fixtures search
Cook County Recorder	Federal tax search
Cook County Recorder	State tax search
Cook County Recorder	Memoranda of judgments search
U.S. District Court	Pending suits and judgments
Clerk of Circuit Court, Cook County	Pending suits and judgments

showing no liens against any such entities or persons, the Property or any fixtures now or hereafter affixed thereto, except for permitted liens.

6.10 Financial Statements. The Developer shall have provided such financial statements as DOH may require, in its sole discretion.

6.11 Environmental Matters. The Developer shall have provided to the City a phase I environmental site assessment for each site comprising the Property, which assessments shall not indicate any unsatisfactory environmental conditions, as determined by DOH, in its sole discretion.

6.12 Entity Documents. The Developer shall provide a copy of its Certificate of Limited Partnership, containing the original certification of the Secretary of State of Illinois; a certificate of existence; a general partner's certificate in such form and substance as the Corporation Counsel may require; such partner consents as may be required; the Developer's limited partnership agreement; and such other comparable documentation as the City may

request for the Developer's partners and indirect owners.

6.13 Other Documents. The Developer shall provide such other documents as DOH may reasonably request in order to confirm the Developer's ability to complete the Project and thereafter operate the Project in accordance with the terms of this Agreement, including, without limitation, any regulatory or land use agreements, escrow agreements, marketing plans, tenant selection plans, management agreements, and payment and performance bonds (which, if permitted by HUD, shall name the City as a co-obligee) and such other DOH closing documents as are customary or as DOH may reasonably require.

SECTION 7. AGREEMENTS WITH CONTRACTORS

7.01 City Resident Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (individually an "Employer" and collectively, "Employers"), as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City of Chicago specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the construction of the Project shall be performed by actual residents of the City of Chicago); provided, however, that in addition to complying with this percentage, the Developer and the other Employers shall be required to make good faith efforts to utilize qualified residents of the City of Chicago in both skilled and unskilled labor positions.

The Developer and the other Employers may request a reduction or waiver of this minimum percentage level of total worker hours performed by actual residents of the City of Chicago as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Purchasing Agent of the City of Chicago.

"Actual residents of the City of Chicago" shall mean persons domiciled within the City of Chicago. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

The Developer and the other Employers shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project. The Developer and the other Employers shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DOH in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the company hired the employee should be written in after the employee's name.

The Developer and the other Employers shall provide full access to their employment records to the Purchasing Agent, the Commissioner of DOH, the Superintendent of the Chicago Police Department, the Inspector General, or any duly authorized representative thereof. The Developer and the other Employers shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project as evidenced by the (final) Certificate.

At the direction of DOH, affidavits and other supporting documentation will be required of the Developer and the other Employers to verify or clarify an employee's actual address when in doubt or lack of clarity has arisen.

Good faith efforts on the part of the Developer and the other Employers to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Purchasing Agent) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer and the other Employers failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or has failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicago to the degree stipulated in this Section. Therefore, in such case of non-compliance it is agreed that 1/20 of 1 percent (.05%) of the aggregate hard construction costs set forth in the Project Budget (as the same shall be evidenced by approved contract value for the actual contracts), shall be surrendered by the Developer and/or the other Employers to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer and/or the other Employers or employee to prosecution. Any retainage to cover contract performance that may become due to the Developer and the other Employers pursuant to Section 2-92-250

of the Municipal Code of Chicago may be withheld by the City pending the Purchasing Agent's determination whether the Developer and the other Employers must surrender damages as provided in this paragraph. Any monetary obligations of the Developer hereunder shall be satisfied from distributable Surplus Cash only. In addition, the Developer shall make good faith efforts that all other contracts entered into in connection with the Project for work done, services provided or materials supplied shall be let to persons or entities whose main office and place of business are located within the City, subject to applicable HUD regulations.

Nothing herein provided shall be construed to be a limitation upon the "Notice of Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement.

The Developer shall cause or require the provisions of this Section 7.01 to be included in all construction contracts and subcontracts related to the Project.

7.02 Maintaining Records. On a monthly basis until completion of construction of the Project, the Developer shall provide to DOH reports in a form satisfactory to DOH evidencing its compliance with Section 7.01.

7.03 Other Provisions. Photocopies of all contracts or subcontracts entered into by the Developer in connection with the Project shall be made available to DOH upon request. The Developer has the right to delete proprietary information from such contracts or subcontracts, provided, however, that upon DOH's request, the Developer shall make available such proprietary information for review by any authorized City representative.

SECTION 8. COMPLETION OF CONSTRUCTION

8.01 Certificate of Completion. Upon completion of the construction of the Project and related redevelopment activities constituting the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DOH shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DOH shall respond to the Developer's written request for a Certificate by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon

completion of such measures.

0020358904

8.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the construction of the Project and related redevelopment activities constituting the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 9.02 and 9.12 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.14 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

8.03 Failure to Complete. If the Developer fails to complete the Project in accordance with the terms of the Agreement, then the City shall have, but shall not be limited to, any of the following rights and remedies:

(a) subject to the provisions of Section 16.02, the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto;

(b) the right (but not the obligation) to complete the Project and to pay for its costs out of City Funds or other City monies. In the event that the aggregate cost of completing the Project exceeds the amount of City Funds available, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such work in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer.

8.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DOH shall provide the Developer, at the Developer's written request, with a written

notice in recordable form stating that the Term of the Agreement has expired.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF DEVELOPER

The Developer represents, warrants and covenants to the City as follows:

9.01 General. The Developer represents, warrants and covenants that:

(a) the Developer is an Illinois limited partnership duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in every other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) the Developer has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary partnership action and will not violate its partnership agreement as amended and supplemented, any applicable provision of law, or constitute a material breach of, default under or require any consent under, any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

(d) unless otherwise permitted pursuant to the terms of this Agreement, including Section 18.14 hereof, the Developer shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property, subject to those matters shown in the Title Policy and to such other matters as to which DOH may consent in writing. The Developer may make application to HUD for a Transfer of Physical Assets in accordance with paragraph R-9 of the HUD-Required Provisions Rider attached hereto;

(e) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, or to the Developer's knowledge, threatened or affecting the Developer which would materially impair its ability to perform under this Agreement;

(f) the Developer shall obtain and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to construct, complete and operate its business at the Property;

(g) the Developer is not aware of any default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Developer is a party or by which the Developer is bound which would materially affect its ability to perform hereunder;

(h) the Financial Statements when submitted will be, complete and correct in all material respects and will accurately present the assets, liabilities, results of operations and financial condition of the Developer; and

(i) the Developer is satisfied that it has taken any measures required to be taken to bring the Property and the Project into compliance with Environmental Laws and that the Property is suitable for its intended use.

9.02 Covenant to Redevelop. The Developer shall redevelop the Property substantially in accordance with the Agreement and all Exhibits attached hereto, the TIF Ordinances, the Plans and Specifications, the Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer, including, without limitation, the affordability requirements set forth in Recital D. The covenants set forth in this Section 9.02 shall run with the land and be binding upon any transferee of the Property.

9.03 Redevelopment Plan. The Developer represents that the Project shall be in compliance with all of the terms of the Redevelopment Plan.

9.04 Use of Available Incremental Revenues. Available Incremental Revenues disbursed to, or on behalf of, the Developer shall be used solely to pay or reimburse the Developer for the TIF-Funded Interest Costs as provided in this Agreement.

9.05 Arms-Length Transactions. Unless DOH shall have given its prior written consent with respect thereto, no Affiliate of the Developer may receive any part of the City Funds, directly or indirectly, through reimbursement of the Developer pursuant to Section 4 or otherwise, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Interest Costs. The Developer shall provide information with respect to any entity to receive the City Funds (by reimbursement or otherwise), upon DOH's request, prior to any such disbursement.

9.06 Conflict of Interest. The Developer represents and warrants that no member, official or employee of the City, or member of any commission or committee exercising authority over the Project or the Redevelopment Plan, or any consultant hired by the City in connection with the Project, owns or controls (or has owned

or controlled) any interest, direct or indirect, in the Developer's business or the Property.

9.07 Disclosure of Interest. The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project.

9.08 Financial Statements. The Developer shall maintain and provide to DOH its Financial Statements at the earliest practicable date but no later than 120 days following the end of the Developer's fiscal year, each year for the Term of the Agreement.

9.09 Developer's Liabilities. The Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder. The Developer shall immediately notify DOH of any and all events or actions which may materially affect the Developer's ability to perform its obligations under this Agreement.

9.10 Compliance with Laws. To the best of the Developer's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes. Upon the City's request, the Developer shall provide copies of any documentary evidence of compliance of such laws which may exist, such as, by way of illustration and not limitation, permits and licenses.

9.11 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with any Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

9.12 Real Estate Provisions.

(a) Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to the Developer, the

Property or the Project, including but not limited to real estate taxes. The Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. The Developer shall have the right to challenge real estate taxes applicable to the Property provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DOH of the Developer's intent to contest or object to a Governmental Charge and, unless, at DOH's sole option, (i) the Developer shall demonstrate to DOH's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings and/or (ii) the Developer shall furnish a good and sufficient bond or other security satisfactory to DOH in such form and amounts as DOH shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise DOH thereof in writing, at which time DOH may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in DOH's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DOH deems advisable. All sums so paid by DOH, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly paid to DOH by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, City, in its sole discretion, may require the Developer to submit to City audited Financial Statements at the Developer's own expense. Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 9.12(b) below.

(b) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Developer agrees that (A) for the purpose of this Agreement, the total projected minimum equalized assessed value of the Property ("Minimum Equalized Assessed Value") anticipated to be necessary to generate Incremental Taxes sufficient to pay the TIF-Funded Interest Costs is shown on Exhibit K attached hereto for the years noted on Exhibit K and (B) the real estate taxes anticipated to be generated and derived from the respective portions of the Property and the Project for the years shown are fairly and accurately indicated in Exhibit K.

(ii) Real Estate Tax Exemption. With respect to the Property or the Project, neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of the Agreement, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that this Agreement is in effect.

(iii) No Reduction in Equalized Assessed Value. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of the Agreement, directly or indirectly, initiate, seek or apply for proceedings in order to lower the equalized assessed value of all or any portion of the Property or the Project below the amount of the Minimum Equalized Assessed Value as shown in Exhibit K.

(iv) No Objections. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either City or by any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean a complaint seeking to increase the assessed value of the Project to an amount not greater than the Minimum Equalized Assessed Value.

(c) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 9.12 are covenants running with the land and this Agreement shall be recorded by Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the date of execution of the Agreement. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferee from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no

longer in effect. The Developer agrees that any sale, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made subject to such covenants and restrictions.

9.13 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION 10. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

10.01 General Covenants. The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder, and covenants that: (a) the Incremental Taxes Fund will be established, (b) the Incremental Taxes will be deposited therein, and (c) such funds shall remain available to pay the City's obligations under Sections 4.02 and 4.04 as the same become due, as long as the TIF-Funded Interest Costs continue to be payable from Available Incremental Revenues under the Act. The City agrees not to amend the Redevelopment Plan so as to materially impair its ability to pay in full any amounts due from the City under this Agreement without the written consent of the Developer and the Lender.

10.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 10 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION 11. EMPLOYMENT OPPORTUNITY

The Developer and its successors and assigns hereby agree, and shall contractually obligate its or their contractors or any Affiliate of the Developer operating on the Property (individually an "Employer" and collectively, "Employers") to agree, that for the Term of the Agreement with respect to the Developer and during the period of any other such party's provision of services hereunder or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment on the basis of race, color, sex, age, religion, mental or physical disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status or source of income, as defined in the City of Chicago Human Rights Ordinance adopted December 21, 1988, Municipal Code of Chicago, ch. 2-160, Section 2-160-010 et seq., as amended from time to time (the "Human Rights Ordinance"). Each Employer will take affirmative action to insure that applicants are employed and employees are treated during employment without regard to their race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause.

(b) All solicitation or advertisement for employees placed by or on behalf of any Employer shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income.

(c) Each Employer shall comply with federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1992), and any subsequent amendments and regulations promulgated pursuant thereto.

(d) Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 11, during the course of construction of the Project, at least the following percentages of the aggregate hard construction costs for the Project shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs"):

- a. at least 25 percent by MBEs;
- b. at least 5 percent by WBEs.

Consistent with Section 2-92-440, Municipal Code of Chicago,

the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 11.

The Developer shall deliver quarterly reports to DOH during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, inter alia, the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DOH in determining the Developer's compliance with this MBE/WBE commitment. The Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and DOH shall have access to all such records maintained by the Developer, on five Business Days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

Upon the disqualification of any MBE or WBE General Contractor or Subcontractor, if such status was misrepresented by the disqualified party, the Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 11 shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.

Prior to the commencement of the Project, the Developer shall

be required to meet with the monitoring staff of DOH with regard to the Developer's compliance with its obligations under this Section 11. The General Contractor and all major Subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to DOH its plan to achieve its obligations under this Section 11, the sufficiency of which shall be approved by DOH. During the Project, the Developer shall submit the documentation required by this Section 11 to the monitoring staff of DOH. Failure to submit such documentation on a timely basis, or a determination by DOH, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 11, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided hereunder, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payments to, or on behalf of, the Developer, or (3) seek any other remedies against the Developer available at law or in equity.

(e) The Developer will include the foregoing provisions in every contract entered into in connection with the Project and every agreement with any Affiliate operating on the Property so that such provision will be binding upon each contractor or Affiliate, as the case may be.

SECTION 12. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, Developer agrees to indemnify, defend and hold City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which Developer, or any person directly or indirectly controlling, controlled by or under common control with Developer, holds any estate or interest whatsoever (including, without

limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of City or Developer or any of its subsidiaries under any Environmental Laws relating to the Property. Any monetary obligations of the Developer hereunder shall be satisfied from distributable Surplus Cash only.

SECTION 13. INSURANCE

The Developer shall procure and maintain, or cause to be maintained, at its sole cost and expense, at all times throughout the Term of the Agreement, and until each and every obligation of the Developer contained in the Agreement has been fully performed, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations under this Agreement, whether performed by the Developer, any contractor or subcontractor:

(a) Prior to Execution and Delivery of this Agreement: At least 10 business days prior to the execution of this Agreement, the Developer shall procure and maintain the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, independent contractors, broad form property damage and contractual liability coverages are to be included.

(b) Construction: Prior to the construction of any portion of the Project, the Developer shall procure and maintain, or cause to be maintained, the following

kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under or in connection with this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$2,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, explosion, collapse, underground, independent contractors, broad form property damage and contractual liability coverages are to be included.

(iii) Automobile Liability Insurance

When any motor vehicles are used in connection with work to be performed in connection with this Agreement, the Developer shall provide Automobile Liability Insurance with limits of not less than \$1,000,000.00 per occurrence combined single limit, for bodily injury and property damage.

(iv) All Risk Builders Risk Insurance

When the Developer, any contractor or subcontractor undertakes any construction, including improvements, betterments, and/or repairs, Developer, such contractor or subcontractor shall provide All Risk Blanket Builder's Risk Insurance to cover the materials, equipment, machinery and fixtures that are or will be part of the permanent facilities. Coverage extensions shall include boiler and machinery, and flood.

(v) Professional Liability

When any architects, engineers or consulting

firms perform work in connection with this Agreement, Professional Liability insurance shall be maintained with limits of \$1,000,000.00. The policy shall have an extended reporting period of two years. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Project.

(c) Other Provisions

Upon DOH's request, the Developer shall provide DOH with copies of insurance policies or certificates evidencing the coverage specified above. If the Developer fails to obtain or maintain any of the insurance policies required under this Agreement or to pay any insurance policies required under this Agreement, or to pay any premium in whole or in part when due, the City may (without waiving or releasing any obligation or Event of Default by the Developer hereunder) obtain and maintain such insurance policies and take any other action which the City deems advisable to protect its interest in the Property and/or the Project. All sums so disbursed by the City including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by the Developer upon demand by the City. Any monetary obligations of the Developer hereunder shall be satisfied from distributable Surplus Cash only.

The Developer agrees, and shall cause each contractor and subcontractor to agree, that any insurance coverages and limits furnished by the Developer and such contractors or subcontractors shall in no way limit the Developer's liabilities and responsibilities specified under this Agreement or any related documents or by law, or such contractor's or subcontractor's liabilities and responsibilities specified under any related documents or by law. The Developer shall require all contractors and subcontractors to carry the insurance required herein, or the Developer may provide the coverage for any or all contractors and subcontractors, and if so, the evidence of insurance submitted shall so stipulate.

The Developer agrees, and shall cause its insurers and the insurers of each contractor and subcontractor engaged after the date hereof in connection with the Project to agree, that all such insurers shall waive their rights of subrogation against the City.

The Developer shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's Regulations, Title 49 of the Code of Federal

Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, state or local regulations concerning the removal and transport of Hazardous Materials.

The City maintains the right to modify, delete, alter or change the provisions of this Section 13 upon receipt of HUD's prior written consent and so long as such action does not, without the Developer's prior written consent, increase the requirements set forth in this Section 13 beyond that which is reasonably customary at such time.

SECTION 14. INDEMNIFICATION

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses including, without limitation, reasonable attorneys' fees and court costs, suffered or incurred by the City arising from or in connection with (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Developer's or any contractor's failure to pay contractors or materialmen in connection with the Project, or (iii) the existence of any material misrepresentation or omission in the Redevelopment Plan or any other document related to this Agreement and executed by the Developer that is the result of information supplied or omitted by the Developer or its agents, employees, contractors or persons acting under the control or at the request of the Developer or (iv) the Developer's failure to cure its misrepresentation in this Agreement or any other agreement relating thereto within the cure period provided. Any monetary obligations of the Developer hereunder shall be satisfied from distributable Surplus Cash only.

SECTION 15. MAINTAINING RECORDS/RIGHT TO INSPECT

15.01 Books and Records. The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Developer's loan statements, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Developer's expense. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records

into all contracts entered into by the Developer with respect to the Project.

15.02 Inspection Rights. Any authorized representative of the City shall have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION 16. DEFAULT AND REMEDIES

16.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Sections 16.03 and 18.16, shall constitute an "Event of Default" by the Developer hereunder:

(a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under this Agreement or any related agreement;

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of Developer under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer's business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the permitted liens consented to by the City and mortgages, regulatory and land use agreements relating to the Lender Financing or the use of certain Project units by the Chicago Housing Authority, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the

commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within 60 days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within 60 days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for 30 days after such entry without a stay of enforcement or execution;

(h) a change in the Developer's general partner, addition of a general partner or sale or other transfer of all or a controlling interest in the ownership of the general partner without DOH's prior written consent unless such change is permitted under the HUD-Required Provisions Rider attached hereto; such DOH consent shall not be unreasonably withheld in the case of a "for cause" removal or change in the general partner pursuant to the terms of the Developer's limited partnership agreement; or

(i) a change in the ownership of the Project without DOH's prior written consent, unless such change is permitted under the HUD-Required Provisions Rider attached hereto; such DOH consent shall not be unreasonably withheld in the case of a "for cause" removal or change in the general partner pursuant to the terms of the Developer's limited partnership agreement.

16.02 Remedies. (a) Subject to the provisions of paragraph (b) of this section, upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of the City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, secure the specific performance of the agreements contained herein, or may be awarded damages for failure of performance, or both, provided, however, that the City shall not obtain a lien against the Property. Any monetary remedies, including but not limited to judgments, are payable from distributable Surplus Cash only.

(b) Notwithstanding any other provision in this Agreement, the City shall not terminate this Agreement or suspend disbursement of

the City Funds upon the occurrence of an Event of Default unless (i) foreclosure proceedings have been commenced under the mortgage securing the FHA-Insured Loan or a deed in lieu of such foreclosure has been executed and delivered or (ii) HUD consents to such termination or suspension of disbursement.

16.03 Curative Period. In the event the Developer shall fail to perform a covenant which Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless Developer shall have failed to perform such covenant within 30 days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those defaults which are not reasonably capable of being cured within such 30-day period, if the Developer has commenced to cure the alleged default within such 30-day period and thereafter continues diligently to effect such cure, then said 30-day period shall be extended to 60 days upon written request from the Developer to the City delivered during such 30-day period, and upon further written request from the Developer to the City delivered during such 60-day period, said 60-day period shall be extended to 90 days; provided, further, that such default is cured in any event within 120 days of the date of the Developer's receipt of a written default notice.

16.04 Right to Cure by Lender. In the event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it that could result in the termination of this Agreement or the cancellation, suspension, or reduction of any payment due from the City under this Agreement, the City shall send notice of such intended exercise to the Lender and the Lender shall have the right (but not the obligation) to cure such an Event of Default under the following conditions:

(a) if the Event of Default is a monetary default, the Lender may cure such default within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such monetary default; or (ii) receipt by the Lender of such notice from the City; and

(b) if the Event of Default is of a non-monetary nature, the Lender shall have the right to cure such default within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such non-monetary default; or (ii) receipt by the Lender of such notice from the City; provided, however, that if such non-monetary default is not reasonably capable of being cured by the Lender within such 30-day period, such period shall be extended for such reasonable period of time as may be necessary to cure such default, provided that the Lender continues diligently to

pursue the cure of such default and, if possession of the Project is necessary to effect such cure, the Lender have instituted appropriate legal proceedings to obtain possession.

SECTION 17. NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) telecopy or facsimile; (c) overnight courier, or (d) registered or certified or facsimile mail, return receipt requested.

If to City: City of Chicago
 Department of Housing
 318 South Michigan Avenue
 Chicago, IL 60604
 Attention: Commissioner
 cc: Manager of Special Finance

With Copies To: City of Chicago
 Department of Law
 Finance and Economic Development Division
 121 North LaSalle Street, Room 600
 Chicago, IL 60602

and: Department of Finance
 City of Chicago
 121 North LaSalle Street, Room 501
 Chicago, Illinois 60602
 Attn: City Comptroller

If to Developer: Hearts United Phase III Limited Partnership
 c/o Bonheur Corporation
 400 East 41st Street, Suite 101
 Chicago, Illinois 60653

and: Prairie Mortgage Company
 819 S. Wabash, Suite 508
 Chicago, Illinois 60605
 Attention: Kenneth B. Marshall

and: U.S. Department of Housing and Urban
 Development
 Chicago Regional Office, Region V
 77 West Jackson Boulevard
 Chicago, Illinois 60604
 Attn: Director of Multifamily Housing
 HUD Project No: 071-32137

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the business day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto (excluding Exhibits A and C, which may be unilaterally amended by the City provided such amendments do not, in the City's good faith but sole discretion, have a material adverse effect on the Project) may not be amended without the prior written consent of the City and the Developer.

18.02 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. The Developer agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

18.05 Waiver. Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing.

18.06 Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other

remedies of such party unless specifically so provided herein.

18.07 Disclaimer. Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

18.08 Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

18.09 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

18.10 Severability. If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

18.11 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

18.12 Form of Documents. All documents required by this Agreement to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City.

18.13 Approval. Wherever this Agreement provides for the approval or consent of the City or DOH, or any matter is to be to the City's or DOH's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City or DOH in writing and in its reasonable discretion thereof. The Commissioner of DOH or other person designated by the Mayor of the City shall act for the City or DOH in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.14 Assignment. At any time during the term of the Agreement, the Developer may assign this Agreement, with the City's prior written consent, to an entity which acquires the Property pursuant to paragraph R-9 of the HUD-Required Provisions Rider attached hereto or to the Lender provided that such assignee continues to operate the Property and the Project for the same purpose for which it is currently used and operated. Any successor in interest to the Developer under this Agreement shall certify in

writing to the City its agreement to abide by all terms of this Agreement for the Term of the Agreement, and shall execute an affidavit to the effect that it is in compliance with all applicable City ordinances and is otherwise qualified to do business with the City.

18.15 Binding Effect. This Agreement shall be binding upon the Developer and its successors and permitted assigns and shall inure to the benefit of the City, its successors and assigns. The provisions of this Agreement pertaining to the obligations of the City shall be binding upon the City.

18.16 Force Majeure. For the purposes of any of the provisions of this Agreement, neither the City nor the Developer, as the case may be, nor any successor in interest, shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or quantity for an abnormal duration, tornadoes or cyclones and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its respective obligations hereunder.

18.17 HUD Rider. The document entitled "HUD-Required Provisions Rider" attached hereto is hereby incorporated into this Agreement as if fully set forth herein and shall remain a part of this Agreement so long as the Secretary of HUD or his/her successors or assigns, are the insurers or holders of the Mortgage Note (as defined in the HUD-Required Provisions Rider). Upon such time as HUD is no longer the insurer or holder of the Mortgage Note or such time as the Mortgage Note is paid in full, the parties hereto agree that the HUD-Required Provisions Rider shall no longer be a part of this Agreement.

18.18. No Business Relationship with City Elected Officials
Pursuant to Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official in connection with the transactions contemplated hereby, shall be grounds for termination

of the Redevelopment Agreement and the transactions contemplated thereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to the Redevelopment Agreement or the transactions contemplated thereby.

18.19 Prevailing Wage. The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 18.19.

~~the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 18.19.~~

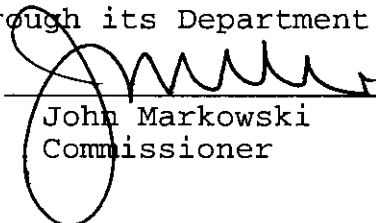
IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

HEARTS UNITED PHASE III LIMITED PARTNERSHIP, an Illinois limited partnership

By: BONHEUR CORPORATION, an Illinois corporation, its general partner

By: _____
Fred L. Bonner, President

CITY OF CHICAGO, ILLINOIS, acting by and through its Department of Housing

By:  _____
John Markowski
Commissioner

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

HEARTS UNITED PHASE III LIMITED
PARTNERSHIP, an Illinois limited
partnership

By: BONHEUR CORPORATION, an Illinois
corporation, its general partner

By: Fred L. Bonner
Fred L. Bonner, President

CITY OF CHICAGO, ILLINOIS, acting by and
through its Department of Housing

By: _____
John Markowski
Commissioner

HUD-REQUIRED PROVISIONS RIDER

THIS RIDER is attached to and made a part of that certain Redevelopment Agreement (the "Document"), dated as of March 28, 2002, entered into by Hearts United Phase III Limited Partnership, an Illinois limited partnership, its successors and assigns (the "Owner") and the City of Chicago, an Illinois municipal corporation, its successors or assigns (the "Subordinate Lender") relating to the property consisting of nine sites in the Grand Boulevard neighborhood of Chicago, Illinois. In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Document, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Document. As used herein, the term "HUD" shall mean the United States Department of Housing and Urban Development; the term "FHA" shall mean the Federal Housing Administration, an administrative unit within HUD; the term "Project" shall have the same meaning as in the HUD Regulatory Agreement described below; and the term "HUD/FHA Loan Documents" shall mean the following documents relating to the HUD-insured Mortgage Note (as defined below) for the Project (Project No. 071-32137):

- A. Commitment for Insurance of Advance, dated March, ~~March 20~~ 2002, as amended, issued by the Secretary of HUD to Prairie Mortgage Company ("Mortgagee");
- B. Building Loan Agreement, dated March 1, 2002 between the Owner and Mortgagee;
- C. Mortgage Note, dated March 1, 2002, made by the Owner payable to the order of Mortgagee in the principal amount of approximately \$3,043,400 ("Note A");
- D. Mortgage Note, dated March 1, 2002 made by the Owner payable to the order of Mortgagee in the principal amount of approximately \$855,800 ("Note B"); Note A and Note B are hereinafter collectively referred to as the "Mortgage Note;"
- E. Mortgage, dated March 1, 2002, made by the Owner in favor of Mortgagee and encumbering the Project as security for the said Mortgage Note (the "Mortgage");
- F. Security Agreement dated March 1, 2002, between the Owner, as debtor, and Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party;
- G. UCC-1 Financing Statements made by the Owner, as debtor, in favor of Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party;

and

- H. Regulatory Agreement, dated March 1, 2002, between the Owner and HUD (the "HUD Regulatory Agreement").
- R-1 Notwithstanding anything in the Document to the contrary, the provisions of the Document are subordinate to all applicable federal statutes, HUD mortgage insurance regulations and related HUD directives and administrative requirements, except those HUD mortgage insurance regulations, related HUD directives and administrative requirements which have been waived in writing by HUD with respect to the Project. The provisions of the Document are also expressly subordinate to the HUD/FHA Loan Documents. In the event of any conflict between the Document and the provisions of any applicable federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements, or HUD/FHA Loan Documents, the federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements and HUD/FHA Loan Documents shall control, unless any provision of such regulation, directive, requirement or HUD/FHA Loan Documents is waived in writing by HUD with respect to the Project.
- R-2 Failure on the part of the Owner to comply with the covenants contained in the Document shall not serve as the basis for default on any HUD-insured or HUD-held mortgage on the Project.
- R-3 Compliance by the Owner with the provisions and covenants of the Document and enforcement of the provisions or covenants contained in the Document, including, but not limited to, any indemnification provisions or covenants, will not and shall not result in any claim or lien against the Project, any asset of the Project, the proceeds of the Mortgage, any reserve, or deposit required by HUD in connection with the Mortgage transaction or the rents or other income from the Project, other than distributable "Surplus Cash" (as that term is defined in the HUD Regulatory Agreement).
- R-4 No amendment to the Document made after the date of the HUD initial endorsement of the Mortgage Note shall have any force or effect until and unless such amendment is approved in writing by HUD. No amendment made after the aforesaid date to any HUD/FHA Loan Document shall be binding upon the Subordinate Lender unless the Subordinate Lender has consented thereto in

writing.

- R-5 Unless waived in writing by HUD with respect to the Project, any action prohibited or required by HUD pursuant to applicable federal law, HUD regulations, HUD directives and administrative requirements or the HUD/FHA Loan Documents, shall supersede any conflicting provision of the Document, and the performance or failure to perform of the Owner in accordance with such laws, regulations, directives, administrative requirements or HUD/FHA Loan Documents shall not constitute an event of default under the Document.
- R-6 So long as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project, the Owner shall not and is not permitted to pay any amount required to be paid under the provisions of the Document except from distributable Surplus Cash, as such term is defined in, and in accordance with the conditions prescribed in the HUD Regulatory Agreement unless otherwise specifically permitted in writing by HUD.
- R-7 In the event of the appointment by any court of any person, other than HUD or the Mortgagee, as a receiver, as a mortgagee or party in possession, or in the event of any enforcement of any assignment of leases, rents, issues, profits, or contracts contained in the Document (if any), with or without court action, no rents, revenue or other income of the Project collected by the receiver, person in possession or person pursuing enforcement as aforesaid, shall be utilized for the payment of interest, principal or any other amount due and payable under the provisions of the Document, except from distributable Surplus Cash in accordance with the HUD Regulatory Agreement. The receiver, person in possession or person pursuing enforcement shall operate the Project in accordance with all provisions of the HUD/FHA Loan Documents.
- R-8 A duplicate of each notice given, whether required or permitted to be given, under the provisions of the Document shall also be given to:

Department of Housing and Urban Development
77 West Jackson Blvd.
Chicago, Illinois 60604
Attention: Director of Multi-Family Housing
Project No. 071-32137

HUD may designate any further or different addresses

for duplicate notices.

- R-9 Notwithstanding anything in the Document to the contrary, the Owner and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the Project or any part thereof, provided it obtains the prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. Notwithstanding anything in the Document to the contrary, the Owner may make application to HUD for approval of a Transfer of Physical Assets in accordance with HUD regulations, directives and policies. A duplicate copy of such application shall be served on the Subordinate Lender. Within 90 days after such service, the Subordinate Lender shall serve written notice of its approval of such transfer, or of its requirements for approval of such transfer, on HUD, the Mortgagee and the Owner. No such transfer shall occur or be effective until the Subordinate Lender's requirements shall have been satisfied. In the event the Subordinate Lender fails to serve such notice on HUD, the Mortgagee and the Owner within said time, then any consent by HUD to such transfer shall be deemed to be the Subordinate Lender's prior written consent to such transfer and consummation of such transfer shall not be a default under the Document.
- R-10 The covenants contained in the Document shall automatically terminate in the event of a foreclosure or deed in lieu of foreclosure, of any mortgage insured or held by HUD with respect to the Project, or any portion thereof. Upon such termination, the Subordinate Lender shall furnish to HUD and the Mortgagee such releases and other documentation as HUD or the Mortgagee shall deem necessary or convenient to confirm or evidence such termination.
- R-11 Notwithstanding anything in the Document to the contrary, the provisions of this HUD Required Provisions Rider are for the benefit of and are enforceable by HUD and the Mortgagee.

0020358904

Executed as of the date set forth above.

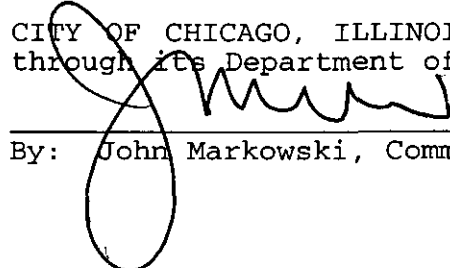
HEARTS UNITED PHASE III LIMITED
PARTNERSHIP, an Illinois limited
partnership

By: Bonheur Corporation
Its: General Partner

By: Fred L. Bonner, President

The foregoing HUD-Required Provisions Rider is hereby acknowledged and consented to by the undersigned as of the 28th day of March, 2002.

CITY OF CHICAGO, ILLINOIS, acting by and
through its Department of Housing



By: John Markowski, Commissioner

Executed as of the date set forth above.

HEARTS UNITED PHASE III LIMITED
PARTNERSHIP, an Illinois limited
partnership

By: Bonheur Corporation
Its: General Partner



By: Fred L. Bonner, President

The foregoing HUD-Required Provisions Rider is hereby
acknowledged and consented to by the undersigned as of the 28th day
of March, 2002.

CITY OF CHICAGO, ILLINOIS, acting by and
through its Department of Housing

By: John Markowski, Commissioner

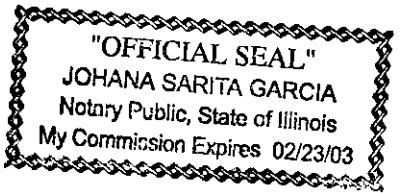
0020358904

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Johana Sarita Garcia, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Fred Bonner, personally known to me to be the President of Bonheur Corporation, an Illinois corporation (the "Corporation") and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this 27th day of March, 2002 in person and acknowledged that they signed, sealed, and delivered said instrument, pursuant to the authority given to them by the Board of Directors of the Corporation as their free and voluntary act and as the free and voluntary act of the Corporation, as general partner of Hearts United Phase III Limited Partnership, for the uses and purposes therein set forth.

Johana Sarita Garcia
Notary Public

My commission expires 02-23-03
(SEAL)



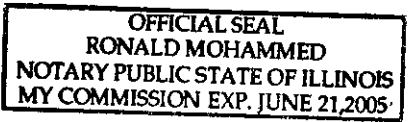
STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Ronald Mohammed a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that John Markowski, personally known to me to be the Commissioner of the Department of Housing of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this 28th day of March, 2002 in person and acknowledged that he signed, sealed, and delivered said instrument pursuant to the authority given to him by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

Ronald Mohammed
Notary Public

My commission expires 6-21-05

(SEAL)



REDEVELOPMENT AREA LEGAL DESCRIPTION

LEGAL DESCRIPTION

43RD STREET/COTTAGE GROVE REDEVELOPMENT PROJECT AREA

THAT PART OF THE EAST ½ OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SOUTH VINCENNES AVENUE AND EAST 44TH STREET, BEING ALSO THE NORTHEAST CORNER OF LOT 1 IN C.W. HOFF'S SUBDIVISION OF LOTS 18 TO 21 IN WARDS SUBDIVISION OF THE NORTH ¼, SOUTH ½, NORTHWEST ¼, SOUTHEAST ¼ OF SECTION 3, AFORESAID, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 13, 1897 AS DOCUMENT NO. 2626139; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID EAST 44TH STREET EXTENDED TO AN INTERSECTION WITH THE WEST LINE OF SOUTH ST. LAWRENCE AVENUE, BEING ALSO THE NORTHEAST CORNER OF LOT 1 IN AFORESAID WARD'S SUBDIVISION RECORDED JUNE 13, 1841 (ANTE-FIRE); THENCE SOUTHERLY ALONG THE WEST LINE EXTENDED OF SAID ST. LAWRENCE AVENUE TO AN INTERSECTION WITH THE SOUTH LINE OF EAST 47TH STREET; THENCE EASTERLY ALONG THE SOUTH LINE EXTENDED OF SAID EAST 47TH STREET TO AN INTERSECTION WITH THE SOUTHERLY EXTENSION OF THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE; THENCE NORTHERLY ALONG THE EAST LINE EXTENDED OF SAID COTTAGE GROVE AVENUE TO AN INTERSECTION WITH THE EASTERLY EXTENSION OF THE NORTH LINE OF EAST OAKWOOD BOULEVARD; THENCE WESTERLY ALONG THE NORTH LINE OF SAID OAKWOOD AVENUE TO AN INTERSECTION WITH THE EAST LINE OF SOUTH LANGLEY AVENUE, BEING ALSO THE SOUTHWEST CORNER LOT 15 IN CLEAVERVILLE ADDITION ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 17, 1868, RE-RECORDED MARCH 10, 1873 AS DOCUMENT NO. 88402; THENCE NORTHERLY ALONG THE EAST LINE OF SAID SOUTH LANGLEY AVENUE EXTENDED TO AN INTERSECTION WITH THE NORTH LINE OF PERSHING ROAD; THENCE WESTERLY ALONG THE NORTH LINE OF SAID EAST PERSHING ROAD EXTENDED TO AN INTERSECTION WITH THE NORTHERLY EXTENSION OF THE WEST LINE OF VINCENNES AVENUE; THENCE SOUTHWESTERLY ALONG THE WEST LINE EXTENDED OF SAID VINCENNES AVENUE TO AN INTERSECTION WITH THE CENTER LINE OF EAST 40TH STREET; THENCE EASTERLY ALONG THE CENTER LINE OF SAID EAST 40TH STREET TO AN INTERSECTION WITH THE CENTER LINE OF SOUTH VINCENNES AVENUE; THENCE SOUTHWESTERLY ALONG THE CENTER LINE OF SAID SOUTH VINCENNES AVENUE TO AN INTERSECTION WITH THE CENTER LINE OF EAST BOWEN STREET; THENCE WESTERLY ALONG THE CENTER LINE OF SAID EAST BOWEN STREET TO AN INTERSECTION WITH THE NORTHERLY EXTENSION OF THE WEST LINE OF SOUTH VINCENNES AVENUE; THENCE SOUTHWESTERLY ALONG THE WEST LINE EXTENDED OF SAID SOUTH VINCENNES AVENUE TO THE SOUTHEAST CORNER OF LOT 36 IN BOTSFORD'S BOULEVARD SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED MAY 20, 1886 AS DOCUMENT NO. 719099; THENCE SOUTHERLY TO AN INTERSECTION WITH THE SOUTH LINE OF EAST 43RD STREET, BEING ALSO

THE NORTHEAST CORNER OF LOT 35 IN THE SUBDIVISION OF THE NORTH ½ OF THE NORTHWEST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼ OF SECTION 3, AFORESAID, ACCORDING TO THE PLAT THEREOF RECORDED FEBRUARY 26, 1892 AS DOCUMENT NO. 1618088; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID LOT 35 AND THE WEST LINE OF SOUTH VINCENNES AVENUE TO THE SOUTHEAST CORNER OF LOT 42 IN SAID SUBDIVISION; THENCE WEST ALONG THE SOUTH LINE OF LOT 42 IN AFORESAID SUBDIVISION TO AN INTERSECTION WITH THE WEST LINE OF VINCENNES AVENUE, BEING ALSO THE NORTHEAST CORNER OF LOT 9 IN EMIGH & KILMER'S PLAT RECORDED JUNE 26, 1869 (ANTE-FIRE); THENCE SOUTH ALONG THE EAST LINE OF LOT 9 IN SAID EMIGH & KILMER'S PLAT AND ALONG SAID WEST LINE OF VINCENNES AVENUE EXTENDED TO THE POINT OF BEGINNING, IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

0020358904

Exhibit B
Legal Description

Parcel 1 (Site 23A)

The South 1 foot of Lot 4 and all of Lot 5 in Darro's Subdivision of Lot 6 in Block 1 in Saltonstall & Russell's Subdivision of the North 1/2 of the Northeast 1/4 of the Southeast 1/4 of Section 3, Township 38 North, Range 14, East of the Third Principal Meridian,

Also,

Lot 1 and Lot 2 (except the South 12.50 feet thereof), in Scott's Subdivision of Lot 7 in Block 1 in Saltonstall & Russell's Subdivision of the North 1/2 of the Northeast 1/4 of the Southeast 1/4 of Section 3, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N. 20-03-405-028, 029 & Part of 030

Old Address: 4336-4344 S. Evans Avenue
Chicago, Illinois

New Address: 4336 S. Evans Avenue
Chicago, Illinois

Parcel 2 (Site 23)

Lots 3 and 4 and the South 12.50 feet of Lot 2, in Scott's Subdivision of Lot 7 in Block 1 in Saltonstall & Russell's Subdivision of the North 1/2 of Northeast 1/4 of the Southeast 1/4 of Section 3, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N. 20-03-405-031, 032 & Part of 030

Old Address: 4336-4344 S. Evans Avenue
Chicago, Illinois

New Address: 4342 S. Evans Avenue
Chicago, Illinois

Parcel 3 (Site 28)

Lots 1 and 2 (except the West 8 feet of said lots taken for alley) in Tabor's Subdivision of the North 40 feet of the South 75 feet of the East 133.75 feet of Lot 8 in Block 2 in Saltonstall & Russell's Subdivision of the North 1/2 of the Northeast 1/4 of the Southeast 1/4 of Section 3, Township 38 North, Range 14, East of the Third Principal Meridian,

Also,

The South 35 feet (except the West 8 feet thereof taken for alley) of the East 133.75 feet of Lot 8 in Block 2 in Saltonstall & Russell's Subdivision of the North 1/2 of the Northeast 1/4 of the Southeast 1/4 of Section

0020358904

3, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N.: 20-03-404-031, 032 and 033

Old Address: 4340-4346 S. Langley Avenue
Chicago, Illinois

New Address: 4338 S. Langley Avenue
Chicago, Illinois

Parcel 4 (Site 29)

The South 57.00 feet of the North 59 feet (except the East 8 feet thereof taken for alley) of the West 1/2 of that part of Lot 9 lying East of the East line of Champlain Avenue in Block 2 in Saltonstall & Russell's Subdivision of the North 1/2 of the Northeast 1/4 of the Southeast 1/4 of Section 3, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N.: 20-03-404-018 and 019

Old Address: 4351-4353 S. Champlain Avenue
Chicago, Illinois

New Address: 4351 S. Champlain Avenue
Chicago, Illinois

Parcel 5 (Site 31)

Lots 1, 2, 3 and 4 (except the West 8 feet of said lots taken for alley) in Crawford's Subdivision of Lots 3 and 7 of Block 2 in Saltonstall & Russell's Subdivision of the North 1/2 of the Northeast 1/4 of the Southeast 1/4 of Section 3, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N.: 20-03-403-025, 026, 027 & 028

Old Address: 4336-4346 S. Champlain Avenue
Chicago, Illinois

New Address: 4340-4342 S. Champlain Avenue
Chicago, Illinois

Parcel 6 (Site 32)

Lots 1, 2 and 3 in W. H. McAllister's Subdivision of Lot 6 in Block 2 in Saltonstall & Russell's Subdivision of the North 1/2 of the Northeast 1/4 of the Southeast 1/4 of Section 3, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N.: 20-03-403-021, 022 & 023

0020358904

Old Address: 4326-4330 S. Champlain Avenue
Chicago, Illinois

New Address: 4330 S. Champlain Avenue
Chicago, Illinois

Parcel 7 (Site 33)

Lots 6, 7 and 8 in W. H. McAllister's Subdivision of Lot 6 in Block 2 in Saltonstall & Russell's Subdivision of the North 1/2 of the Northeast 1/4 of the Southeast 1/4 of Section 3, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N.: 20-03-403-009, 010 & 011

Old Address: 4327-4333 S. St. Lawrence Avenue
Chicago, Illinois

New Address: 4329 S. St. Lawrence Avenue
Chicago, Illinois

Parcel 8 (Site 45)

Lot 31 (except the South 75 feet thereof and except the East 8 feet thereof) in Margaret Johnston's Subdivision of the South 1/2 of the Southeast 1/4 of the Northeast 1/4 of Section 3, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N.: 20-03-224-009, 010 & 011

Old Address: 4217-21 S. St. Lawrence Avenue
Chicago, Illinois

New Address: 4217 S. St. Lawrence Avenue
Chicago, Illinois

Parcel 9 (Site 50)

Lots 21 to 25, inclusive, in George S. Bowen's Subdivision of that part of the South 1/2 of the South 1/2 of the Southwest 1/4 of the Northeast 1/4 of Section 3, Township 38 North, Range 14, East of the Third Principal Meridian, lying East of Vincennes Avenue, in Cook County, Illinois.

P.I.N.: 20-03-223-006 & 007

Old Address: 504-508 E. 43rd Street
Chicago, Illinois

New Address: 504-508 E. 43rd Street
Chicago, Illinois

0020358904

EXHIBIT C

REDEVELOPMENT PLAN

[NOT ATTACHED FOR RECORDING PURPOSES]

EXHIBIT D

FINANCING FOR THE PROJECT

A. LENDER FINANCING: Prairie Mortgage Company first mortgage loan, insured by the Federal Housing Administration pursuant to Section 220 of the National Housing Act, in the principal amount of approximately \$3,899,200.

B. OTHER FUNDS: Approximately \$6,084,452 derived from the syndication of approximately \$779,409 of Low Income Housing Tax Credits. The general partner will contribute \$100.

AVAILABLE INCREMENTAL REVENUES

<u>Year*</u>	<u>Estimated Available Incremental Revenues</u>
2002	\$73,450
2003	\$73,450
2004	\$73,450
2005	\$73,450
2006	\$73,450
2007	\$73,450
2008	\$73,450
2009	\$73,450
2010	\$73,450
2011	\$73,450
2012	\$73,450
2013	\$73,450
2014	\$73,450
2015	\$73,450
2016	\$73,450
2017	\$73,450
2018	\$73,450
2019	\$73,450
2020	\$73,450
2021	\$73,450**
	TOTAL
	\$1,469,000***

* This column lists the tax year. Collection of such taxes occurs the subsequent calendar year.

** Payment of this payment in 2022 is subject to the City's amendment of the Plan to permit such payment.

*** This is the maximum amount that may be paid to the Developer

HEARTS UNITED III EXHIBIT F
PARTNERSHIP BUDGET

0024358004

NO. OF UNITS	53
LOAN AMOUNT	\$3,899,200
LIHTC	\$6,084,452

CONSTRUCTION COST

		NEW CONSTR INCLUDE IN BASIS	ACQUISITION INCLUDE IN BASIS
IMPACT FEES	0	0	0
MAIN STRUCTURES	5,657,560	5,657,560	
SITE IMPROVEMENTS	684,800	684,800	
BUILDING PERMITS	Total per unit cost 0	0	0
GENERAL REQUIREMENTS (excluding contingency)	386,800	386,800	
GENERAL OVERHEAD 137,057	136,366	136,366	
PROFIT (3.5% OF CONSTRUCTION)	336,458	336,458	
BOND PREMIUM	62,052	62,052	
ENVIRONMENTAL CLEAN-UP/ASBESTOS REMOVAL	0	0	0
MANAGEMENT BUILDING	0	0	0
CONSTRUCTION CONTINGENCY 3%	217,921	217,921	
TOTAL CONSTRUCTION	7,481,957		

PROFESSIONAL FEES

ARCHITECTURAL DESIGN (FHA plus 10K for original size & 5,700 for addtl sites)	195,750	195,750	
ARCHITECTURAL SUPERVISION	59,776	59,776	
ARCHITECTURAL REIMBURSEMENT (includes zoning)	20,000	20,000	
INSPECTION SERVICES	5,500		
LEGAL			0
Project Attorney 140,500	195,500		
Redevelopmnt Agrmnts 0 (CHA & TIF)			
Tax Counsel 25,000			
Lender's Counsel 30,000			
Tax Exempt Bonds 0			
ACCOUNTING AND COST CERTIFICATION	25,000		
MARKET STUDY	5,800	5,800	
SOCIAL SERVICES PROGRAMMING			
ENVIRONMENTAL AUDIT AND LEAD BASED PAINT TEST	8,400	8,400	
APPRAISAL	5,000		
SURVEYS	20,000	20,000	
SOIL BORINGS	7,500	7,500	
MARKETING AND LEASING	40,000		
TIF DESIGNATION	2,000		
TOTAL PROFESSIONAL FEES	590,226		

FINANCING FEES

CONSTRUCTION INTEREST - 7.00% 14 mos.	159,217	159,217	
PRE-DEVELOPMENT LOAN INTEREST	3,000		
FINANCING FEE	77,984		
PERMANENT PLACEMENT FEE	58,488		
FHA FEES	70,186		
LIHTC APPLICATION FEE	1,000	1,000	
LIHTC RESERVATION FEE (6.50% OF 1ST FULL YR ALLOC)	48,422	48,422	
LIHTC MONITORING FEE (\$22/UNIT/YEAR)	1,166		
LIHTC SYNDICATION FEE	30,750		
INSURANCE	50,000	50,000	
BRIDGE LOAN INTEREST 8.50%			
BRIDGE LOAN INTEREST			
TAXES	20,000	20,000	
BRIDGE LOAN FEE	0		
APPLICATION FEES AND SUBSIDY LAYERING REVIEW FEE	2,000		
TITLE AND RECORDING	30,000	30,000	
TOTAL FINANCING FEES	552,213		

ESCROWS

TAX ESCROW (\$1,300/UNIT/YEAR FOR 6 MONTHS)	34,450		
INSURANCE ESCROW	19,496		
MORTGAGE DEBT SERVICE ESCROW	0		
HUD WORKING CAPITAL	77,984		
OPERATING DEFICIT RESERVE (6 months)	255,501		
CHA OPER. RESERVE(CHA UNITS *RENT * 18 MOS)			
TIF DEFICIT ESCROW	202,800		
TOTAL ESCROWS	590,231		

PARTNERSHIP ORGANIZATION AND MANAGEMENT

	10,000		
--	--------	--	--

DEVELOPER'S FEE	883,686	883,686	
LAND AND BUILDING ACQUISITION	0		0
PRE-CLOSING COSTS (INCLUDING TITLE AND RECORDING)	0	0	0

TOTAL PROJECT COST 10,108,313 8,991,508 0

EXHIBIT G

HEARTS UNITED DEVELOPMENT INITIATIVE
CHICAGO, IL. 4th WARD

0020358904

SPECIFICATIONS

ISSUED FOR PERMIT

TABLE OF CONTENTS

The following list of sections comprise the Specifications for the issued work. Where numerical sequence of documents and sections are interrupted, such interruptions are intentional.

SECTION	TITLE
CONDITIONS OF THE CONTRACT	
IB	Instruction to Bidders
BF	Bid Form
A201-1987	General (AIA Document A201)
FHA-SC	FHA Supplementary Conditions
080	Special Supplementary General Conditions
DIVISION 1 GENERAL REQUIREMENTS	
01010	Application for Payment
01040	Coordination
01100	Schedules and Reports
01110	Samples and Shop Drawings
01120	Temporary Facilities
01130	Procedures, General
01150	Project Closeout
DIVISION 2 SITEWORK	
02050	Demolition
02110	Site Clearing
02510	Asphalt Concrete Paving
02830	Chain Link Fences and Gates
02520	Portland Cement Concrete Paving
02900	Landscaping
DIVISION 3 CONCRETE	
03300	Cast In Place Concrete
DIVISION 4 MASONRY	
04255	Veneer Masonry Systems

Hearts United

00003-1

DIVISION 5 METALS
 05410 Load Bearing Metal Stud System
 05505 Miscellaneous Structural Fabrications
 05711 Ornamental Steel Stairs

0020358904

DIVISION 6 WOOD AND PLASTICS
 06100 Rough Carpentry/ Finish Carpentry
 06192 Prefabricated Wood Trusses

DIVISION 7 THERMAL AND MOISTURE PROTECTION
 07210 Building Insulation
 07311 Asphalt Shingles
 07600 Flashing and Sheet Metals
 07723 Roofing Accessories
 07900 Joint Sealers

DIVISION 8 DOORS AND WINDOWS
 08100 Wood Doors
 08110 Steel Doors and Frames
 08520 Aluminum Windows
 08700 Finish Hardware
 08810 Glass

DIVISION 9 FINISHES
 09260 Gypsum Board Systems
 09300 Ceramic Tile
 09660 Resilient Tile Flooring
 09680 Carpet
 09900 Painting

DIVISION 10 SPECIALTIES
 10100 Miscellaneous Building Specialties

DIVISION 11 EQUIPMENT
 01110 Special Equipment

DIVISION 12 FURNISHINGS
 01239 Residential Casework

DIVISION 15 MECHANICAL
 15000 General Provisions for Mechanical Work
 15100 Heating
 15200 Plumbing

DIVISION 16 ELECTRICAL
 16000 Electrical General Provisions
 16050 Basic Material and Methods
 16400 Service and Distribution

Hearts United

00003-2

RECEIVED: 2-6-2; 2:30PM;

FEB-08-02 14:34 FROM:

FBI/DOJ-2006 03-0000

FBI/DOJ-2006 03-0000

=> CHICAGO LAW DEPT; #4

ID:

PAGE 4/5

0020358904

ARCHITECTURAL DRAWINGS

G001 GENERAL INFORMATION
G002 OVERALL SITE PLAN
S100 SURVEY
C101 UTILITIES
C102 GRADING PLANS
C103 DETAILS
L100 LANDSCAPE PLAN
L101 PLANT LIST & DETAILS
G100 SITE PLAN
A100 FIRST FLOOR PLAN
A101 SECOND FLOOR PLAN
A102 THIRD FLOOR PLAN
A103 ROOF PLAN

A200 EXTERIOR ELEVATIONS
A201 EXTERIOR ELEVATIONS
A202 EXTERIOR ELEVATIONS
A500 WALL SECTIONS
A501 WALL SECTIONS
A502 WALL SECTIONS
A503 EXTERIOR DETAIL
A600 INTERIOR ELEVATIONS
A700 SCHEDULES
A701 PARTITIONS, TYPES

STRUCTURAL DRAWINGS

S1 FLOOR PLANS
S2 GENERAL NOTES AND SECTIONS

MECHANICAL DRAWINGS

M1 HVAC PLANS
M2 SCHEDULES, DETAILS

ELECTRICAL DRAWINGS

E0 RISERS NOTES
E1 PLANS SCHEDULES
E2 PLANS SCHEDULES
E3 PLANS NOTES

PLUMBING DRAWINGS

P1 PLUMBING PLANS
P2 PLUMBING PLANS

RECEIVED: 2-6-2; 2:30PM;
FEB-06-02 14:34 FROM:

CHICAGO LAW DEPT; #5

ID:

0020358904

ARCHITECTURAL DRAWINGS

- 001 GENERAL INFORMATION
- 002 OVERALL SITE PLAN
- 100 SURVEY
- 301 UTILITIES
- 402 GRADING PLANS
- 603 DETAILS
- 100 LANDSCAPE PLAN
- 100 SITE PLAN
- 100 FIRST & SECOND FLOOR PLAN
- 101 THIRD FLOOR & ROOF PLAN

- A200 EXTERIOR ELEVATIONS
- A201 EXTERIOR ELEVATIONS
- A500 WALL SECTIONS
- A501 WALL SECTIONS
- A600 INTERIOR ELEVATIONS
- A700 SCHEDULES
- A701 PARTITIONS TYPES

STRUCTURAL DRAWINGS

- S1 FLOOR PLANS
- S2 GENERAL NOTES AND SECTIONS

MECHANICAL DRAWINGS

- M1 HVAC PLANS
- M2 SCHEDULES, DETAILS

ELECTRICAL DRAWINGS

- E1 RISER NOTES
- E2 PLANS SCHEDULES

PLUMBING DRAWINGS

- P1 PLUMBING PLANS
- P2 SCHEDULES, RISERS

ARCHITECT'S OPENING CERTIFICATE

Date: _____

The undersigned, Booth Hanson, Inc. ("Architect"), hereby certifies to the City of Chicago, Illinois ("City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated _____, 2000, by and between the City and Hearts United Phase III Limited Partnership ("Developer")):

1. Architect is an architect licensed and in good standing in the State of Illinois.
2. Architect has prepared the Plans and Specifications, to the best of the Architect's professional knowledge, the same are, and the Project will be when completed in accordance therewith, in full compliance with all applicable building, zoning and other laws, statutes, codes, regulations and ordinances (collectively, "Laws"), including, without limitation, all applicable pollution control and environmental protection regulations.
3. The Project, when completed in accordance with the Plans and Specifications, will not encroach upon any recorded or visible easement in effect with respect to the Property.
4. The Plans and Specifications are complete in all respects and were prepared in accordance with accepted architectural practices, containing all detail requisite for the Project which, when built and equipped in accordance therewith, shall be ready for occupancy.
5. In the aggregate, the construction contract and the existing subcontracts contain all detail necessary to provide for all labor, material and equipment required by the Plans and Specifications.
6. All permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate or, if not so obtained, the Architect has no reason to believe same will not be obtained as and when so required. Such permits and other necessary governmental approvals are described in Exhibit 1 attached to this Certificate.
7. To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or

declare invalid (in any manner adverse to the Project), any Laws, permits or other necessary governmental approvals relating to the Property or the Project.

Adequate ingress and egress to the Project over public streets and rights of way will be available during the period of construction of the Project and thereafter.

8. All existing foundation and subsurface work conforms to the Plans and Specifications and all portions of the Project consisting of the subsurface work has been completed.

9. This Certificate is made with the intent that it may be relied upon by the City as a condition to payment under the Redevelopment Agreement.

10. The Architect has executed and delivered to the City the Statement of Compliance in the form attached hereto as Exhibit 2.

ARCHITECT:

BOOTH HANSON, INC.

By: _____
Its: _____

ARCHITECT'S COMPLETION CERTIFICATE

Date: _____

The undersigned, Booth Hanson, Inc. ("Architect"), hereby certifies to the City of Chicago, Illinois ("City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated _____, 2000, by and between the City and Hearts United Phase III Limited Partnership ("Developer")):

1. Architect is an architect licensed and in good standing in the State of Illinois.

2. The construction of the Project has been "substantially completed" as of the date of this Certificate in accordance with the approved Plans and Specifications. For purposes hereof, the Project being "substantially completed" means that the Project is usable in its present condition for its intended purpose. The Architect's determination of the total cost to complete the construction of such portion of the Project as may be unfinished is \$_____.

3. Neither the Property nor the construction of the Project violates or will violate any existing applicable zoning, building, environmental protection or other statutes, ordinances, laws or regulations (collectively, "Laws").

4. All permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate. Such permits and other necessary governmental approvals are described in Exhibit 1 attached to this Certificate.

5. To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid (in any manner adverse to the Project), any Laws, permits or other necessary governmental approvals relating to the Property or the Project.

6. This Certificate is made with the intent that it may be relied upon by the City as a condition to payment under the Redevelopment Agreement.

ARCHITECT: BOOTH HANSON, INC.

By: _____

Its: _____

EXHIBIT I

REQUISITION FORM FOR TIF-FUNDED INTEREST COSTS

The undersigned, _____ [Name] _____, _____ [Title] _____ of Prairie Mortgage Company, an Illinois corporation (the "First Mortgagee"), does hereby certify to the City of Chicago, Illinois (the "City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated _____, 2001, by and between the City and Hearts United Phase III Limited Partnership ("Developer")):

1. That the Developer has incurred, accrued and/or paid the following parties for the listed items, each of which constitutes interest related to the construction of the Project:

A. First Mortgagee
\$ _____

2. That none of the items listed in paragraph 1, above, has been the subject of any other requisition for payment;

3. That including the payment requested hereunder, the payments from the City during this year for interest costs do not exceed 30 percent of the interest costs incurred by the Developer with regard to Project during this year [, plus accruals];

4. That including the payment requested hereunder, the total of interest payments to date from the City does not exceed 30 percent of the total Project Costs actually incurred by the Developer;

5. That the remaining balance of the TIF-Funded Interest Costs which are eligible for reimbursement under the Redevelopment Agreement taking this requisition into account are as follows:

Maximum Amount	Current Annual Amount <u>Accrued</u>	Accrued and Unpaid Prior Requisitions ¹	Balance Accrued and Unpaid ²	Amount Paid To Date ³
\$ _____	_____	_____	_____	_____

¹ Represents the sum of the following unpaid amounts for the specified years: \$_____ for 200__; \$_____ for 200__; \$_____ for 200__.

² Sum of columns 2 and 3.

³ After giving effect to the payment covered by this Requisition Form.

6. That attached as Exhibit 1 are true and correct copies of monthly invoices for the HUD Insured Loan sent to the Developer by the First Mortgagee;

IN WITNESS WHEREOF, I have hereunto affixed my signature this _____ day of _____, _____.

PRAIRIE MORTGAGE COMPANY,
an Illinois corporation

By: _____
Its: _____

cc: Hearts United Phase III Limited Partnership

HEARTS UNITED III

SCHEDULE OF MAXIMUM ANNUAL INTEREST REIMBURSEMENT

				INTEREST ACCRUALS		TOTAL INTEREST	INTEREST SUBSIDY
				PMC/FHA	DOH		
CONSTRUCTION START		12/01/01					
CONSTRUCTION COMPLETION		11/30/02					
CUT-OFF DATE (1)		01/31/03		159,217.00 (2)	0.00	159,217.00	47,765.10
INTEREST ONLY	02/01/03	thru	04/30/03	68,236.00	0.00	68,236.00	20,470.80
AMORTIZATION (3)	06/01/03	thru	12/31/03	158,870.69	0.00	158,870.69	47,661.21
	01/01/04	thru	12/31/04	270,400.73	0.00	270,400.73	81,120.22
	01/01/05	thru	12/31/05	267,785.91	0.00	267,785.91	80,335.77
	01/01/06	thru	12/31/06	264,982.10	0.00	264,982.10	79,494.63
	01/01/07	thru	12/31/07	261,975.55	0.00	261,975.55	78,592.67
	01/01/08	thru	12/31/08	258,751.68	0.00	258,751.68	77,625.50
	01/01/09	thru	12/31/09	255,294.79	0.00	255,294.79	76,588.44
	01/01/10	thru	12/31/10	251,588.00	0.00	251,588.00	75,476.40
	01/01/11	thru	12/31/11	247,613.18	0.00	247,613.18	74,283.95
	01/01/12	thru	12/31/12	243,351.05	0.00	243,351.05	73,005.32
	01/01/13	thru	12/31/13	238,780.83	0.00	238,780.83	71,634.25
	01/01/14	thru	12/31/14	233,880.20	0.00	233,880.20	70,164.06
	01/01/15	thru	12/31/15	228,625.33	0.00	228,625.33	68,587.60
	01/01/16	thru	12/31/16	222,990.57	0.00	222,990.57	66,897.17
	01/01/17	thru	12/31/17	216,948.47	0.00	216,948.47	65,084.54
	01/01/18	thru	12/31/18	210,469.60	0.00	210,469.60	63,140.88
	01/01/19	thru	12/31/19	203,522.37	0.00	203,522.37	61,056.71
	01/01/20	thru	12/31/20	196,072.94	0.00	196,072.94	58,821.88
	01/01/21	thru	12/31/21	188,084.93	0.00	188,084.93	56,425.48
	01/01/22	thru	12/31/22	179,519.50	0.00	179,519.50	53,855.85
	01/01/23	thru	05/01/23	72,126.11	0.00	72,126.11	21,637.83
TOTALS				4,899,087.53	0.00	4,899,087.53	1,469,726.26

(1) Assume fully disbursed

(2) Amount of Capitalized Interest at 7.00%

(3) The first requisition would include interest incurred thru construction

(4) The maximum total subsidy may not exceed 1,469,000.00

EXHIBIT J

0020358904

43rd and Cottage Grove TIF

HEARTS UNITED III (43rd and Cottage Grove TIF)

EXHIBIT K

YEAR	ASSESSED VALUE	ESTIMATED MULTIPLIER	EQUALIZED ASS. VALUE	BASE EAV	TAX RATE	TAXES PAID	INCREMENTAL TAXES
2002	\$76,905	2.2235	\$170,998	\$29,755	7.788%	\$13,317	\$0
2003	\$411,843	2.2235	\$915,733	\$29,755	7.788%	\$71,317	\$11,000
2004	\$417,618	2.2235	\$928,574	\$29,755	7.788%	\$72,317	\$69,000
2005	\$417,618	2.2235	\$928,574	\$29,755	7.788%	\$72,317	\$70,000
2006	\$429,168	2.2235	\$954,254	\$29,755	7.788%	\$74,317	\$70,000
2007	\$434,942	2.2235	\$967,094	\$29,755	7.788%	\$75,317	\$72,000
2008	\$434,942	2.2235	\$967,094	\$29,755	7.788%	\$75,317	\$73,000
2009	\$446,492	2.2235	\$992,775	\$29,755	7.788%	\$77,317	\$73,000
2010	\$452,267	2.2235	\$1,005,615	\$29,755	7.788%	\$78,317	\$75,000
2011	\$452,267	2.2235	\$1,005,615	\$29,755	7.788%	\$78,317	\$76,000
2012	\$469,591	2.2235	\$1,044,136	\$29,755	7.788%	\$81,317	\$76,000
2013	\$475,366	2.2235	\$1,056,976	\$29,755	7.788%	\$82,317	\$79,000
2014	\$475,366	2.2235	\$1,056,976	\$29,755	7.788%	\$82,317	\$80,000
2015	\$492,690	2.2235	\$1,095,497	\$29,755	7.788%	\$85,317	\$80,000
2016	\$498,465	2.2235	\$1,108,337	\$29,755	7.788%	\$86,317	\$83,000
2017	\$498,465	2.2235	\$1,108,337	\$29,755	7.788%	\$86,317	\$84,000
2018	\$510,015	2.2235	\$1,134,018	\$29,755	7.788%	\$88,317	\$84,000
2019	\$521,564	2.2235	\$1,159,699	\$29,755	7.788%	\$90,317	\$86,000
2020	\$521,564	2.2235	\$1,159,699	\$29,755	7.788%	\$90,317	\$88,000
2021	\$313,672	2.2235	\$697,449	\$29,755	7.788%	\$54,317	\$88,000
2022							\$52,000
2023							
							\$1,469,000

59

EXHIBIT K
MINIMUM EQUALIZED ASSESSED VALUE

0020358904