

Contract Summary Sheet

Contract (PO) Number: 19485

Specification Number: 72201

Name of Contractor: HOLLYWOOD HOUSE LIMITED PARTNERSHIP

City Department: DEPARTMENT OF HOUSING

Title of Contract: Multi/Hollywood House

Term of Contract: Start Date: 12/1/2008

End Date: 12/1/2032

Dollar Amount of Contract (or maximum compensation if a Term Agreement) (DUR):
\$10,400,000.00

Brief Description of Work: Multi/Hollywood House

Procurement Services Contract Area: COMPTROLLER-OTHER

Vendor Number: 51753023

Submission Date: 2/25/09

The following is said ordinance as passed:

WHEREAS, By virtue of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, the City of Chicago (the "City") is a home rule unit of local government and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, By this ordinance, the City Council has determined that it is necessary and in the best interests of the City to provide financing to Hollywood House Limited Partnership (the "Borrower"), an Illinois limited partnership (the general partner of which is Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not-for-profit corporation (the "General Partner"), the sole member of which is Heartland Housing, Inc., an Illinois not-for-profit corporation (the "Member")) to pay a portion of the costs of acquiring and rehabilitating the Hollywood House Apartments (the "Development"), a multi-family housing development for seniors consisting of approximately three thousand two hundred (3,200) square feet of commercial space and one hundred ninety-seven (197) residential units in one building located at 5700 North Sheridan Road, Chicago, Illinois, by (i) issuing a series of tax-exempt revenue bonds, which may be structured as a "draw down loan", and using the proceeds of the sale thereof to purchase fully modified mortgage backed securities, the payment of principal and interest on which corresponds to payments on a mortgage loan insured by the Federal Housing Administration (the "F.H.A.") backing those securities to be made to the Borrower, and is guaranteed as to timely payment by the Government National Mortgage Association ("G.N.M.A."), and (ii) issuing a separate series of tax-exempt revenue bonds and loaning the proceeds of the sale thereof to the Borrower; and

WHEREAS, By this ordinance, the City Council has determined that it is necessary and in the best interests of the City to borrow money for the purposes set forth above and in evidence of its limited, special obligation to repay that borrowing, to issue its Multi-Family Housing Revenue Bonds (Hollywood House Apartments), Series 2008A (F.H.A. Insured/G.N.M.A.) (the "Series 2008A Bonds") and its Multi-Family Housing Revenue Bonds (Hollywood House Apartments), Series 2008B (the "Series 2008B Bonds" and, together with the Series 2008A Bonds, the "Bonds"); as provided in this ordinance; and

WHEREAS, In connection with the issuance of the Bonds, the City Council has determined by this ordinance that it is necessary and in the best interests of the City to enter into (i) a

Trust Indenture (the "Series 2008A Indenture") between the City and Deutsche Bank National Trust Company, as trustee, or another entity acceptable to the City (the "Trustee"), providing for the security for and terms and conditions of the Series 2008A Bonds to be issued, (ii) a Financing Agreement (the "Financing Agreement") between the City, the Borrower, the Trustee and PNC Bank, N.A. or another qualified lender acceptable to the City (the "Lender") providing for the use of the proceeds of the Series 2008A Bonds to purchase fully modified mortgage backed securities guaranteed by G.N.M.A. from the Lender and the corresponding making of a mortgage loan by the Lender to the Borrower backing those securities and insured by the F.H.A., all for the purposes described above, (iii) a Trust Indenture (the "Series 2008B Indenture") between the City and the Trustee (together with the Series 2008A Indenture, the "Indentures" and each an "Indenture"), providing for the security for and terms and conditions of the Series 2008B Bonds to be issued, (iv) a Loan Agreement (the "Loan Agreement"), between the City and the Borrower providing for the loan of the proceeds of the Series 2008B Bonds to the Borrower for the purposes described above, (v) a Bond Purchase Agreement (the "Series 2008A Bond Purchase Agreement") between the City and the underwriter for the Series 2008A Bonds, providing for the sale of the Series 2008A Bonds and the preparation and circulation of a preliminary official statement and an official statement for the Series 2008A Bonds, (vi) a Bond Purchase Agreement (the "Series 2008B Bond Purchase Agreement") between the City and the underwriter for the Series 2008B Bonds, providing for the sale of the Series 2008B Bonds (together with the Series 2008A Bond Purchase Agreement, the "Bond Purchase Agreements", and each a "Bond Purchase Agreement") and the preparation and circulation of a preliminary official statement for the Series 2008B Bonds (together with the preliminary official statement for the Series 2008A Bonds, the "Preliminary Official Statement") and an official statement for the Series 2008B Bonds (together with the official statement for the Series 2008A Bonds, the "Official Statement") and (vii) a Tax Exemption Certificate and Agreement (the "Tax Agreement") between the City and the Borrower; and

WHEREAS, The Borrower has arranged to provide security for the Series 2008B Bonds in the form of a direct-pay letter of credit issued by Harris N.A., or another entity acceptable to the City, in favor of the Trustee in an amount equal to (i) the principal amount of the Series 2008B Bonds, or that portion of the purchase price of the Series 2008B Bonds equal to the principal amount of the Series 2008B Bonds delivered for purchase pursuant to the terms of the Series 2008B Indenture, and (ii) the interest which would accrue on the Series 2008B Bonds within the largest number of days required by any rating agency then rating the Series 2008B Bonds, at a maximum rate of twelve percent (12%) per annum, under which the Trustee will be authorized to draw amounts necessary to pay the principal of and interest on the Bonds when due; and

WHEREAS, The City has programmed certain funds (the "Multi-Program Funds") for its Multi-Family Loan Program (the "Multi-Program") under the Community Development Block Grant Program, wherein acquisition and rehabilitation loans are made available to for-profit and not-for-profit owners of rental properties containing five (5) or more dwelling units located in low- and moderate-income areas, and the Multi-Program is administered by the City's Department of Housing ("D.O.H."); and

WHEREAS, D.O.H. has preliminarily reviewed and approved the making of a loan to the Borrower in an amount not to exceed Four Million Dollars (\$4,000,000), or, if in the discretion of the Commissioner of D.O.H. (the "D.O.H. Commissioner") the Development so requires, not to exceed Four Million Five Hundred Thousand Dollars (\$4,500,000) (the "Affordable Housing Loan"), to be funded from Multi-Program Funds pursuant to the terms and conditions set forth in Exhibit 1 attached hereto and made a part hereof, as a result of which Affordable Housing Loan the use of one hundred seventy-seven (177) of the one hundred ninety-seven (197) residential units in the Development shall be restricted to rental to low- and moderate-income households pursuant to the applicable requirements of the Community Development Block Grant Program; and

WHEREAS, Pursuant to an ordinance adopted by the City Council on November 7, 2007 and published at pages 13725 through 13820 of the *Journal of the Proceedings of the City Council of the City of Chicago* (the "Journal") of such date, a certain redevelopment plan and project (the "Plan") for the Hollywood/Sheridan redevelopment project area (the "Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1, et seq.) (the "Act"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council on November 7, 2007 and published at pages 13821 through 13831 of the *Journal* of such date, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, Pursuant to an ordinance (the "T.I.F. Ordinance") adopted by the City Council on November 7, 2007 and published at pages 13832 through 13841 of the *Journal* of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, Pursuant to Section 5/11-74.4-8(b) of the Act and the T.I.F. Ordinance, incremental taxes ("Incremental Taxes") are deposited from time to time in the special tax allocation fund for the Area established pursuant to the T.I.F. Ordinance (the "Fund"); and

WHEREAS, The Borrower and the Member (together, the "Developer") have proposed to undertake the Development in accordance with the Plan and pursuant to the terms and conditions of a proposed Redevelopment Agreement (as defined in Section 15 below) to be executed by the Developer and the City, and the Developer will finance a portion of the rehabilitation of the Development with a portion of the Incremental Taxes in the Fund; and

WHEREAS, Pursuant to Resolution 08-CDC-50 adopted by the Community Development Commission of the City of Chicago (the "Commission") on July 8, 2008, the Commission authorized the City's Department of Planning and Development ("D.P.D.") to negotiate a Redevelopment Agreement with the Developer for the Development and to recommend that the Developer be designated as the developer for the Development; and

WHEREAS, The Development is necessary for the redevelopment of the Area; now, therefore,

Be It Ordained by the City Council of the City of Chicago, as follows:

SECTION 1. Incorporation Of Recitals. The recitals contained in the preambles to this ordinance are hereby incorporated into this ordinance by this reference. All capitalized terms used in this ordinance, unless otherwise defined herein, shall have the meanings ascribed thereto in the Indenture.

SECTION 2. Findings And Determinations. The City Council hereby finds and determines that the delegations of authority that are contained in this ordinance, including the authority to make the specific determinations described herein, are necessary and desirable because the City Council cannot itself as advantageously, expeditiously or conveniently exercise such authority and make such specific determinations. Thus, authority is granted to the Mayor or the Chief Financial Officer of the City, or if the Chief Financial Officer so determines and designates (or if there is no Chief Financial Officer), the City Comptroller (in either case, the "Authorized Officer") to determine to sell the Bonds and on such terms as and to the extent such officers determine that such sale or sales is desirable and in the best financial interest of the City.

SECTION 3. Authorization Of Bonds. The issuance of the Series 2008A Bonds in an aggregate principal amount of not to exceed Thirteen Million Dollars (\$13,000,000) and of the Series 2008B Bonds in an aggregate principal amount of not to exceed Four Million Five Hundred Thousand Dollars (\$4,500,000) is hereby authorized. The aggregate principal amount of each series of the Bonds to be issued shall be as set forth in the related Notification of Sale referred to below.

Each series of the Bonds shall contain a provision that they are issued under authority of this ordinance. Neither series of the Bonds shall mature later than January 1, 2051. The Series 2008A Bonds shall bear interest at a rate not to exceed seven percent (7%), and the Series 2008B Bonds shall bear interest at an initial rate not to exceed seven percent (7%), payable in either case on the interest payment date(s) as set forth in the related Indenture and in the related Notification of Sale. The Bonds shall be dated, shall be subject to redemption prior to maturity, shall be subject to optional and mandatory tender (in the case of the Series 2008B Bonds only), shall be payable in such places and in such manner and shall have such other details and provisions as prescribed by the related Indenture, the forms of that series of the Bonds therein and the related Notification of Sale.

The provisions for execution, signatures, authentication, payment and prepayment, with respect to the Bonds, shall be as set forth in the related Indenture and the forms of that series of the Bonds therein.

The Mayor or the Authorized Officer are each hereby authorized to execute and deliver the Series 2008A Indenture on behalf of the City, such Series 2008A Indenture to be in substantially the form previously used for similar financings of the City with appropriate revisions to reflect the terms and provisions of the Series 2008A Bonds as shall be approved by the Mayor or Authorized Officer executing the same, with such execution to constitute conclusive evidence of their approval and this City Council's approval of the terms provided

therein. The Indenture shall include a reference to the Lender, such reference reflecting the approval of the Authorized Officers on behalf of the City to the Lender so referenced.

The Mayor or the Authorized Officer are each hereby authorized to execute and deliver the Series 2008B Indenture on behalf of the City, such Indenture to be in substantially the form previously used for similar financings of the City with appropriate revisions to reflect the terms and provisions of the 2008B Bonds as shall be approved by the Mayor or Authorized Officer executing same, with such execution to constitute conclusive evidence of their approval and this City Council's approval of the terms provided therein.

The Mayor and the Authorized Officer are each hereby authorized to act on behalf of the City for the purposes provided in the Series 2008A Indenture and the Series 2008B Indenture.

The Mayor or the Authorized Officer are each hereby authorized to execute and deliver the Financing Agreement on behalf of the City, such Financing Agreement to be in substantially the form previously used for similar financings of the City with appropriate revisions to reflect the terms and provisions of the Series 2008A Bonds as shall be approved by the Mayor or the Authorized Officer executing the same, with such execution to constitute conclusive evidence of their approval and the City Council's approval of the terms provided therein.

The Mayor or the Authorized Officer are each hereby authorized to execute and deliver the Loan Agreement on behalf of the City, such Loan Agreement to be in substantially the form previously used for similar financings of the City with appropriate revisions to reflect the terms and provisions of the Series 2008B Bonds as shall be approved by the Mayor or the Authorized Officer executing the same, with such execution to constitute conclusive evidence of their approval and this City Council's approval of the terms provided therein.

The Mayor or the Authorized Officer are each hereby authorized to execute and deliver the Tax Agreement on behalf of the City, in substantially the form of tax agreements used in previous issuances of tax-exempt bonds pursuant to programs similar to the Bonds, with appropriate revisions to reflect the terms and provisions of the Bonds and the applicable provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, and with such other revisions in text as the Mayor or Authorized Officer executing the same shall determine are necessary or desirable in connection with the exclusion from gross income for federal income tax purposes of interest on the Bonds. The execution of the Tax Agreement by the Mayor or the Authorized Officer shall be deemed conclusive evidence of the approval of this City Council to the terms provided in the Tax Agreement.

SECTION 4. Security For The Series 2008A Bonds. The Series 2008A Bonds shall be limited obligations of the City, payable solely from all right, title and interest of the City in the G.N.M.A. mortgage backed securities purchased pursuant to the Financing Agreement, all right, title and interest of the City (other than the rights of the City to indemnification and to receive notices, make requests or give its consent or approval) in the Financing Agreement, the proceeds of the Series 2008A Bonds and income from the temporary

investment thereof, as provided in the Series 2008A Indenture. In order to secure the payment of the principal of, premium, if any, and interest on the Series 2008A Bonds, such rights, proceeds and investment income are hereby pledged to the extent and for the purposes as provided in the Series 2008A Indenture and are hereby appropriated for the purposes set forth in the Series 2008A Indenture and each Supplemental Indenture. Nothing contained in this ordinance shall limit or restrict the subordination of the pledge of such rights, proceeds and investment income as set forth in the Series 2008A Indenture to the payment of any other obligations of the City enjoying a lien or claim on such rights, proceeds and investment income as of the date of issuance of the Series 2008A Bonds, all as shall be determined by the Authorized Officer at the time of the sale of the Series 2008A Bonds. The Series 2008A Indenture shall set forth such covenants with respect to the application of such rights, proceeds and investment income as shall be deemed necessary by the Authorized Officer in connection with the sale of the Series 2008A Bonds.

SECTION 5. Security For The Series 2008B Bonds. The Series 2008B Bonds shall be limited obligations of the City, payable solely from sources identified in the Series 2008B Indenture, the proceeds of the Bonds and income from the temporary investment thereof, as provided in the Series 2008B Indenture. In order to secure the payment of the principal of, premium, if any, and interest on the Series 2008B Bonds, such revenues are hereby pledged to the extent and for the purposes as provided in the Series 2008B Indenture and are hereby appropriated for the purposes set forth in the Series 2008B Indenture and each Supplemental Indenture. The Series 2008B Indenture shall set forth such covenants with respect to the application of the revenues and the proceeds of the Bonds as shall be deemed necessary by the Authorized Officer in connection with the sale of the Series 2008B Bonds.

SECTION 6. Sale And Delivery Of Bonds: The Bonds shall be sold and delivered to, or upon the direction of, a group of underwriters (the "Underwriters") to be selected by the Authorized Officer, subject to the terms and conditions of a bond purchase agreement related to each series of the Bonds. The Authorized Officer is authorized to execute and deliver on behalf of the City, with the concurrence of the Chairman of the Committee on Finance of the City Council, the Series 2008A Bond Purchase Agreement and the Series 2008B Bond Purchase Agreement, each in substantially the form of bond purchase agreements used in previous sales of bonds pursuant to programs similar to the Bonds, with appropriate revisions to reflect the terms and provisions of the related series of Bonds, and with such other revisions in text as the Authorized Officer shall determine are necessary or desirable in connection with the sale of the related series of Bonds. The execution of each Bond Purchase Agreement by the Authorized Officer shall be deemed conclusive evidence of the approval of the City Council to the terms provided in such Bond Purchase Agreement. The distribution of the Preliminary Official Statement and the Official Statement to prospective purchasers of the Bonds and the use thereof by the Underwriters in connection with the offering and sale of the Bonds are hereby authorized, provided that the City shall not be responsible for the content of the Preliminary Official Statement or the Official Statement except as specifically provided in either Bond Purchase Agreement executed by the Authorized Officer. The compensation paid to the Underwriters in connection with the sale of the Bonds shall not exceed two percent (2%) of their aggregate principal amount. In connection with the offer and delivery of the Bonds, the Authorized Officer, and such other

officers of the City as may be necessary, are authorized to execute and deliver such instruments and documents as may be necessary to implement the transaction and to effect the issuance and delivery of the Bonds. Any limitation on the amount of Bonds issued pursuant to this ordinance as set forth herein shall be exclusive of any original issue discount or premium.

SECTION 7. Notification Of Sale. Subsequent to the sale of the Bonds, the Authorized Officer shall file in the Office of the City Clerk a notification of sale for each series of the Bonds directed to the City Council setting forth (i) the aggregate original principal amount of, maturity schedule, redemption provisions for and nature of the series of Bonds sold, (ii) the identity of the Trustee, (iii) the interest rates on the series of Bonds, (iv) the identity of any Underwriter and (v) the compensation paid to the Underwriter in connection with such sale. There shall be attached to each such notification final forms of the Indenture.

SECTION 8. Use Of Proceeds Of Bonds. The proceeds from the sale of each series of the Bonds shall be deposited as provided in the related Indenture and used for the purposes set forth in the second paragraph of the recitals of this ordinance.

SECTION 9. Additional Authorization. The Mayor, the Authorized Officer, the City Treasurer, the D.O.H. Commissioner, the City Clerk and the Deputy City Clerk are each hereby authorized to execute and deliver such other documents and agreements (and amendments thereto) and perform such other acts as may be necessary or desirable in connection with the Bonds, including, but not limited to, the exercise following the delivery date of the Bonds of any power or authority delegated to such official under this ordinance with respect to the Bonds upon original issuance, but subject to (a) any limitations on or restrictions of such power or authority as herein set forth, and (b) the provisions hereof.

SECTION 10. Proxies. The Mayor and the Authorized Officer may each designate another to act as their respective proxy and to affix their respective signatures to each Series 2008A Bond and Series 2008B Bond, whether in temporary or definitive form, and to any other instrument, certificate or document required to be signed by the Mayor or the Authorized Officer pursuant to this ordinance or the Series 2008A Indenture or the Series 2008B Indenture, respectively. In each case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and the Authorized Officer, respectively. A written signature of the Mayor or the Authorized Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with signatures attached, shall be recorded in the *Journal of the Proceedings of the City Council of the City of Chicago* and filed with the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of the Authorized Officer is so affixed to an instrument, certificate or document at the direction of the Authorized Officer, the same, in all respects, shall be binding on the City as if signed by the Authorized Officer in person.

SECTION 11. Volume Cap. The Bonds are obligations taken into account under Section 146 of the Internal Revenue Code of 1986, as amended, in the allocation of the City's volume cap.

SECTION 12. Approval Of Affordable Housing Loan. Upon the approval and availability of the Additional Financing as shown on Exhibit 1 hereto, the Commissioner and any designee of the D.O.H. Commissioner are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts, as shall be necessary or advisable in connection with the implementation of the Affordable Housing Loan and the terms and program objectives of the Multi-Program. The Commissioner is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms in connection with the Affordable Housing Loan which do not substantially modify the terms described in Exhibit 1 hereto. Upon the execution and receipt of proper documentation, and compliance with the terms and provisions thereof, the Commissioner is hereby authorized to disburse the proceeds of the Affordable Housing Loan to the Borrower.

SECTION 13. Fee Waivers, Et Cetera. In connection with the Affordable Housing Loan by the City to the Borrower, the City shall waive those certain fees, if applicable, imposed by the City with respect to the Development and as more fully described in Exhibit 2 attached hereto. The Development shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago (the "Municipal Code"). Section 2-44-090 of the Municipal Code shall not apply to the Development.

SECTION 14. Developer Designation. The Developer is hereby designated as the developer for the Development pursuant to Section 5/11-74.4-4 of the Act.

SECTION 15. Redevelopment Agreement. The Commissioner of D.P.D. (the "D.P.D. Commissioner") or a designee of the D.P.D. Commissioner are each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver a redevelopment agreement between the Developer and the City substantially in the form attached hereto as Exhibit 3 and made a part hereof (the "Redevelopment Agreement"), with such modifications as may be required in connection with the F.H.A. insurance for the Series 2008A Bonds, and such other supporting documents as may be necessary to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment Agreement.

SECTION 16. Payment. The City Council of the City hereby finds that the City is authorized to issue its tax increment allocation revenue obligation in the maximum principal amount of Five Million Nine Hundred Thousand Dollars (\$5,900,000), plus pay an amount not to exceed Four Million Dollars (\$4,000,000) in the aggregate from Incremental Taxes deposited in the general account of the Fund (the "General Account") as the initial payments (the "Initial Payments"), to finance a portion of the eligible redevelopment project costs (as such term is defined under the Act) included within the Project (such costs shall be known herein and in the Redevelopment Agreement as "T.I.F.-Funded Improvements"). The Initial

Payments shall consist of not less than Three Million Dollars (\$3,000,000) upon the approval and availability of the Additional Financing as shown on Exhibit 1 hereto and not to exceed One Million Dollars (\$1,000,000) within eight (8) months thereafter.

SECTION 17. Borrowing. There shall be borrowed for and on behalf of the City a principal amount not to exceed Five Million Nine Hundred Thousand Dollars (\$5,900,000) for the payment of a portion of the T.I.F.-Funded Improvements. The borrowing shall be evidenced by a taxable note of the City in an initial principal amount up to Five Million Nine Hundred Thousand Dollars (\$5,900,000), designated "Tax Increment Allocation Revenue Note (Hollywood/Sheridan Redevelopment Project), Taxable Series 2008A" (the "City Note"). In addition, the City is authorized to pay the Member from Incremental Taxes an aggregate amount not to exceed Four Million Dollars (\$4,000,000) as the Initial Payments. The City Note shall be substantially in the form attached to the Redevelopment Agreement as (Sub)Exhibit M and made a part hereof, with such additions or modifications as shall be determined to be necessary by the Authorized Officer, at the time of issuance to reflect the purpose of the issue. The City Note shall be dated the date of delivery thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in the denomination of the outstanding principal amount thereof and shall become due and payable as provided therein. The proceeds of the City Note and the Initial Payments are hereby appropriated for the purposes set forth in this Section 17.

Upon and from issuance of the Certificate of Completion (as defined in Section 2 of the Redevelopment Agreement), the City Note shall bear interest at a fixed interest rate per annum not to exceed seven and five-tenths percent (7.5%), subject to the approval of the Authorized Officer. Interest on the City Note shall be subject to federal income taxes. Interest on the City Note shall be computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months. Accrued and unpaid interest on the City Note shall compound on February 1st of each year and thereafter bear interest at the same fixed interest rate that applies to the principal of the City Note.

The principal of and interest on the City Note shall be paid by check, draft or wire transfer of funds by the City Comptroller of the City, as registrar and paying agent (the "Registrar"), payable in lawful money of the United States of America to the persons in whose names the City Note are registered at the close of business on the payment date, in any event no later than at the close of business on the fifteenth (15th) day of the month immediately after the applicable payment date; provided, that the final installment of the principal and accrued but unpaid interest of the City Note shall be payable in lawful money of the United States of America at the principal office of the Registrar or as otherwise directed by the City on or before the maturity date.

The seal of the City shall be affixed to or a facsimile thereof printed on the City Note, and the City Note shall be signed by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the City Clerk of the City, and in case any officer whose signature shall appear on the City Note shall cease to be such officer before the delivery of the City Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The City Note shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Registrar, as authenticating agent of the City for the City Note, and showing the date of authentication. The City Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this ordinance unless and until such certificate of authentication shall have been duly executed by the Registrar by manual signature, and such certificate of authentication upon the City Note shall be conclusive evidence that the City Note has been authenticated and delivered under this ordinance.

SECTION 18. Registration. The City shall cause books (the "Register") for the registration and for the transfer of the City Note (to the extent such transfer is permitted under the Redevelopment Agreement) as provided in this ordinance to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the City for the City Note. The City is authorized to prepare, and the Registrar shall keep custody of, multiple City Note blanks executed by the City for use in the transfer of the City Note.

Upon surrender for a transfer of the City Note authorized under the Redevelopment Agreement at the principal office of the Registrar, duly endorsed by, or accompanied by (i) a written instrument or instruments of transfer in form satisfactory to the Registrar, (ii) an investment representation in form satisfactory to the City and duly executed by the registered owner or his attorney duly authorized in writing, (iii) the written consent of the City evidenced by the signature of the Authorized Officer and the D.P.D. Commissioner on the instrument of transfer, and (iv) any deliveries required under the Redevelopment Agreement, the City shall execute and the Registrar shall authenticate, date and deliver in the name of any such authorized transferee or transferees a new fully registered City Note of the same maturity, of authorized denomination, for the authorized principal amount of the City Note less previous retirements. The execution by the City of a fully registered City Note shall constitute full and due authorization of the City Note and the Registrar shall thereby be authorized to authenticate, date and deliver the City Note. The Registrar shall not be required to transfer or exchange a City Note during the period beginning at the close of business on the fifteenth (15th) day of the month immediately prior to the maturity date of the City Note nor to transfer or exchange a City Note after notice calling a City Note for prepayment has been made, nor during a period of five (5) days next preceding mailing of a notice of prepayment of principal of a City Note. No beneficial interests in a City Note shall be assigned, except in accordance with the procedures for transferring a City Note described above.

The person in whose name the City Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest, if any, on the City Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the City Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer of the City Note, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of the City Note.

SECTION 19. Determination. Subject to the limitations and requirements set forth herein and in the Redevelopment Agreement, the D.P.D. Commissioner is authorized to determine the terms of the City Note and to issue the City Note on such terms as the D.P.D. Commissioner may deem to be in the best interest of the City, including but not limited to terms relating to the redemption or prepayment of the City Note (provided, however, that any prepayment penalty shall not exceed one hundred ten percent (110%) of the outstanding principal amount of the City Note). Subject to the foregoing, the principal of the City Note shall be subject to determination, reduction and prepayment as provided in the form of City Note attached to the Redevelopment Agreement as (Sub)Exhibit M, and as provided in the Redevelopment Agreement, including, without limitation, Sections 2, 8.05, 4.03 and 15.02 thereof. As directed by the D.P.D. Commissioner, the Registrar shall proceed with prepayment without further notice or direction from the City.

SECTION 20. Execution. The City Note hereby authorized shall be executed as in this ordinance and the Redevelopment Agreement provided as soon after the passage hereof as may be practicable and consistent with the terms of the Redevelopment Agreement, and thereupon, be deposited with the D.P.D. Commissioner, and be by said D.P.D. Commissioner delivered to the Borrower.

SECTION 21. Project Account. Pursuant to the T.I.F. Ordinance, the City has created the Fund. The City Comptroller is hereby directed to maintain the Fund as a segregated interest-bearing account, separate and apart from the City's Corporate Fund or any other fund of the City. Pursuant to the T.I.F. Ordinance, all Incremental Taxes received by the City for the Area shall be deposited into the Fund.

There is hereby created within the General Account a special subaccount to be known as the "Hollywood House Limited Partnership Project Account" (the "Project Account"). Commencing in the year in which the Certificate of Completion (as defined in Section 2 of the Redevelopment Agreement) is issued pursuant to Section 7.01 of the Redevelopment Agreement, the City shall designate and deposit into the Project Account an amount equal to ninety-five percent (95%) of the Incremental Taxes attributable to increases in the equalized assessed value of the tax parcels comprising the Area and deposited into the General Account from and after the designation of the Area (such amount, the "Available Incremental Taxes").

Subject to the terms and conditions of the Redevelopment Agreement and pursuant to the debt service schedule to be attached to the City Note pursuant to the Redevelopment Agreement, the City shall use the funds in the Project Account to make payments with respect to the City Note until the City Note has been fully repaid. In the event that an event of default under the Redevelopment Agreement entitles the City permanently to terminate further payments of City Funds (as defined in the Redevelopment Agreement) with respect to the City Note, the City may in its discretion, return the amounts in the Project Account established above that would otherwise be allocated to the payment of the City Note to the Fund and the Project Account shall be closed.

The City hereby assigns, pledges and dedicates the Project Account, together with all amounts on deposit therein, to the payment of the principal of and interest, if any, on the City Note when due under the terms of the Redevelopment Agreement. Upon deposit, the monies on deposit in the Project Account may be invested as hereinafter provided. Interest and income on any such investment shall be deposited in the Project Account. All monies on deposit in the Project Account shall be used to pay the principal of and interest on the City Note, at maturity or upon payment or redemption prior to maturity, in accordance with its terms, which payments from the Project Account are hereby authorized and appropriated by the City. Upon payment of all amounts due under the City Note and the Redevelopment Agreement in accordance with their terms (or the termination of the City's obligation to make such payments), the amounts on deposit in the Project Account, as applicable, shall be deposited in the Fund and the Project Account shall be closed.

Notwithstanding any of the foregoing, payments on the City Note will be subject to the availability of Available Incremental Taxes in the Project Account.

SECTION 22. Obligation. The City Note is a special limited obligation of the City, and is payable solely from amounts on deposit in the Project Account and shall be a valid claim of the registered owner thereof only against said sources. The City Note shall not be deemed to constitute an indebtedness or a loan against the general taxing powers or credit of the City, within the meaning of any constitutional or statutory provision. The registered owner(s) of the City Note shall not have the right to compel any exercise of the taxing power of the City, the State of Illinois or any political subdivision thereof to pay the principal of or interest on the City Note. The City's obligation to repay the City Note fully is further limited by the terms and conditions of the Redevelopment Agreement.

SECTION 23. Investment. Monies on deposit in the T.I.F. Fund or the Project Account, as the case may be, may be invested as allowed under Section 2-32-520 of the Municipal Code of the City of Chicago. Each such investment shall mature on a date prior to the date on which said amounts are needed to pay the principal of or interest on the City Note.

SECTION 24. Principal Balance. Pursuant to the Redevelopment Agreement, the Borrower shall complete the Project. The eligible redevelopment project costs of the Project constituting T.I.F.-Funded Improvements incurred by the Borrower up to the aggregate principal amount of Five Million Nine Hundred Thousand Dollars (\$5,900,000) shall be deemed to be disbursements of the proceeds of the City Note by the Borrower to the City. Upon issuance, the City Note shall have in the aggregate an initial principal balance equal to the Borrower's prior expenditures for T.I.F.-Funded Improvements (excluding the Initial Payments) up to a maximum amount of Five Million Nine Hundred Dollars (\$5,900,000), as supported by a Certificate of Expenditure in accordance with the City Note, and subject to the reductions described in the Redevelopment Agreement. After issuance, the principal amount outstanding under the City Note shall be the initial principal balance of the City Note, plus interest thereon, minus any principal amount and interest paid on the City Note and other reductions in principal as provided in the Redevelopment Agreement.

SECTION 25. List Of Registered Owners. The Registrar shall maintain a list of the names and addresses of the registered owners from time to time of the City Note and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor.

SECTION 26. Contract With Registered Owners. The provisions of this ordinance shall constitute a contract between the City and the registered owner(s) of the City Note. All covenants relating to the City Note are enforceable by the registered owner(s) of the City Note.

SECTION 27. Separability. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance.

SECTION 28. Inconsistent Provisions. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 29. No Impairment. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to impair the validity of this ordinance or the instruments authorized by this ordinance or to impair the rights of the owners of the Bonds to receive payment of the principal of, premium, if any, or interest on the Bonds (or, with respect to the Series 2008B Bonds, payment of the purchase price upon an optional or mandatory tender therefore, if any) or to impair the security for the Bonds; provided further, however, that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision under the Municipal Code.

SECTION 30. Effective Date. This ordinance shall be in full force and effect immediately upon its passage.

SECTION 31. Certified Copies. The City Clerk shall provide to the Corporation Counsel, without charge, certified copies of this ordinance in such amount as shall be requested by the Corporation Counsel.

Exhibits 1, 2 and 3 referred to in this ordinance read as follows:

Exhibit 1.
(To Ordinance)

Affordable Housing Loan.

Source: Multi-Program.

Amount: Not to exceed \$4,000,000, or, if in the discretion of the D.O.H. Commissioner the Development so requires, not to exceed \$4,500,000.

Term: Not to exceed 42 years.

Interest: Not to exceed 1% per annum.

Security: Non-recourse loan; second mortgage on the Development.

Additional Financing:

1. Series 2008A and Series 2008B Bonds, as described in this ordinance. The Series 2008A Bond proceeds will be used to purchase one or more G.N.M.A. securities issued by the Lender. The Lender will make a loan in an amount not to exceed \$13,000,000 (the "First Loan") to the Borrower, secured by a first mortgage on the Development and, with respect to the Series 2008A Bonds, a collateral assignment of the City Note. Repayments under the First Loan are insured by the F.H.A.. The amount of the Series 2008B Bonds shall not exceed \$4,500,000.

2. **Source:** To be derived from the syndication by the Borrower of approximately \$830,603 in annual Low-Income Housing Tax Credits ("L.I.H.T.C.s").

Proceeds: Approximately \$4,069,230 ("L.I.H.T.C. Proceeds"). The total approximate amount to be derived from the syndication of L.I.H.T.C.s by the Borrower is \$7,143,186; of this \$7,143,186, the Series 2008B Bonds will bridge receipt of \$3,073,956; therefore the L.I.H.T.C. Proceeds will be approximately \$4,069,230, which is the difference between \$7,143,186 and \$3,073,956.

Security: Any L.I.H.T.C. Proceeds not immediately available or otherwise irrevocably committed to the financing of the Development upon the approval and availability of the Affordable Housing Loan and the Additional Financing shall be secured by one or more irrevocable standby letters of credit or similar instruments acceptable to the D.O.H. Commissioner (collectively, the "Standby L/C"), provided by Harris N.A. or another entity or entities acceptable to the D.O.H. Commissioner (collectively, the "Standby L/C Provider"). To secure the Standby L/C, the Standby L/C Provider may require a first priority pledge of the general partner interest in the Borrower and/or a first priority pledge of the limited partner interest in the Borrower.

3. Source: Illinois Housing Development Authority ("I.H.D.A."), or other entity acceptable to the D.O.H. Commissioner.
- Amount: \$1,250,000.
- Term: Not to exceed 42 years.
- Interest: Not to exceed 1% per annum.
- Security: Non-recourse loan; third mortgage on the Development.
4. Source: I.H.D.A., or other entity acceptable to the D.O.H. Commissioner.
- Amount: \$750,000.
- Term: Not to exceed 42 years.
- Interest: Not to exceed 1% per annum.
- Security: Non-recourse loan; fourth mortgage on the Development.
5. Source: General Partner.
- Amount: \$100.
6. Source: Heartland Housing, Inc., or other entity acceptable to the D.O.H. Commissioner.
- Amount: Not to exceed \$3,000,000.
- Term: Not to exceed 42 years.
- Interest: Not to exceed the "applicable federal rate" within the meaning of Section 42(i)(2)(D) of the Internal Revenue Code of 1986.

- Security: Non-recourse or recourse loan; fifth mortgage on the Development.
7. Source: Heartland Housing, Inc.
- Amount: Not to exceed \$4,000,000 (the proceeds of the Initial Payments).
- Term: Not to exceed 42 years.
- Interest: None.
- Security: Non-recourse or recourse loan; sixth mortgage on the Development.
8. Source: Deferred Developer Fee.
- Amount: \$768,645.

Exhibit 2.
(To Ordinance)

Fee Waivers.

Department Of Construction And Permits.

Waiver of Plan Review, Permit and Inspection Fees:

A. Building Permit.

Zoning.

Construction/Architectural/Structural.

Internal Plumbing.

H.V.A.C.

Water for Construction.

Smoke Abatement.

B. Electrical Permit:

Service and Wiring.

C. Elevator Permit (if applicable).

D. Wrecking Permit (if applicable).

E. Fencing Permit (if applicable).

F. Fees for the review of building plans for compliance with accessibility codes by the Mayor's Office for People with Disabilities imposed by Section 13-32-310(2) of the Municipal Code of Chicago.

Department Of Water Management.

Tap Fees.

Cut and Seal Fees.

(Fees to purchase B-boxes and remote read-outs are not waived).

Sealing Permit Fees.

Department Of Transportation.

Street Opening Fees.

Driveway Permit Fees.

Use of Public Way Fees.

*Exhibit 3.
(To Ordinance)*

*Hollywood House Apartments
Redevelopment Agreement.*

This Hollywood House Apartments Redevelopment Agreement (this "Agreement") is made as of this _____-day of _____, 2008, among the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and Hollywood House Limited Partnership, an Illinois limited partnership (the "Partnership") (the general partner of which is Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not-for-profit corporation (the "General Partner")), and Heartland Housing, Inc., an Illinois not-for-profit corporation, which is the sole member of the General Partner (the "Member," and, jointly and severally with the 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 power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power 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 from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following three ordinances on November 7, 2007: (1) approving a redevelopment plan for the Hollywood/Sheridan Redevelopment Project Area; (2) designating the Hollywood/Sheridan Redevelopment Project Area as a redevelopment project area pursuant to the Tax Increment Allocation Redevelopment Act; and (3) adopting tax increment allocation financing for the Hollywood/Sheridan Redevelopment Project Area (the "TIF Adoption Ordinance") (items(1)-(3) collectively referred to herein as the "TIF Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Member has purchased from the Seller (the "Acquisition") certain property located within the Redevelopment Area at 5700 North Sheridan Road, Chicago, Illinois 60660 and legally described on Exhibit B hereto (the "Property") and improvements thereon consisting of approximately 3,200 square feet of commercial space and one hundred ninety-seven (197) residential units in a residential apartment building (the "Facility"). Promptly following the Acquisition of the Property by the Member from the Seller, the Member shall convey fee simple title to the Property to the Partnership (the "Partnership Acquisition"). Within the time frames set forth in Section 3.01 hereof, the Developer shall commence rehabilitation of the Facility. The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Hollywood/Sheridan Redevelopment Project Area Tax Increment Finance District Eligibility Study, Redevelopment Plan and Project (the "Redevelopment Plan") attached hereto as Exhibit D.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, (i) the proceeds of the City Note (defined below) and/or (ii) Incremental Taxes (as defined below), to pay for or reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement and the City Note.

In addition, the City may, in its discretion, issue tax increment allocation bonds ("TIF Bonds") secured by Incremental Taxes pursuant to a TIF bond ordinance (the "TIF Bond Ordinance") at a later date as described in Section 4.03(d) hereof, the proceeds of which (the "TIF Bond Proceeds") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Incremental Taxes (including any such payment made pursuant to any City Note provided to the Developer pursuant to this Agreement), to make payments of principal and interest on the City Note, or in order to reimburse the City for the costs of TIF-Funded Improvements.

G. HUD-Required Provisions: A portion of the Lender Financing (as defined below) includes a loan of the proceeds generated through the sale of the Series 2008A Bonds, which Series 2008A Bonds will be insured by the Federal Housing Administration ("FHA"), an organizational unit within the United States Department of Housing and Urban Development ("HUD"). The FHA-insured Lender Financing (the "FHA-Insured Loan") requires a HUD-Required Provisions Rider (the "Rider") to be incorporated into this Agreement. By the reference in this paragraph, said Rider, attached hereto as Exhibit Q, is hereby incorporated herein and made a part hereof.

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 the Recitals hereof.

"Actual residents of the City" shall mean persons domiciled within the City.

"Acquisition" shall have the meaning set forth in the Recitals hereof.

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

"Available Incremental Taxes" shall mean an amount equal to the Incremental Taxes deposited in the TIF Fund attributable to the taxes levied on the Redevelopment Area as adjusted to reflect the amount of the City Fee described in Section 4.05(c) hereof from and after the year of the Closing Date.

"Certificate" shall mean the Certificate of Completion of Rehabilitation described in Section 7.01 hereof.

"Certificate of Expenditure" shall mean any Certificate of Expenditure referenced in the City Note pursuant to which the principal amount of the City Note will be established.

"Change Order" shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in Section 3.03, Section 3.04 and Section 3.05, respectively.

"City Council" shall have the meaning set forth in the Recitals hereof.

"City Fee" shall mean the fee described in Section 4.05(c) hereof.

"City Funds" shall mean, collectively, (1) the Initial Payments and (2) the funds paid to the Developer pursuant to the City Note. The City Funds do not include the proceeds of the DOH Loan.

"City Note" shall mean the taxable Tax Increment Allocation Revenue Note (Hollywood/Sheridan Redevelopment Project), Taxable Series 2008A, to be in the form attached hereto as Exhibit M, in the maximum principal amount of \$5,900,000, issued by the City to the Partnership on or as of the date hereof. The City Note shall initially bear 0% per annum interest, which rate shall be adjusted upon the issuance of the Certificate to an annual fixed rate not to exceed seven and one-half percent (7.5%), subject to the approval of the Commissioner of DPD (or his or her designee).

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall be deemed to be the date appearing in the first paragraph of this Agreement.

"Construction Contract" shall mean that certain contract, substantially in the form attached hereto as Exhibit E, to be entered into between the Partnership and the General Contractor providing for construction of the Project.

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

"DOH" shall mean the City's Department of Housing, which shall act on the City's behalf in certain respects as set forth herein.

"DOH Commissioner" shall mean the Commissioner of DOH.

"DOH Loan" shall mean Lender Financing from the City (acting through DOH) in an amount not to exceed \$4,000,000 (or, if in the discretion of the DOH Commissioner the Project so requires, not to exceed \$4,500,000), pursuant to the federal Community Development Block Grant program.

"DOH Loan Documents" shall mean the loan agreement, note, mortgage and other documents by which the City, acting through DOH, provides, evidences and/or secures the DOH Loan.

"Employer(s)" shall have the meaning set forth in Section 10 hereof.

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

"Equity" shall mean funds of the Developer (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06 (Cost Overruns) or Section 4.03(b).

"Escrow" shall mean the construction escrow established pursuant to the Escrow Agreement.

"Escrow Agreement" shall mean the Escrow Agreement establishing a construction escrow, to be entered into as of the date hereof by the Title Company (or an affiliate of the Title Company), the Partnership and the Lender(s), substantially in the form of Exhibit F attached hereto.

"Event of Default" shall have the meaning set forth in Section 15 hereof.

"Facility" shall have the meaning set forth in the Recitals hereof.

"FHA-Insured Loan" shall have the meaning set forth in Recital G hereof.

"Financial Statements" shall mean complete audited financial statements of the Member prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods. As of the Closing Date, "Financial Statements" shall mean, with respect to the Partnership, a balance sheet reviewed by a certified public accountant. Following receipt of the Certificate, the Partnership's "Financial Statements" shall mean a complete, audited financial statement prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

"General Contractor" shall mean the general contractor(s) hired by the Developer for the Project.

"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.

"IHDA" shall mean the Illinois Housing Development Authority.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance 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 the Treasurer into the TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Initial Payments" shall mean, collectively, payments of Incremental Taxes from the City to the Member in payment of or reimbursement for the costs of the Acquisition that are TIF Funded improvements in the following amounts and at the following times: (1) not less than \$3,000,000 on the Closing Date (the "First Initial Payment"); and (2) not to exceed \$1,000,000 within eight months of the Closing Date (the "Second Initial Payment").

"Laws" shall mean all applicable federal, state, local or other laws (including common law), statutes, codes, ordinances, rules, regulations or other requirements, now or hereafter in effect, as amended or supplemented from time to time, and any applicable judicial or administrative interpretation thereof, including any applicable judicial or administrative orders, consent decrees or judgments.

"Lender" shall mean a party providing Lender Financing.

"Lender Financing" shall mean funds borrowed by the Partnership from Lenders and irrevocably available to pay for Costs of the Project, in the amount set forth in Section 4.01 hereof.

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

"Municipal Code" shall mean the Municipal Code of the City of Chicago.

"Non-Governmental Charges" shall mean all non-governmental charges, liens, claims, or encumbrances relating to the Developer, the Property or the Project.

"Ordinance" shall mean the City ordinance authorizing, among other things, the City's execution of this Agreement and the issuance of the City Note.

"Partnership Acquisition" means the sale and conveyance of the Property by the Member to the Partnership, which conveyance shall occur promptly after the Acquisition of the Property by the Member from the Seller.

"Permitted Liens" shall mean those liens and encumbrances against the Property and/or the Project set forth on Exhibit G hereto.

"Plans and Specifications" shall mean initial construction documents containing a site plan and working drawings and specifications for the Project, as submitted to the City as the basis for obtaining building permits for the Project.

"Prior Expenditure(s)" shall have the meaning set forth in Section 4.05(a) hereof.

"Project" shall have the meaning set forth in the Recitals hereof.

"Project Account" shall have the meaning set forth in Section 4.03(c) hereof.

"Project Budget" shall mean the budget attached hereto as Exhibit H, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

"Property" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Area" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Plan" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Project Costs" shall mean redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget set forth in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

"Requisition Form" shall mean the document, in the form attached hereto as Exhibit L-1 to be delivered by the Member to DPD pursuant to Section 4.04 of this Agreement.

"Scope Drawings" shall mean preliminary construction documents containing a site plan and preliminary drawings and specifications for the Project.

"Seller" shall mean the Hellenic Foundation, an Illinois not for profit corporation a/k/a Greek Archdiocese Second Archdiocesan District Welfare Foundation.

"Series 2008 Bond Documents" shall mean any documents entered into by the Partnership and the City in connection with the Series 2008A Bonds and/or the Series 2008B Bonds.

"Series 2008A Bonds" shall mean the City's Multi-Family Housing Revenue Bonds (Hollywood House Apartments), Series 2008A (FHA Insured/GNMA), in an amount not to exceed \$13,000,000, the proceeds of which are being loaned to the Partnership to finance a portion of the costs of the Project.

"Series 2008B Bonds" shall mean the City's Multi-Family Housing Revenue Bonds (Hollywood House Apartments), Series 2008B, in an amount not to exceed \$4,500,000, the proceeds of which are being loaned to the Partnership to finance a portion of the costs of the Project.

"Survey" shall mean a Class A plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 45 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City, the Lender and the Title Company, among others, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the rehabilitation of the Facility and related improvements as required by the City or Lender(s) providing Lender Financing).

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the date on which the Redevelopment Area is no longer in effect (through and including December 31, 2031).

"TIF Adoption Ordinance" shall have the meaning set forth in the Recitals hereof.

"TIF Bonds" shall have the meaning set forth in the Recitals hereof.

"TIF Bond Ordinance" shall have the meaning set forth in the Recitals hereof.

"TIF-Funded Improvements" shall mean those improvements of the Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to pay for or reimburse out of the City Funds, subject to the terms of this Agreement. Exhibit C lists the TIF-Funded Improvements for the Project.

"TIF Fund" shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"TIF Ordinances" shall have the meaning set forth in the Recitals hereof.

"Title Company" shall mean Near North National Title, LLC, a Delaware limited liability company.

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

recording of this Agreement as an encumbrance against the Property, and the subordination of (i) any existing liens against the Property created prior to the date hereof relating to Lender Financing (including the Illinois Affordable Housing Tax Credit Regulatory Agreement) through a subordination agreement in favor of the City substantially in the form attached hereto as Exhibit O, and (ii) any liens against the Property relating to Lender Financing created concurrently herewith either through the referenced subordination agreement or subordination provisions acceptable to the City that are incorporated into the Lender Financing documents; to the covenants running with the land set forth in this Agreement; provided, however, that this Agreement shall be subject and subordinate to (i) the FHA-insured Loan as provided in the HUD Rider, and (ii) the Regulatory Agreement executed by the Partnership and the City in connection with the federal low-income housing tax credits allocated for the Project.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.).

"WBE(s)" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence construction no later than one calendar month after the Closing Date; and (ii) complete construction and conduct business operations therein no later than twenty-four (24) calendar months after the Closing Date.

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings and Plans and Specifications to DOH and DOH has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DOH as a Change Order pursuant to Section 3.04(a) and Section 3.04(b) hereof. All other proposed changes to the Scope Drawings or Plans and Specifications subsequent to DOH's initial approval of the Scope Plans and Drawings shall be submitted to DOH as Change Orders pursuant to Section 3.04(c) and Section 3.04(d) hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan and all applicable Laws. The Developer shall submit all necessary documents to the City's Department of Construction and Permits, Department of Buildings, 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.

3.03 Project Budget. The Developer has furnished to DPD and DOH, and DPD and DOH have approved, a Project Budget showing total costs for the Project in the approximate amount of Thirty-Two Million Five Hundred Four Thousand Two Hundred Fifteen and No/100 Dollars (\$32,504,215). The Developer hereby certifies to the City that (a) the Initial Payments, together with Lender Financing and Equity described in Section 4.02 hereof, shall be sufficient to complete the Project; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DOH and DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DOH (pursuant to Section 3.02 above), concurrently with the progress reports described in Section 3.07 hereof; provided, that any Change Order relating to any of the following must be submitted by the Developer to DOH for DOH's prior written approval, as applicable, which approval from DOH shall not be unreasonably withheld with respect to subsections (c) and (d): (a) a reduction in the square footage of the Facility; (b) a change in the use of the Property to a use other than a rental residential building; (c) a delay in the completion of the Project in excess of ten (10) business days for any single Change Order or if the cumulative effect of the Change Orders would cause a delay in excess of twenty-five (25) business days in the aggregate; or (d) Change Orders costing more than \$50,000 each, to an aggregate amount of \$250,000. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DOH's written approval (to the extent required in this section). The Developer must provide DPD with copies of all DOH-approved Change Orders (and documentation substantiating the need and identifying the source of funding therefore) relating to material changes to the Project concurrently with the progress reports described in Section 3.07 hereof.

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

3.06 Other Approvals. Any DPD or 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 Section 5.03 (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals (including but not limited to DOH's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

3.07 Progress Reports. The Developer shall provide DPD and DOH with written quarterly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DOH's written approval pursuant to Section 3.04).

3.08 Inspecting Agent or Architect. Pursuant to the DOH Loan Documents, the Developer's architect shall perform periodic inspections with respect to the Project and provide the City with certifications relating thereto.

3.09 Barricades. Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable Laws. DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

3.10 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 Project, indicating

that financing has been 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.

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

3.12 Permit Fees. Except for any fees expressly waived by the City for the Project pursuant to the ordinance authorizing, among other things, the City's execution of this Agreement adopted by the City Council on _____, 2008, 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 of Chicago and are of general applicability to other property within the City of Chicago.

3.13 Superiority of City Loan and Tax Credit Requirements. As part of the financing for the Project, Developer shall receive (i) Equity from the sale of federal low-income housing tax credits, (ii) Lender Financing from the City acting through DOH, (iii) Lender Financing from IHDA, and (iv) the FHA-Insured Loan. In addition, the Property will be subject to certain regulatory restrictions associated with Illinois Affordable Housing Tax Credits allocated by IHDA in connection with the Project. These sources of financing are subject to federal, state and City statutory (ordinance) and regulatory requirements as to the following certain aspects of monitoring the Project set forth in this Agreement: Change Orders (Section 3.04), Construction Contract (Section 6.02), Insurance (Sections 5.08 and 12), Payment and Performance Bond (Section 6.03), MBE/WBE Participation (Section 10.03), Permit Fees (Section 3.12), Affordable Housing (Section 8.20) and Prevailing Wage (Section 8.09). DPD hereby acknowledges (i) its willingness to abide by DOH policies relating to the DOH Lender Financing, and (ii) the superiority of any federal requirements related to financing in the areas set forth above in this Section 3.13 and hereby acknowledges that if the monitoring division of DOH establishes that said DOH policy has been satisfied in connection with any Lender Financing from DOH or federal requirements have been satisfied in connection with other Lender Financing, respectively, then the corresponding DPD requirement set forth above shall be deemed to be satisfied. DPD in its sole discretion, shall reserve the option to allow other obligations, duties and responsibilities of the Developer to be similarly satisfied; such satisfaction to be demonstrated by written notice from the Commissioner of DPD.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be Thirty-Two Million Five Hundred Four Thousand Two Hundred Fifteen and No/100 Dollars (\$32,504,215), to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <u>Sections 4.03(b) and 4.06</u>)	
Low-Income Housing Tax Credits	\$ 4,069,230*
Deferred Developer Fee	\$ 768,645**
General Partner Capital	\$ 100
Lender Financing	
Series 2008A Bonds	\$12,091,485 (not to exceed \$13,000,000)
Series 2008B Bonds	\$ 3,073,956* (not to exceed \$4,500,000)

DOH	\$ 4,000,000 (or, if in the discretion of the DOH Commissioner the Project so requires, not to exceed \$4,500,000)
IHDA	\$ 1,250,000
IHDA	\$ 750,000
Member Seller Financing for Partnership Acquisition	\$ 2,500,799 (not to exceed \$3,500,000)
Estimated City Funds (subject to <u>Section 4.03</u>)***	
Initial Payments****	\$ 4,000,000
ESTIMATED TOTAL	\$32,504,215*****

* The projected Equity from the low-income housing tax credits is \$7,143,186; of this amount, the Series 2008B Bonds will bridge receipt of \$3,073,956; as a result, the Equity from Low-Income Housing Tax Credits is listed as \$4,069,230.

** Of this amount, \$484,286 is the projected interim income to be received during the course of the in-place rehabilitation, and \$284,359 represents a deferred development fee.

*** Not including payments of City Funds under the City Note.

**** Loaned by the Member to the Partnership and deposited into the Escrow.

***** Although not part of the Project budget, the Project is expected to receive approximately \$150,000 per year as a rental subsidy from the Chicago Low-Income Housing Trust Fund, an Illinois not-for-profit corporation. If the rental subsidy is received by the Member, the Member will loan the rental subsidy payments to the Partnership through an unsecured recourse promissory note with interest between 0% and the applicable federal rate.

4.02 Developer Funds. Equity and/or Lender Financing may be used to pay any Project cost, including but not limited to Redevelopment Project Costs.

4.03 City Funds.

(a) Uses of City Funds. City Funds may only be used to pay directly or reimburse the Developer for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Sections 4.03(b) and 4.05(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. The Initial Payments shall be in payment of or reimbursement for the costs of the Acquisition that are TIF-Funded Improvements. The Member intends to use (1) the First Initial Payment to make a loan to the Partnership for the Partnership to pay for the Partnership Acquisition and (2) the Second Initial Payment to make a loan to the Partnership to pay for the costs of the Project. The Partnership shall use the City Funds paid through the City TIF Note for the costs of the TIF-Funded Improvements incurred in connection with the rehabilitation of the Project in accordance with the Construction Contract, and any other costs of TIF-Funded Improvements it incurred or incurs in connection with the rehabilitation of the Project.

(b) Sources of City Funds for Initial Payments. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to provide City Funds from the sources and in the amounts described directly

below as the Initial Payments to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Incremental Taxes and/or TIF Bond Proceeds	\$4,000,000

provided, however, that the total amount of City Funds expended as Initial Payments for TIF-Funded Improvements shall be an amount not to exceed \$4,000,000; and provided further, that the Second Initial Payment to be derived from Incremental Taxes and/or TIF Bond Proceeds, if any, shall be available to pay the costs of TIF-Funded Improvements as described above and allocated by the City for that purpose only so long as the amount of Incremental Taxes deposited into the TIF Fund shall be sufficient to pay for such costs. The Developer acknowledges and agrees that the City's obligation to make the Second Initial Payment for TIF-Funded Improvements is contingent upon the fulfillment of the foregoing condition. In the event that such condition is not fulfilled, the amount of Equity to be contributed by the Developer pursuant to Section 4.01 hereof shall increase proportionately.

(c) City Note. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to issue the City Note to the Partnership on the Closing Date. The principal amount of the City Note shall be in an amount equal to the costs of the TIF-Funded Improvements which have been incurred by the Partnership and are to be reimbursed by the City through payments of principal and interest on the City Note, subject to the provisions hereof; provided, however, that the maximum principal amount of the City Note shall be an amount not to exceed the lesser of \$5,900,000 or 18.68% of the actual total Project costs (excluding contingencies); and provided, however, that payments under the City Note are subject to the amount of Available Incremental Taxes deposited into the TIF Fund being sufficient for such payments. Payments on the City Note shall be made pursuant to a debt service schedule, agreed upon by the City and the Partnership (or the then-applicable registered owner of the City Note), to be attached to the City Note upon issuance by the City of a Certificate of Expenditure under the City Note.

Pursuant to the Ordinance: (1) the City has created within the general account of the TIF Fund a special subaccount to be known as the "Hollywood House Limited Partnership Project Account (the "Project Account"); (2) commencing in the year in which the Certificate of Completion is issued, the City shall designate and deposit into the Project account the Available Incremental Taxes; (3) the City shall use the funds in the Project Account to make all principal and interest payments with respect to the City Note according to the debt service payment schedule to be attached thereto until the City Note has been fully repaid; (4) the City has assigned, pledged and dedicated the Project Account, together with all amounts on deposit therein, to the payment of the principal of and interest on the City Note in accordance with the terms of the City Note and this Agreement; (5) upon payment of all amounts due under the City Note and this Agreement in accordance with their terms (or the termination of the City's obligation to make such payments), the amounts on deposit in the Project Account, as applicable, shall be deposited in the Fund and the Project Account shall be closed; and (6) alternatively, upon the occurrence of an uncured Event of Default that entitles the City to terminate permanently any further payment of City Funds due under the City Note, the City may, in its discretion, return the amounts in the Project Account that would otherwise be allocated to the payment of the City Note to the Fund and the Project Account shall be closed.

The City shall not subordinate the City Note to or place the City Note on a parity basis with any subsequent pledge of Available Incremental Taxes without the prior written consent of the Partnership (or the then-applicable registered owner of the City Note).

4.04 Construction Escrow; Requisition Form.

(a) The Initial Payments shall be loaned by the Member to the Partnership and deposited into the Escrow.

(b) On the Closing Date, the Member shall provide DPD with a Requisition Form for the Initial Payments along with the documentation described therein.

(c) Delivery by the Member to DPD of a Requisition Form hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such Requisition Form, that:

(i) the total amount of the Requisition Form represents the actual cost of the Acquisition or the actual amount payable to (or paid to) the General Contractor and/or subcontractors and/or a licensed architect who have performed work on the Project, and/or their payees;

(ii) all amounts shown as previous payments on the current Requisition Form have been paid to the parties entitled to such payment;

(iii) the Developer has approved all work and materials for the current Requisition Form, and, based upon the determinations of the Developer's architect, such work and materials conform to the Plans and Specifications;

(iv) the representations and warranties contained in this Agreement are true and correct in all material respects (except as disclosed in writing to and approved by DPD) and the Developer is in compliance with all covenants contained herein in all material respects;

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens;

(f) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred; and

(g) the Project is In Balance. The Project shall be deemed to be in balance ("In Balance") only if the total of the available Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "Available Project Funds" as used herein shall mean: (i) the undisbursed City Funds (including the \$1,000,000 of the Initial Payments to be paid within eight months of the Closing Date), regardless of whether those funds are then available to the Developer; (ii) the undisbursed Lender Financing, if any; (iii) the undisbursed Equity and (iv) any other amounts deposited or payments deferred by the Developer pursuant to this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, deposit with the escrow agent or will make available (in a manner acceptable to the City), cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement of the City Funds shall be made.

The City shall have the right, in its reasonable discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in the TIF Ordinances and this Agreement.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Prior Expenditures. Only those expenditures made by the Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). DPD shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as of the date hereof as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed to the Developer, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.01 hereof.

(b) [intentionally omitted]

(c) City Fee. Annually, the City may allocate an amount not to exceed 5% of the Incremental Taxes for payment of costs incurred by the City for the administration and monitoring of the Redevelopment Area, including the Project. Such fee shall be in addition to and shall not be deducted from or considered a part of the City Funds, and the City shall have the right to receive such funds prior to any payment of City Funds hereunder.

(d) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$25,000 or \$250,000 in the aggregate, may be made without the prior written consent of DPD.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4.03 hereof, or if the cost of completing the Project exceeds the Project Budget, the Developer shall be solely responsible for such excess cost, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and of completing the Project.

4.07 Preconditions of Execution of Certificate of Expenditure for City Note. Prior to or concurrently with the Developer's request for a Certificate pursuant to Section 7.01 hereof, the Partnership shall submit a request for execution of a Certificate of Expenditure for the City Note (in a form substantially similar to that attached as Exhibit L-2) and documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by the Partnership to DPD of any request for execution by the City of a Certificate of Expenditure hereunder shall, in addition to the items therein expressly set forth, constitute a

certification to the City, as of the date of such request for execution of a Certificate of Expenditure, that:

(a) the total amount of the request for Certificate of Expenditure represents the actual amounts paid to the General Contractor and/or subcontractors and/or a licensed architect who have performed work on the Project, and/or their payees;

(b) all amounts shown as previous payments on the request for a Certificate of Expenditure have been paid to the parties entitled to such payment;

(c) all work and materials referenced in the request for a Certificate of Expenditure has been completed and the Developer's architect has affirmed that such work and materials conform to the Plans and Specifications;

(d) the representations and warranties contained in this Redevelopment Agreement are true and correct in all material respects (except as disclosed in writing to and approved by DPD) and the Developer is in compliance with all covenants contained herein in all material respects;

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens; and

(f) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred.

The City shall have the right, in its reasonable discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any execution of a Certificate of Expenditure by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of execution of a Certificate of Expenditure, including but not limited to requirements set forth in the TIF Ordinances and this Agreement.

4.08 Conditional Grant. The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed as provided in Section 15.02 hereof.

SECTION 5: CONDITIONS PRECEDENT

The following conditions have been complied with to the City's satisfaction on or prior to the Closing Date:

5.01 Project Budget. The Developer has submitted to DPD and DOH, and DPD and DOH have approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

5.02 Scope Drawings and Plans and Specifications. The Developer has submitted to DOH, and DOH has approved, the Scope Drawings and Plans and Specifications accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals. The Developer has secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation and has submitted evidence thereof to DPD and/or DOH.

5.04 Financing. The Developer has furnished proof reasonably acceptable to the City that the Partnership has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Partnership as needed and are sufficient (along with the Equity and other sources set forth in Section 4.01) to complete the Project. The Developer has delivered to DPD a copy of the Escrow Agreement entered into by the Partnership regarding the Lender Financing. Any liens against the Property recorded prior to and remaining in existence at the Closing Date plus any liens to be recorded against the Property in connection with the Lender Financing (other than the Regulatory Agreement regarding the DOH Loan and the FHA-Insured Loan) have been subordinated to the covenants set forth in Sections 8.02, 8.19(c) and 8.20 of this Agreement pursuant either to the Subordination Agreement, in a form acceptable to the City and as set forth in Exhibit O hereto, executed on or prior to the Closing Date by the City and each applicable party, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County, or subordination language in the affected Lender Financing documents that the City has approved.

5.05 Acquisition and Title. On the Closing Date, the Developer has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Partnership as the named insured, along with copies of all Schedule B title exception documents. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on Exhibit G hereto and evidences the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer has provided to DPD, on or prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches under the names of the Partnership, the General Partner and the Member 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

The searches above must show no liens against the Developer, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

5.07 Surveys. The Developer has furnished the City with three (3) copies of the Survey.

5.08 Insurance. The Developer, at its own expense, has insured the Property in accordance with Section 12 hereof, and has delivered certificates required pursuant to Section 12 hereof evidencing the required coverages to DPD.

5.09 Opinion of the Developer's Counsel.

On the Closing Date, the Developer has furnished the City with an opinion of counsel, substantially in the form attached hereto as Exhibit J, with such changes as required by or acceptable to Corporation Counsel. If the Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in Exhibit J hereto, such opinions were obtained by the Developer from its general corporate counsel.

5.10 Evidence of Prior Expenditures. The Developer has provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

5.11 Financial Statements. The Member has provided its Financial Statements to DPD.

5.12 Documentation. The Developer has provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters.

5.13 Environmental. The Developer has provided DPD with copies of that certain phase I environmental audit completed with respect to the Property and any phase II environmental audit with respect to the Property required by the City. The Developer has provided the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Corporate Documents; Economic Disclosure Statement. The Developer has provided a copy of: (a) the Partnership's partnership agreement and any subsequent amendments; (b) the Partnership's certificate of limited partnership containing the original certification of the Secretary of State of its state of formation; (c) certificates of existence for the Partnership from the Secretary of State of the Partnership's state of formation and all other states in which the Partnership is qualified to do business; (d) a secretary's certificate of the General Partner on behalf of the Partnership in such form and substance as the Corporation Counsel may require; (e) such other partnership documentation for the Partnership as the City has requested; (f) a copy of the General Partner's Articles of Incorporation containing the original certification of the Secretary of State of the General Partner's state of incorporation; (g) certificates of good standing for the General Partner from the Secretary of State of the General Partner's state of incorporation and all other states in which the General Partner is qualified to do business; (h) a secretary's certificate for the General Partner in such form and substance as

the Corporation Counsel may require; (i) a certified copy of the By-Laws, if and as amended, of the General Partner; (j) such other corporate documentation for the General Partner as the City has requested; (k) a copy of the Member's Articles of Incorporation, as amended, containing the original certification of the Secretary of State of the Member's state of incorporation; (l) certificates of good standing for the Member from the Secretary of State of the Member's state of incorporation and all other states in which the Member is qualified to do business; (m) a secretary's certificate for the Member in such form and substance as the Corporation Counsel may require; (n) a certified copy of the By-Laws, as amended, of the Member; and (o) such other corporate documentation for the Member as the City has requested.

Each of the Member, the General Partner and the Partnership has also provided to the City an Economic Disclosure Statement, in the City's current form, dated as of the Closing Date.

5.15 Litigation. The Developer has provided to Corporation Counsel and DPD, a description of all pending or threatened litigation or administrative proceedings involving the Developer, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 [intentionally omitted]

6.02 Construction Contract. Prior to the execution thereof, the Partnership shall deliver to DOH a copy of the proposed Construction Contract with the General Contractor selected to handle the Project for DOH's prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof. Within ten (10) business days after execution of such contract by the Partnership, the General Contractor and any other parties thereto, the Partnership shall deliver to DOH and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.03 Performance and Payment Bonds. Prior to the commencement of any portion of the Project which includes work on the public way, the Developer shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a bond in the form attached as Exhibit P hereto. Subject to HUD's applicable requirements regarding the FHA-Insured Loan (if any), the City shall be named as obligee or co-obligee on any such bonds.

6.04 Employment Opportunity. The Developer shall contractually obligate and cause the General Contractor and each subcontractor to agree to the provisions of Section 10 hereof.

6.05 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 10.03 (MBE/WBE Requirements, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DOH within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion of Rehabilitation. Upon completion of the rehabilitation of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DPD 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. DPD shall respond to the Developer's written request for a Certificate within forty-five (45) days 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.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the rehabilitation of 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 8.02, 8.19(c) and 8.20 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; provided, that upon the issuance of a Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled. 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 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.03 Failure to Complete. Subject to the Developer's right to cure as set forth in Section 15.03, if the Developer fails to complete the Project in accordance with the terms of this Agreement, then the City has, but shall not be limited to, any of the following rights and remedies:

- (a) 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 those TIF-Funded Improvements that are public improvements ("Public TIF-Funded Improvements") and to pay for the costs of such Public TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the Public TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such Public TIF-Funded Improvements in excess of the available City Funds; and
- (c) the right to seek reimbursement of the City Funds from the Developer, subject to Exhibit Q.

7.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DPD 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 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.

8.01 General. The Developer represents, warrants and covenants, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that:

(a) (i) the Partnership is an Illinois limited partnership duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required and (ii) the Member is an Illinois not-for-profit corporation duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any 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 action, and does not and will not violate the Partnership's partnership agreement as amended and supplemented and/or the Member's by-laws as amended and supplemented, any applicable provision of law, or constitute a 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 or not prohibited pursuant to or under the terms of this Agreement, the Member shall acquire fee simple title to the Property from the Seller, and then the Member shall sell and convey to the Partnership good, indefeasible and merchantable fee simple title to the Property (and all improvements thereon) free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);

(e) the Developer is now and for the Term of the Agreement shall remain solvent and able to pay its debts as they mature;

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

(g) the Developer has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project, except for the certificate of occupancy (if any) issued by the City following completion of the rehabilitation;

(h) except as heretofore disclosed in writing to the City by the Developer or its counsel, the Developer is not in 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;

(i) the Financial Statements of the Member are complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of the Member, and the Financial Statement when hereafter required to be submitted by the Developer will be complete, correct in all material respects and will accurately present the assets, liabilities, results of operations and financial condition of the Developer; there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the Member since the date of the Member's most recent Financial Statements;

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except for tenant leases of not greater than one year in duration entered in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity (except for guarantees executed by the Member in the course of its development of other housing projects or the operation thereof); or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(k) the Developer has not incurred, and, prior to the issuance of a Certificate, shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property (or improvements thereon) other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Property (or improvements thereon) or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget;

(l) the Developer has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City; and

(m) neither the Developer nor any affiliate of the Developer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subparagraph (m) only, the term "affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

8.02 Covenant to Redevelop. Upon the City's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof,

and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all Laws applicable to the Project, the Property and/or the Developer, including, without limitation, all Environmental Laws. The covenants set forth in this Section shall run with the land and be binding upon any transferee, but shall be deemed satisfied upon issuance by the City of a Certificate with respect thereto.

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

8.04 Use of City Funds. City Funds disbursed to the Developer shall be used by the Developer solely to pay for (or to reimburse the Developer for its payment for) the TIF-Funded Improvements as provided in this Agreement.

8.05 TIF Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Redevelopment Area (the "TIF Bonds"); provided, however, that (1) any such amendments shall not have a material adverse effect on the Developer or the Project, and (2) the proceeds of the TIF Bonds may not be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements unless such use is expressly permitted by law at the time of the issuance of the TIF Bonds. If the City intends to issue TIF Bonds the interest on which is not includible in gross income of their owners for federal income tax purposes ("Tax Exempt Bonds"), the City shall notify in writing tax counsel for the Developer identified in Section 17 hereof ("Tax Counsel for the Developer") prior to providing any proceeds of the Tax Exempt Bonds to the Developer. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such TIF Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 [intentionally omitted]

8.07 Employment Opportunity Progress Reports. The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof. The Developer shall deliver to the City written progress reports detailing compliance with the requirements of Sections 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

8.08 Employment Profile. The Developer shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to DPD, from time to time, statements of its employment profile upon DPD's request.

8.09 Prevailing Wage. On account of the DOH Loan, the Project is subject to the requirements of the Davis-Bacon Act, 40 U.S.C. Section 276a et seq. Accordingly, pursuant to

820 ILCS 130/11, Section 11 of the Illinois Prevailing Wage Act (820 ILCS 130/0/01 et seq.), the requirements of the Illinois Prevailing Wage Act shall not apply to the Project.

8.10 Arms-Length Transactions. Unless DPD has given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement. The provisions of this Section 8.10 do not apply to any Prior Expenses approved pursuant to Section 4.05(a), the Partnership Acquisition of the Property by the Partnership from the Member (following the Acquisition of the Property by the Member from the Seller), the Development Fee to be paid to the Member by the Partnership and the payment of any management fees by the Partnership to the Member in connection with the Management Agreement between the Partnership and Member for the Project.

8.11 Conflict of Interest. Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer represents, warrants and covenants that, to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or the Developer with respect thereto, owns or controls, has owned or controlled or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area.

8.12 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.

8.13 Financial Statements. The Member shall obtain and provide to DPD Financial Statements for the Member's fiscal year ended June 30, 200_ and each fiscal year thereafter until the City has issued the Certificate. Consistent with the foregoing, the Member shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may reasonably request. The Partnership shall obtain and provide DPD on the Closing Date its Financial Statements. Following the Closing Date, the Partnership shall obtain and provide to DPD audited Financial Statements for the Partnership's fiscal year ended December 31, 200_, and each fiscal year thereafter. In addition, the Partnership shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other period as DPD may reasonably request.

8.14 Insurance. The Developer, at its own expense, shall comply with all provisions of Section 12 hereof.

8.15 Non-Governmental Charges.

(a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion

of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

(b) Right to Contest. The Developer has the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.15); or

(ii) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD and the Title Company in such form and amounts as DPD and the Title Company 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 or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

8.16 Developer's Liabilities. The Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder or to repay any material liabilities or perform any material obligations of the Developer to any other person or entity. The Developer shall immediately notify DPD of any and all events or actions which may materially affect the Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

8.17 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 Laws pertaining to or affecting the Project and the Property, including, without limitation, all Environmental Laws. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

8.18 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 against the Property on the date hereof in the conveyance and real property records of Cook County. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit or cause the Title Company to transmit to the City an executed duplicate original of this Agreement showing the date and recording number of record.

8.19 Real Estate Provisions.(a) Governmental Charges.

(i) Payment of 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, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook County, and municipalities other than the City) relating to the Developer, the Property or the Project including but not limited to real estate taxes.

(ii) Right to Contest. The Developer has 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. 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 DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

(A) the Developer shall demonstrate to DPD's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent or remove 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

(B) the Developer shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD 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.

(b) Developer's Failure To Pay Or Discharge Lien. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise DPD thereof in writing, at which time DPD may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in DPD's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DPD deems advisable. All sums so paid by DPD, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to DPD by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the

Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Developer to submit to the City audited Financial Statements at the Developer's own expense.

(c) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Developer agrees that (A) for the purpose of this Agreement, the total projected minimum assessed value of the Property ("Minimum Assessed Value") is shown on Exhibit K attached hereto and incorporated herein by reference for the years noted on Exhibit K; (B) Exhibit K sets forth the specific improvements which will generate the fair market values, assessments, equalized assessed values and taxes shown thereon; and (C) 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 this 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 the Redevelopment Plan is in effect.

(iii) No Reduction in Real Estate Taxes. Except if the Developer seeks a Class 9 certification in connection with the property taxes on the Property, neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of this Agreement, directly or indirectly, initiate, seek or apply for proceedings in order to lower the assessed value of all or any portion of the Property or the Project below the amount of the Minimum Assessed Value as shown in Exhibit K for the applicable year.

(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 the City or any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Property up to (but not above) the Minimum Assessed Value as shown in Exhibit K.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.19(c) are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees 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, lease, 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 explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.19(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the

Developer, its successors or assigns, may waive and terminate the Developer's covenants and agreements set forth in this Section 8.19(c).

8.20 Affordable Housing Covenant. The Developer agrees and covenants to the City that, prior to any foreclosure of the Property by a lender providing Lender Financing, the provisions of that certain Regulatory Agreement executed by the Developer in connection with the DOH Loan as of the date hereof shall, along with the requirements of (i) the Regulatory and Land Use Restriction Agreement and the Illinois Affordable Housing Tax Credit Agreement between IHDA and the Partnership, (ii) the Regulatory Agreement between HUD and the Partnership, and (iii) the Regulatory Agreements between the City and Partnership in connection with the Series 2008A Bond and Series 2008B Bond, govern the terms of the Developer's obligation to provide affordable housing. Following foreclosure, if any, and from the date of such foreclosure through the Term of the Agreement, the following provisions shall, subject to the HUD Required Provisions Rider, govern the terms of the obligation to provide affordable housing under this Agreement:

(a) The Project shall be operated and maintained principally as residential rental housing;

(b) One hundred and seventy-seven of the units in the Project shall be available for occupancy to and be occupied solely by one or more Families qualifying as Low Income Families (as defined below) upon initial occupancy; and

(c) One hundred and seventy-seven of the units in the Project have monthly rents paid by the tenant not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Internal Revenue Code of 1986, as amended); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income.

(d) As used in this Section 8.20, the following terms have the following meanings:

(i) "Family" shall mean one or more individuals, whether or not related by blood or marriage; and

(ii) "Low Income Families" shall mean Families whose annual income does not exceed sixty percent (60%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

(e) The covenants set forth in this Section 8.20 shall run with the land and be binding upon any transferee.

(f) The City and the Developer may enter into a separate agreement to implement the provisions of this Section 8.20.

8.21 [intentionally omitted]

8.22 [intentionally omitted]

8.23 [intentionally omitted]

8.24 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and 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 (except as provided in Section 7 hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 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.

9.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 9 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 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

10.01 Employment Opportunity. The Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the Developer, the "Employers" and individually an "Employer") to agree, that for the Term of this Agreement with respect to Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: 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. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or

ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

(b) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

(c) Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

(d) Each Employer, in order to demonstrate compliance with the terms of this Section, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.

(e) Each Employer shall include the foregoing provisions of subparagraphs (a) through (d) in every contract entered into in connection with the Project, and shall require inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any Affiliate operating on the Property, so that each such provision shall be binding upon each contractor, subcontractor or Affiliate, as the case may be.

(f) Failure to comply with the employment obligations described in this Section 10.01 shall be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof.

10.02 City Resident Construction Worker Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, 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 as 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 Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Developer, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

The Developer may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Chief Procurement Officer of the City.

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

The Developer, the General Contractor and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents

are employed on the Project. Each Employer 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 Employer hired the employee should be written in after the employee's name.

The Developer, the General Contractor and each subcontractor shall provide full access to their employment records to the Chief Procurement Officer, the Commissioners of DPD and DOH, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer, the General Contractor and each subcontractor 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.

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

Good faith efforts on the part of the Developer, the General Contractor and each subcontractor 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 Chief Procurement Officer) 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 has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or 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 Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer 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, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.

Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for 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 or related documents.

The Partnership shall cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project.

10.03. MBE/WBE Commitment. The Partnership agrees for itself and its successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate the General Contractor to agree that during the Project:

(a) Consistent with the findings which support, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code of Chicago (the "Procurement Program"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code of Chicago (the "Construction Program," and collectively with the Procurement Program, the "MBE/WBE Program"), 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 10.03, during the course of the Project, at least the following percentages of aggregate hard construction costs (as set forth in the Project Budget) shall be expended for contract participation by MBEs and by WBEs:

- (1) At least 24 percent by MBEs.
- (2) At least four percent by WBEs.

(b) For purposes of this Section 10.03 only, the Developer (and any party to whom a contract is let by the Developer in connection with the Project) shall be deemed a "contractor" and this Agreement (and any contract let by the Developer in connection with the Project) shall be deemed a "contract" or a "construction contract" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, 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 or services 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 10.03. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of DOH.

(d) The Developer shall deliver quarterly reports to the City's monitoring staff 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 the City's monitoring staff 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 the City's monitoring staff 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.

(e) 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 Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(f) Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 10.03 shall be undertaken in accordance with Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(g) Prior to the commencement of the Project, the Developer shall be required to meet with the City's monitoring staff with regard to the Developer's compliance with its obligations under this Section 10.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 10.03, 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 in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

SECTION 11. 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, the Scope Drawings, Plans and Specifications and all amendments thereto, [the Bond Ordinance] and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the 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 the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the 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 all or any portion of the Property, or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

SECTION 12. INSURANCE

The Partnership shall comply with Section 4 of the mortgage from the Partnership to the City securing repayment of the DOH Loan.

SECTION 13. INDEMNIFICATION

13.01 General Indemnity. Developer agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnitee," and collectively the "Indemnitees") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnities shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating or arising out of:

(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 General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or

(iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or any Affiliate Developer or any agents, employees, contractors or persons acting under the control or at the request of the Developer or any Affiliate of Developer; or

(iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

provided, however, that Developer shall have no obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it violates or is violative of any law or public policy, Developer shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 13.01 shall survive the termination of this Agreement, subject to Exhibit Q.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 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, if any, 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.

14.02. Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City has access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION 15. DEFAULT AND REMEDIES

15.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, shall constitute an "Event of Default" by the Developer hereunder (provided, however, that after the issuance of the Certificate, any event solely involving the Member which would be an event of default will not constitute an Event of Default 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, any of the Series 2008 Bond Documents or any of the DOH Loan Documents;
- (b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer's ability to perform, keep or observe any of its conditions, promises or obligations hereunder;
- (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, any of the Series 2008 Bond Documents or any of the DOH Loan Documents 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, 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 sixty (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 sixty (60) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer that prevents fulfillment of any obligation under hereunder which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

(h) the occurrence of an event of default under the Lender Financing caused by or attributable to the Developer, which default is not cured within any applicable cure period;

(i) the dissolution of the Developer;

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Developer, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns a material interest in the Developer, for any crime (other than a misdemeanor); or

(k) prior to the expiration of the Term of the Agreement, the sale or transfer of a majority of the ownership interests of the Developer without the prior written consent of the City, except (1) as permitted under the DOH Loan Documents (including but not limited to in connection with any Lender Financing); or (2) to the extent the syndicator of federal low-income housing tax credits may acquire or sell a limited partner interest in the Partnership, provided that the sale is to an affiliate of the syndicator.

For purposes of Section 15.01(j) hereof, a person with a material interest in the Developer shall be one owning in excess of ten (10%) of the Developer's partnership interests.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements (including the DOH Loan Documents), and may suspend disbursement of City Funds. Upon the occurrence of an Event of Default, the City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the 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 the Developer has failed to perform such monetary covenant within 30 days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the 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 the Developer has failed to cure such default within 60 days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such 60-day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such 60-day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

The City may, in its sole discretion, accept a cure of any Event of Default made or tendered by any partner of the Partnership or by any Lender of the Lender Financing and in such instance such cure shall be deemed to be a cure by the Partnership.

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Partnership may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "New Mortgage." Any New Mortgage that the Partnership may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby agreed by and between the City and the Developer as follows:

(a) In the event that a mortgagee or any other party shall succeed to the Partnership's interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Partnership's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" (including "the Partnership") hereunder; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such

party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the issuance by the City to the Developer of a Certificate pursuant to Section 7 hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD.

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 mail, return receipt requested.

If to the City:

City of Chicago
Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
Attention: Commissioner

With Copies To:

City of Chicago
Department of Law
Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attention: Finance and Economic Development Division

and

City of Chicago
Department of Housing
33 North LaSalle Street, 2nd Floor
Chicago, Illinois 60602
Attention: Commissioner

If to the Developer:

Hollywood House Limited Partnership
c/o Heartland Housing, Inc.
208 South LaSalle Street, Suite 1818
Chicago, Illinois 60604
Attention: Executive Director

With Copies To:

Applegate & Thorne-Thomsen
322 South Green Street, Suite 412
Chicago, Illinois 60607
Attention: William G. Skalitzky
and Thomas Thorne-Thomsen
("Tax Counsel for the Developer")

and

National Equity Fund, Inc.
120 South Riverside Plaza, 15th Floor
Chicago, Illinois 60606
Attention: Legal Department

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 day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two (2) business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit D hereto without the consent of any party hereto. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this Section 18.01 shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of Developer (including those set forth in Sections 10.02 and 10.03 hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer by more than 120 days.

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. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by

a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

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 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances, such ordinances shall prevail and control.

18.12 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.

18.13 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.

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

18.15 Assignment. Except as otherwise permitted herein, the Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, provided, however, that nothing contained in this Section 18.15 shall be deemed to require the City's consent to the assignment of the City Note to a Lender whose Lender Financing is contingent upon such assignment. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Sections 8.19 (Real

Estate Provisions) and 8.24 (Survival of Covenants) hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

18.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them 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 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 obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

18.18 Exhibits. All of the exhibits attached hereto are incorporated herein by reference.

18.19 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Developer is required to provide notice under the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

18.20 Venue and Consent to Jurisdiction. If there is a lawsuit under this Agreement, each party may hereto agrees to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois.

18.21 Costs and Expenses. In addition to and not in limitation of the other provisions of this Agreement, Developer agrees to pay upon demand the City's out-of-pocket expenses, including attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement. This includes, subject to any limits under applicable law, attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Developer also will pay any court costs, in addition to all other sums provided by law.

18.22 Business Relationships. The Developer acknowledges (A) receipt of a copy of Section 2-156-030(b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030(b), 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 City official or employee 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 any person with whom the elected City official or employee 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, and (C) that a violation of Section 2-156-030(b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. 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 this Agreement or the transactions contemplated hereby.

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

HOLLYWOOD HOUSE LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Hollywood Sheridan Neighborhood Development
Corp., NFP, an Illinois not-for-profit corporation
Its: General Partner

By: _____
Andrew E. Geer
Secretary

HEARTLAND HOUSING, INC., an Illinois not-for-profit
corporation

By: _____
Andrew E. Geer
Executive Director

CITY OF CHICAGO

By: _____
Arnold L. Randall
Commissioner
Department of Planning and Development

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew E. Geer, personally known to me to be the Secretary of Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not-for-profit corporation (the "General Partner") and the general partner of Hollywood House Limited Partnership, an Illinois limited partnership (the "Partnership"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the Board of Directors of the General Partner, as his/her free and voluntary act and as the free and voluntary act of the Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this ____ day of _____,

Notary Public

My Commission Expires _____

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew E. Geer, personally known to me to be the Executive Director of Heartland Housing, Inc., an Illinois not-for-profit corporation (the "Member"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the Board of Directors of the Member, as his/her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this ____ day of _____,

Notary Public

My Commission Expires _____

(SEAL)

STATE OF ILLINOIS)
) SS
 COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Arnold L. Randall, personally known to me to be the Commissioner of the Department of Planning and Development 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 day in person and acknowledged that he signed, sealed, and delivered said instrument pursuant to the authority given to him/her by the City, as his free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this ____ day of _____, ____.

 Notary Public

My Commission Expires _____

[(Sub)Exhibits "A", "D", "E", "F" and "P" referred to in this Hollywood House Apartments Redevelopment Agreement unavailable at time of printing.]

[(Sub)Exhibit "H" referred to in this Hollywood House Apartments Redevelopment Agreement printed on pages 36251 through 36252 of this *Journal*.]

[(Sub)Exhibit "K" referred to in this Hollywood House Apartments Redevelopment Agreement printed on page 36253 of this *Journal*.]

[(Sub)Exhibit "N" not referenced in this Hollywood House Apartments Redevelopment Agreement.]

(Sub)Exhibits "B", "C", "G", "I", "J", "L-1", "L-2", "M", "O" and "Q" referred to in this Hollywood House Apartments, Redevelopment Agreement read as follows:

(Sub)Exhibit "B".
(To Hollywood House Apartments Redevelopment Agreement)

Property.

(To Be Recorded)

The south 20 feet of Lot 9, and all of Lots 10, 11 and 12 in Block 6 in Cochran's Addition to Edgewater being a subdivision of south 1,946 feet of west 1,320 feet of east fractional half of Section 5, Township 40 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Commonly Known As:

5700 North Sheridan Road
Chicago, Illinois 60660.

Permanent Index Number:

14-05-406-021.

(Sub)Exhibit "C".
(To Hollywood House Apartments Redevelopment Agreement)

T.I.F.-Funded Improvements.

Hollywood House Apartments (5700 North Sheridan Road)
Heartland Housing, Inc.
23 July 2008.

T.I.F.-Funded Improvements incurred by Hollywood House Limited Partnership:

Rehabilitation (including A&E and emergency call system) \$9,715,000

Remediation of Underground Storage Tank	\$ 60,000
Tenant Relocation	250,000
T.I.F.-Funded Improvements incurred by Heartland Housing, Inc.	
Acquisition	\$ 4,000,000
TOTAL:	\$14,025,000*

(Sub)Exhibit "G".

(To Hollywood House Apartments Redevelopment Agreement)

Permitted Liens.

(To Be Recorded)

1. Liens or encumbrances against the Property:

Those matters set forth as Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any:

- a. covenants in Warranty Deed dated March 1, 1911 and recorded May 6, 1911 in Book 11190, page 561 as Document Number 4753737;
- b. covenants in Warranty Deed dated October 28, 1911 and recorded November 22, 1911 as Document Number 4872303;
- c. covenants in Warranty Deed dated October 30, 1911 and recorded November 16, 1911 as Document Number 4868801; and
- d. Memorandum of License Agreement dated August 10, 2000 and recorded September 22, 2000 as Document Number 000741800.

(Sub)Exhibit "I".
(To Hollywood House Apartments Redevelopment Agreement)

Approved Prior Expenditures.

Hollywood House Apartments (5700 North Sheridan Road)
Heartland Housing, Inc.
18 July 2008.

Application Fees	\$ 750.00
Appraisals	19,000.00
Architecture/Engineering Design	115,000.00
Interpreter	80.00
Legal	
Contractor (predevelopment)	15,000.00
Market Studies	16,317.00
Developer's Services (permit process)	26,840.00
Environmental Studies	26,825.80
Physical Needs Assessment	4,163.00
Predevelopment Loan Interest	27,422.00
Earnest Money (acquisition)	125,000.00
Surveys	4,500.00
T.I.F. Study	223,180.00
TOTAL:	\$603,327.80

(Sub)Exhibit "J"
(To Hollywood House Apartments Redevelopment Agreement)

Opinion Of Developer's Counsel.

City of Chicago
Chicago, Illinois 60602
Attention: Corporation Counsel

_____, 2008

Re: Hollywood House Apartments Redevelopment Agreement

Ladies and Gentlemen:

We have acted as special counsel to Heartland Housing, Inc., an Illinois not-for-profit corporation (the "Member"), Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not-for-profit corporation (the "General Partner"), and Hollywood House Limited Partnership (the "Partnership") in connection with the development and rehabilitation of a one hundred ninety seven (197) unit senior rental facility known as Hollywood House Apartments located at 5700 North Sheridan Road in Chicago, Illinois (the "Project"). We represent the Member, General Partner and Partnership in connection with that certain Hollywood House Apartments Redevelopment Agreement dated as of _____, 2008 (the "Redevelopment Agreement") among the Member, Partnership and the City of Chicago (the "City"), and the City's agreement to provide Nine Million Nine Hundred Thousand Dollars (\$9,900,000) of tax increment financing assistance to the Member and Partnership to pay certain T.I.F. eligible expenses as set forth in the Redevelopment Agreement. The Project is located in the Hollywood/Sheridan Redevelopment Project Area. In our capacity as special counsel, we have examined, among other things, (i) the Redevelopment Agreement; (ii) Articles of Incorporation, as amended, of the Member certified by the Secretary of State of Illinois on _____, 2008 Bylaws, as amended, and Resolutions dated as of _____, 2008 of the Member which have been certified by an officer of the Member, and a Certificate of Good Standing for the Member issued by the Secretary of State of Illinois dated, 2008; (iii) Articles of Incorporation of the General Partner certified by the Secretary of State of Illinois on _____, 2008, Bylaws and Resolutions dated as of _____, 2008 of the General Partner which have been certified by an officer of the General Partner, and a Certificate of Good Standing for the Member issued by the Secretary of State of Illinois dated _____, 2008; and (iv) the Certificate of Limited Partnership of the Partnership certified by the Secretary of State of Illinois on _____, 2008, the Amended and Restated Agreement of Limited Partnership of the Partnership certified by an officer of the General Partner, and a Certificate of Existence/Good Standing for the Partnership issued by the Secretary of State of Illinois dated _____, 2008 (the documents set forth above in (i) through (iv) are collectively referred to herein as the "Documents").

In rendering this opinion we have also examined the original or certified, conformed or photostatic copies of the Judgment Searches of the Member, General Partner and Partnership performed by CT Corporation System, dated _____, 2008 (the

"Searches"), copies of which have been delivered to the City; the Certificate and General Partner Certificate as defined in paragraphs 3 and 4 below, respectively, and referred to in qualification (i) below; and such other documents and legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

For the purposes of this opinion, we have assumed that:

a. The execution and delivery of the Redevelopment Agreement and other documents reviewed by us, and the entry into and performance of the transactions contemplated by the Redevelopment Agreement, by all parties other than the Member, General Partner and Partnership have been duly authorized by all necessary actions. Further, the Redevelopment Agreement and other documents reviewed constitute the valid and binding obligations of all parties other than the Member, General Partner and Partnership.

b. All natural persons who are signatories to the Redevelopment Agreement were legally competent at the time of execution; all signatures (other than those on behalf of the Member, General Partner and Partnership) on the Redevelopment Agreement and other documents reviewed by us are genuine; the copies of all documents submitted to us are accurate and complete and conform to the originals; all material terms and conditions of the relationship between the Member, General Partner and Partnership and the other parties are correctly and completely reflected in the Redevelopment Agreement.

Based upon the foregoing, but subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that:

1. The Member is an Illinois not-for-profit corporation duly created, validly existing and in good standing under the laws of Illinois and has full corporate power and authority to own and lease its properties and to carry on its business as presently conducted. The General Partner is an Illinois not-for-profit corporation duly created, validly existing and in good standing under the laws of Illinois and has full corporate power and authority to own and lease its properties and to carry on its business as presently conducted. The Partnership is an Illinois limited partnership duly created and validly existing and in good standing under the laws of Illinois and has full partnership power and authority to own and lease its properties and to carry on its business as presently conducted.

2. The Redevelopment Agreement (a) has been properly authorized, executed and delivered by or on behalf of each of the Member and Partnership, (b) constitutes the legal, valid and binding obligation of each of the Member and Partnership, and (c) is enforceable against each of the Member and Partnership in accordance with its terms.

3. The Member has all requisite right, power and authority to execute and deliver the Redevelopment Agreement and to perform its obligations thereunder. The execution, delivery and undertaking of performance under the Redevelopment Agreement by the Member will not conflict with, or result in a violation of the Member Articles of Incorporation or Bylaws. Such execution, delivery and undertaking of performance (provided the

Member performs in accordance with the terms and conditions of the Redevelopment Agreement which it is obligated to perform) will not result in a breach or other violation of any of the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental or regulatory authority applicable to the Member. Such execution and delivery, to our knowledge (based on the Certificate of the Member attached hereto and made a part hereof (the "Certificate")) and without further investigation, will not: (a) result in the creation of any lien, charge or encumbrance on any property or assets of the Member, except as described in the Redevelopment Agreement, (b) result in a violation of any of the terms, conditions or provisions of any order, writ, injunction or decree of any court, governmental or regulatory authority applicable to the Member, (c) constitute grounds for the acceleration of the maturity of any agreement or other instrument to which the Member is a party or by which any of the property of the Member may be bound, or (d) conflict with, constitute an event of default under, or result in a violation of the provisions of any agreement or other instrument of which we have knowledge to which the Member is a party, or by which the properties or assets of the Member are bound.

4. The Partnership has all requisite right, power and authority to execute and deliver the Redevelopment Agreement and to perform its obligations thereunder. The execution, delivery and undertaking of performance under the Redevelopment Agreement by the Partnership will not conflict with, or result in a violation of the Partnership's Certificate of Limited Partnership or its Amended and Restated Agreement of Limited Partnership dated as of _____, 2008. Such execution, delivery and undertaking of performance (provided the Partnership performs in accordance with the terms and conditions of the Redevelopment Agreement which it is obligated to perform) will not result in a breach or other violation of any of the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental or regulatory authority applicable to the Partnership. Such execution and delivery, to our knowledge (based on the Certificate of the General Partner attached hereto and made a part hereof (the "General Partner Certificate")) and without further investigation, will not: (a) result in the creation of any lien, charge or encumbrance on any property or assets of the Partnership, except as described in the Redevelopment Agreement or in connection with the Lender Financing as identified in the Redevelopment Agreement, (b) result in a violation of any of the terms, conditions or provisions of any order, writ, injunction or decree of any court, governmental or regulatory authority applicable to the Partnership, (c) constitute grounds for the acceleration of the maturity of any agreement or other instrument to which the Partnership is a party or by which any of the property of the Partnership may be bound, or (d) conflict with, constitute an event of default under, or result in a violation of the provisions of any agreement or other instrument of which we have knowledge to which the Partnership is a party, or by which the properties or assets of the Partnership are bound.

5. To our knowledge relying solely on the Certificate and General Partner Certificate, no authorizations, approvals or consents of, or filings or registrations with, or the giving of notice to, any person or any governmental or regulatory authority or agency of the State of Illinois or any political subdivision thereof, other than those that have already been obtained or will be obtained during the course of construction of the Project, are necessary for the execution, delivery and performance (as of the date hereof) by the Member and Partnership

of the Redevelopment Agreement or for the validity or enforceability thereof, except for recording or filing of the Redevelopment Agreement.

6. A federal or state court sitting in the State of Illinois and applying the choice of law provisions of the State of Illinois would enforce the choice of law provisions contained in the Redevelopment Agreement and apply the law of the State of Illinois to the transactions evidenced thereby.

7. To our knowledge, relying solely on the Searches, Certificate and the General Partner Certificate, there are no judgments outstanding against the Member or Partnership, nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against the Member or Partnership or affecting the Member or Partnership or any of its property, or seeking to restrain or enjoin the performance by the Member or Partnership of the Redevelopment Agreement or the transactions contemplated in the Redevelopment Agreement, or contesting the validity thereof.

8. To our knowledge relying solely on the Certificate and General Partner Certificate, without further investigation, and except as previously disclosed to the City in writing, there is no default by the Member or Partnership with respect to any indenture, loan agreement, mortgage, note, material contract, lease or any other agreement or instrument to which the Member and/or Partnership is a party or by which the Member and/or Partnership, respectively, is bound, a default under which would have a material adverse effect on the Member, Partnership, their respective business or their ability to perform their respective obligations under the Redevelopment Agreement.

9. To our knowledge relying solely on the Certificate and General Partner Certificate, without further investigation, there is no default by the Member or Partnership with respect to any order, writ, injunction, or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Member, Partnership, their respective business or their ability to perform their respective obligations under the Redevelopment Agreement.

10. To our knowledge, relying solely on the General Partner Certificate and the Searches, all of the assets of the Partnership are free and clear of mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in the Documents and the Title Policy Number _____ issued by Near North National Title, L.L.C. and dated as of _____, 2008 (the "Title Policy") with respect to the Property (as defined in the Redevelopment Agreement).

11. To our knowledge, relying solely on the Certificate and General Partner Certificate, without further investigation, the Member and Partnership each owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience or other rights that are necessary for the operation of the Project and its business (other than a certificate of occupancy which may be issued by the City following completion of the rehabilitation).

The opinions set forth above are subject to the following qualifications:

i. wherever we indicate that our opinion with respect to the existence or absence of facts is based on our knowledge, our opinion is based solely on (1) the actual knowledge of the attorneys currently with the firm who have represented the Member, General Partner and Partnership in connection with the transactions contemplated by the Agreement and of any other attorneys presently in our firm whom we have determined are likely, in the course of representing any of said parties, to have knowledge of the matters covered by this opinion, (2) the representations and warranties of the Member and Partnership contained in the Redevelopment Agreement, (3) the Certificate, and (4) the General Partner Certificate, and we have not undertaken any independent investigation (and we have not made or caused to be made any review of any court file or indices except as described above with respect to the Searches) and no inference as to our knowledge should be drawn from our representation of the Member or Partnership or otherwise. However, we know of no facts which lead us to believe such factual matters are untrue or inaccurate;

ii. your ability to enforce the Redevelopment Agreement may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally, and their interpretation by courts of appropriate jurisdiction;

iii. enforcement of your rights and remedies may be limited by general principles of equity, regardless of whether such enforcement is considered in a proceeding in equity or at law, and the availability of equitable remedies or equitable defenses would be subject to the discretion of the court requested to grant such remedies or allow such defenses; and further, in this regard, we have assumed that you will exercise your rights and remedies under the Redevelopment Agreement in good faith and in circumstances and a manner which are commercially reasonable;

iv. certain provisions of the Redevelopment Agreement may be rendered unenforceable or limited by applicable laws and judicial decisions but such laws and judicial decisions do not render the redevelopment Agreement invalid as a whole, and there exist in the Redevelopment Agreement or pursuant to applicable law legally adequate remedies for the realization of the principal benefits intended to be provided by the Redevelopment Agreement;

v. we express no opinion with respect to provisions in any of the Redevelopment Agreement which purport to (i) confer, waive or consent to the jurisdiction of any court, (ii) provide for service of process except in accordance with applicable law, (iii) waive any right granted by statutory or common law, or (iv) require indemnification or contribution for liabilities under the provisions of any Federal or state securities law or in respect to the negligent or wrongful conduct of the indemnified party or its representatives or agents; and

vi. we call your attention to the fact that although we represent the Member, General Partner and Partnership as special counsel in connection with the subject transaction, we

do not represent each generally, and our engagement has been limited to the specific matters as to which we have been consulted.

Our opinion is limited to the laws of the United States (except as set forth below) and the laws of the State of Illinois and (as to matters set forth in Paragraph 5 only) political subdivisions thereof in effect on the date hereof as they presently apply. We shall have no continuing obligations to inform you of changes in law or fact subsequent to the date hereof or of facts of which we become aware after the date hereof.

We express no opinion as to matters of title or priority or perfection of liens or security interests with regard to real and personal property. We have not reviewed and do not opine as to: (i) compliance by the Project with applicable health, fire, safety, building, zoning, environmental, subdivision laws, ordinances, codes, rules or regulations, (ii) E.R.I.S.A. laws, rules and regulations, or (iii) Federal or state taxation, banking, securities or "blue sky" laws, rules or regulations.

This opinion is limited to the matters set forth herein. This opinion is provided to you as a legal opinion only and not as a guaranty or warranty of the matter discussed herein or the documents referred to herein. No opinion may be inferred or implied beyond the matters expressly contained herein, and no portion of this opinion may be quoted or in any other way published without the express written consent of the undersigned. This opinion is rendered solely for your benefit and no other person or entity shall be entitled to rely on any matter set forth herein without the express written consent of the undersigned.

Very truly yours,

Applegate & Thorne-Thomsen, P.C.

Certificate Of Member.

_____, 2008.

The undersigned, the Executive Director of Heartland Housing, Inc., an Illinois not-for-profit corporation, hereby certifies to Applegate & Thorne-Thomsen, P.C., as follows:

1. This certificate (the "Certificate") is made in reference to the Hollywood House Apartments Redevelopment Agreement between the City of Chicago (the "City"), Hollywood House Limited Partnership (the "Partnership") and Member dated as of _____, 2008 (the "Redevelopment Agreement") and all documents

referenced in the legal opinion to which this certificate is attached (the Redevelopment Agreement and all such documents referred to collectively as the "Agreements"), relating to a redevelopment project in the City known as Hollywood House Apartments in Chicago, Illinois (the "Project").

2. The undersigned is familiar with the Agreements and has made inquiry of those personnel of Member who are familiar with matters relating to the Agreements and this Certificate.
3. As Executive Director of the Member, I am familiar with, or have made inquiry of those individuals who are in a position to be familiar with, the following: (a) any judgments, orders, writs, injunctions, or decrees, of any court, governmental or regulatory authority, affecting Member, the Project or Member's execution and delivery of the Agreements ("Court Orders"), (b) any agreements or other instrument to which Member is a party, or by which the properties or assets of the Member are bound, and affecting the execution and delivery of the Agreements by Member ("Instruments"), (c) any agreements or other instrument which could cause the creation of any lien, charge or encumbrance on any property or assets of Member ("Encumbrance Agreements"), (d) any judgments, legal or administrative proceedings pending or to my knowledge threatened before any court or governmental agency against Member or affecting the Project ("Litigation"), and (e) any options, rights or commitments to transfer or acquire any ownership interests in Member ("Options").
4. The signatures on the Agreements executed on behalf of the Member are genuine.
5. Except for the following, to my knowledge there are no Court Orders or Options (if none, so state):

None.
6. Except for the following, to my knowledge there are no Instruments, under which the Member's execution, delivery and performance of the Agreements would cause a violation of, conflict with, default under, or cause the maturity or acceleration of, such Instrument (if none, so state):

None.
7. Except for the following, to my knowledge there are no Encumbrance Agreements other than the Agreements and certain encumbrances set forth in the Title Policy (as defined in the Opinion) (if none, so state):

None.

8. Except for the following, to my knowledge there is no Litigation (if none, so state):

None.

9. I have previously delivered to you an accurate and complete copy of Member's Articles of Incorporation, as amended, Bylaws and resolutions dated _____, 2008, all of which are in full force and effect. There are no other filings, agreements or actions governing the existence, organization or operation of Member. All annual reports required to be filed with the Illinois Secretary of State have been filed and all required fees have been paid in connection therewith with respect to the Member.
10. No circumstances have occurred or exist which have triggered or will trigger a dissolution of Member under, as applicable, its Articles of Incorporation or Bylaws, and the Member continues to exist as an Illinois not-for-profit corporation as of the date hereof.
11. There exists no default by Member with respect to any indenture, loan agreement, mortgage, note or other agreements or instrument to which Member is a party or by which Member is bound, a default under which would have a material adverse effect on Member, the Project or its business or its ability to perform under the Agreements. Notwithstanding the foregoing, the loan by the Illinois Housing Development Authority to Sutherland Limited Partnership (of which the Member is the general and limited partner) has matured and has not been repaid. I.H.D.A. has not issued or declared an event of default.
12. Member is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in or under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on Member, the Project or its business or its ability to perform under the Agreement.
13. The Articles of Incorporation and Bylaws evidence that Heartland Alliance for Human Needs and Human Rights is the sole member of the Member.
14. The assets of the Member are free and clear of all mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in or contemplated by the Agreements or pledged as collateral in connection with other affordable housing projects in which Member is involved.
15. The Member owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, authorizations and other rights that are necessary for the operation of its business.

This Certificate may be relied upon by Applegate & Thorne-Thomsen, P.C. in its opinion (the "Opinion") addressed to the City of Chicago in connection with the Agreements. The undersigned consents to the issuance of the Opinion and acknowledges that it has reviewed the form thereof.

In Witness Whereof, The undersigned has executed this Certificate as of the date set forth above.

Heartland Housing, Inc., an Illinois not-for-profit corporation

By: _____
Andrew E. Geer, Executive Director

Certificate Of General Partner.

_____, 2008.

The undersigned, the Secretary of Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not-for-profit corporation, which is the sole general partner ("General Partner") of Hollywood House Limited Partnership, an Illinois limited partnership ("Partnership") hereby certifies to Applegate & Thorne-Thomsen, P.C., as follows:

1. This certificate (the "General Partner Certificate") is made in reference to the Hollywood House Apartments Redevelopment Agreement between the City of Chicago (the "City"), Partnership and Heartland Housing, Inc. dated as of _____, 2008 (the "Redevelopment Agreement") and all documents referenced in the legal opinion to which this certificate is attached (the Redevelopment Agreement and all such documents referred to collectively as the "Agreements"), relating to a redevelopment project in the City known as Hollywood House Apartments in Chicago, Illinois (the "Project").
2. The undersigned is familiar with the Agreements and has made inquiry of those personnel of General Partner who are familiar with matters relating to the Agreements and this General Partner Certificate.
3. As Secretary of the General Partner, I am familiar with, or have made inquiry of those individuals who are in a position to be familiar with, the following: (a) any judgments, orders, writs, injunctions, or decrees, of any court, governmental or regulatory authority, affecting the General Partner, Partnership, the Project or General Partner's execution and delivery of the Agreements on behalf of the

Partnership ("Court Orders"), (b) any agreements or other instrument to which General Partner is a party on behalf of the Partnership, or by which the properties or assets of the Partnership are bound, and affecting the execution and delivery of the Agreements by the General Partner on behalf of the Partnership ("Instruments"), (c) any agreements or other instrument which could cause the creation of any lien, charge or encumbrance on any property or assets of Partnership ("Encumbrance Agreements"), (d) any judgments, legal or administrative proceedings pending or to my knowledge threatened before any court or governmental agency against the General Partner, Partnership or affecting the Project ("Litigation"), and (e) any options, rights or commitments to transfer or acquire any ownership interests in the Partnership ("Options").

4. The signatures on the Agreements executed by the General Partner on behalf of the Partnership are genuine.
5. Except for the following, to my knowledge there are no Court Orders or Options (if none, so state):

None.

6. Except for the following, to my knowledge there are no Instruments, under which the General Partner's execution, delivery and performance of the Agreements would cause a violation of, conflict with, default under, or cause the maturity or acceleration of, such Instrument by the Partnership (if none, so state):

None.

7. Except for the following, to my knowledge there are no Encumbrance Agreements other than the Agreements and certain encumbrances set forth in the Title Policy (as defined in the Opinion (if none, so state):

None.

8. Except for the following, to my knowledge there is no Litigation (if none, so state):

None.

9. I have previously delivered to you an accurate and complete copy of General Partner's Articles of Incorporation, Bylaws and resolutions dated _____, 2008, the Certificate of Limited Partnership of the Partnership and the Amended and Restated Limited Partnership Agreement of the Partnership dated _____, 2008, all of which are in full force and effect. There are no other filings, agreements or actions governing the

existence, organization or operation of the General Partner or Partnership. All annual reports required to be filed with the Illinois Secretary of State have been filed and all required fees have been paid in connection therewith with respect to the General Partner and Partnership.

10. No circumstances have occurred or exist which have triggered or will trigger a dissolution of General Partner under, as applicable, its Articles of Incorporation or Bylaws, and the General Partner continues to exist as an Illinois not-for-profit corporation as of the date hereof. Similarly, no circumstances have occurred or exist which have triggered or will trigger a dissolution of the Partnership Partner under, as applicable, its Certificate of Limited Partnership or its Amended and Restated Limited Partnership Agreement, and the Partnership continues to exist as an Illinois limited partnership as of the date hereof.
11. There exists no default by General Partner or Partnership with respect to any indenture, loan agreement, mortgage, note or other agreements or instrument to which General Partner or Partnership is a party or by which General Partner or Partnership is bound, a default under which would have a material adverse effect on General Partner, Partnership, the Project or its business or its ability to perform under the Agreements.
12. Neither the General Partner nor the Partnership is in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in or under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on General Partner, Partnership, the Project or its business or its ability to perform under the Agreement.
13. The Articles of Incorporation and Bylaws of the General Partner evidence that Heartland is the sole member of the General Partner. The Certificate of Limited Partnership and the Amended and Restated Limited Partnership Agreement evidence that the General Partner is the sole general partner of the Partnership.
14. The assets of the Partnership are free and clear of all mortgages, liens, pledges, security interests and encumbrances, except for those specifically set forth in or contemplated by the Agreements or set forth in the Title Policy (as defined in the Opinion).
15. The Member owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, authorizations and other rights that are necessary for the operation of its business (other than a certificate of occupancy which the City may issue following completion of the rehabilitation).

This General Partner Certificate may be relied upon by Applegate & Thorne-Thomsen, P.C. in its opinion (the "Opinion") addressed to the City of Chicago in connection with the

that with respect to that certain Hollywood House Apartments Redevelopment Agreement among Hollywood House Limited Partnership, an Illinois limited partnership (the "Partnership"), the Member and the City dated , 2008 (the "Agreement"):

A. Expenditures for the Project, in the total amount of \$ _____, have been made by the Member.

B. This paragraph B sets forth and is a true and complete statement of all costs of T.I.F.-Funded Improvements for the Project reimbursed by the City to date:

\$0.

C. The Member requests reimbursement for the following cost of T.I.F.-Funded Improvements:

\$4,000,000.

D. None of the costs referenced in paragraph C above have been previously reimbursed by the City.

E. The Member hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Agreement are true and correct and the Partnership and the Member are in compliance with all applicable covenants contained herein.

2. No Event of Default under the Agreement or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default under the Agreement, exists or has occurred.

All capitalized terms which are not defined herein have the meanings given such terms in the Agreement.

Heartland Housing, Inc., an Illinois not-for-profit corporation

By: _____

Name: _____

Title: _____

B. This paragraph B sets forth and is a true and complete statement of all costs of T.I.F.-Funded Improvements for the Project reimbursed by the City to date:

\$4,000,000.

C. The Partnership requests a certification of expenditure to the City Note for the following cost of T.I.F.-Funded Improvements:

\$5,900,000.

D. None of the costs referenced in paragraph C above have been previously reimbursed or certified as expenditures to the City Note by the City.

E. The Partnership hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Agreement are true and correct and the Partnership and the Member are in compliance with all applicable covenants contained herein.

2. No Event of Default under the Agreement or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default under the Agreement, exists or has occurred.

All capitalized terms which are not defined herein have the meanings given such terms in the Agreement.

Hollywood House Limited Partnership,
an Illinois limited partnership

By: Hollywood Sheridan Neighborhood
Development Corp., NFP,
an Illinois not-for-profit corporation

Its: General Partner

By: _____
Andrew E. Geer,
Secretary

Subscribed and sworn before me this
_____ day of _____, _____.

My commission expires: _____.

Agreed and Accepted:

Name: _____

Title: _____

City of Chicago
Department of Planning and Development

(Sub)Exhibit "M".
(To Hollywood House Apartments Redevelopment Agreement)

Form Of Note.

Registered
Number R-1

Maximum Amount
\$5,900,000

United States Of America

State Of Illinois

County Of Cook

City Of Chicago

Taxable Tax Increment Allocation Revenue Note
(Hollywood/Sheridan Redevelopment Project),
Taxable Series 2008A.

Registered Owner: Hollywood House Limited Partnership, an Illinois limited partnership

Interest Rate: [Zero percent (0%) per annum upon issuance; adjusted as of the date of issuance of a Certificate (as defined in the hereinafter defined Redevelopment Agreement) to a rate not to exceed seven and five-tenths percent (7.5%) per annum, subject to the approval of the Commissioner of the Department of Planning and Development of the City of Chicago, Illinois]

Maturity Date: _____, 202__ [twenty (20) years from issuance date].

Know All Persons By These Presents, That the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to up to the principal amount of Five Million Nine Hundred Thousand Dollars (\$5,900,000) and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above from the date of the advance, with payments of principal and interest to be made according to a debt service schedule, agreed upon by the City and the Registered Owner, to be attached hereto upon issuance by the City of a Certificate of Expenditure hereunder (the "Debt Service Schedule"). Interest shall be computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months. Accrued but unpaid interest on this Note shall also accrue at the interest rate per year specified above until paid. Principal of and interest on this Note from the Available Incremental Taxes (as defined in the hereinafter defined Redevelopment Agreement) is due pursuant to the Debt Service Schedule until the earlier of Maturity or until this Note is paid in full. Payments shall first be applied to interest. The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the dates indicated on the Debt Service Schedule (the first such date being February 1 of the year after the year in which a Certificate of Completion is issued pursuant to Section 7.01 of the hereinafter defined Redevelopment Agreement) and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City. The Registered Owner of this Note shall note on the Payment Record attached hereto the amount and the date of any payment of the principal of this Note promptly upon receipt of such payment.

If, at any time, there are insufficient Available Incremental Taxes to make a scheduled payment of principal and interest on the Note (other than the payment on the Maturity Date hereof), then the obligation of the City to pay the deficiency shall continue on a cumulative

basis through the Maturity Date, provided that the City shall pay the deficiency on the next scheduled payment date if there are then sufficient Available Incremental Taxes to do so.

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to Five Million Nine Hundred Thousand Dollars (\$5,900,000) for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Hollywood House Limited Partnership, an Illinois limited partnership (the "Partnership"), which were acquired, rehabilitated and installed in connection with the redevelopment of a building (the "Project") in the Hollywood/Sheridan Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1, et seq.) (the "T.I.F. Act"), the Local Government Debt Reform Act (30 ILCS 350/1, et seq.) and an ordinance adopted by the City Council of the City on _____, 2008 (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the T.I.F. Act and the Ordinance, in order to pay the principal and interest of this Note. Reference is hereby made to the aforesaid Ordinance and the Redevelopment Agreement for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to this Note and the terms and conditions under which this Note is issued and secured. This Note Is A Special Limited Obligation Of The City, And Is Payable Solely From Available Incremental Taxes, And Shall Be A Valid Claim Of The Registered Owner Hereof Only Against Said Sources. This Note Shall Not Be Deemed To Constitute An Indebtedness Or A Loan Against The General Taxing Powers Or Credit Of The City, Within The Meaning Of Any Constitutional Or Statutory Provision. The Registered Owner Of This Note Shall Not Have The Right To Compel Any Exercise Of The Taxing Power Of The City, The State Of Illinois Or Any Political Subdivision Thereof To Pay The Principal Or Interest Of This Note.

This Note is issued in fully registered form in the denomination of its outstanding principal amount. This Note may not be exchanged for a like aggregate principal amount of notes or other denominations.

This Note is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the fifteenth (15th) day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for redemption has been mailed, nor during a period of five (5) days next preceding mailing of a notice of redemption of this Note. Such transfer shall be in accordance with the form at the end of this Note.

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide.

Pursuant to the Redevelopment Agreement dated as of _____, 2008 among the City, the Partnership and Heartland Housing, Inc., an Illinois not-for-profit corporation (the "Redevelopment Agreement") the Registered Owner has agreed to acquire and rehabilitate the Project and to advance funds for the rehabilitation of certain facilities related to the Project on behalf of the City. The cost of such acquisition and rehabilitation in the amount of Five Million Nine Hundred Thousand Dollars (\$5,900,000) shall be deemed to be a disbursement of the proceeds of this Note.

Pursuant to Section 15.02 of the Redevelopment Agreement, the City has reserved the right to suspend or terminate payments of principal and of interest on this Note upon the occurrence of certain conditions. The City shall not be obligated to make payments under this Note if an Event of Default (as defined in the Redevelopment Agreement), or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred. Such rights shall survive any transfer of this Note.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

In Witness Whereof, The City of Chicago, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized signature of the Mayor and attested by the duly authorized signature of the City Clerk of the City, all as of _____, ____.

Mayor

[Seal]

Attest:

City Clerk

Registrar and Paying Agent:

Certificate
Of
Authentication

Comptroller of the
City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the Tax Increment Allocation Revenue Note (Hollywood/Sheridan Redevelopment Project), Taxable Series 2008A, of the City of Chicago, Cook County, Illinois.

City Comptroller

Date: _____

(Assignment)

For Value Received, The undersigned sells, assigns and transfers unto _____ ("Assignee") the within Note and does hereby irrevocably constitute and appoint attorney to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Registered Owner

Notice: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the Note in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: _____

Notice: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

Consented to by:

City of Chicago,
Department of Planning and Development

By: _____

Its: _____

Certificate Of Expenditure.

Date: _____

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
\$5,900,000 Tax Increment Allocation Revenue Note
(Hollywood/Sheridan Redevelopment Project, Taxable Series 2008A)
(the "Redevelopment Note")

This Certificate is submitted to you, Registered Owner of the Redevelopment Note, pursuant to the Ordinance of the City authorizing the execution of the Redevelopment Note adopted by the City Council of the City on _____, 2008 (the "Ordinance"). All terms used herein shall have the same meaning as when used in the Ordinance.

The City hereby certifies that \$ _____ is advanced as principal under the Redevelopment Note as of the date hereof. Such amount has been properly incurred, is a proper charge made or to be made in connection with the redevelopment project costs

defined in the Ordinance and has not been the basis of any previous principal advance. As of the date hereof, the outstanding principal balance under the Redevelopment Note is \$ _____, including the amount of this Certificate and less payment made on the Redevelopment Note.

In Witness Whereof, The City has caused this Certificate to be signed on its behalf as of _____

City of Chicago

By: _____
Commissioner,
Department of Planning and
Development

Authenticated By:

Registrar

[Debt Service Schedule referred to in this Form of Note unavailable at time of printing.]

(Sub)Exhibit "O".
(To Hollywood House Apartments Redevelopment Agreement)

Form Of Subordination Agreement.

This subordination agreement ("Agreement") is made and entered into as of the ____ day of _____, ____ between the City of Chicago by and through its Department of Planning and Development (the "City"), and [Lender], a [national banking association] (the "Lender").

Witnesseth.

Whereas, _____, a(n) _____ (the "Developer"), [has acquired] [owns] certain property located within the _____ Redevelopment Project Area at

_____, Chicago, Illinois 606____ and legally described on (Sub)Exhibit A hereto (the "Property") and intends to redevelop the building (the "Building") located on the Property (the redevelopment of the Building and the Property is referred to herein as the "Project"); and

Whereas, As part of obtaining financing for the Project, the Developer has entered into a certain Construction Loan Agreement dated as of _____ with the Lender pursuant to which the Lender has agreed to make a loan to the Developer in an amount not to exceed \$ _____ (the "Loan"), which Loan is evidenced by a Mortgage Note executed by the Developer in favor of the Lender (the "Note"), and the repayment of the Loan is secured by, among other things, certain liens and encumbrances on the Property [and other property of the Developer] pursuant to the following: (i) Mortgage dated _____ and recorded _____ as Document Number _____ made by the Developer to the Lender; and (ii) Assignment of Leases and Rents dated _____ and recorded _____ as Document Number _____ made by the Developer to the Lender (all such agreements referred to above and otherwise relating to the Loan referred to herein collectively as the "Loan Documents");

Whereas, The Developer desires to enter into a certain Redevelopment Agreement dated the date hereof with the City in order to obtain additional financing for the Project (the "Redevelopment Agreement", referred to herein along with various other agreements and documents related thereto as the "City Agreements");

Whereas, Pursuant to the Redevelopment Agreement, the Developer will agree to be bound by certain covenants expressly running with the Property, as set forth in Sections 8.02, 8.19(c) and 8.20 of the Redevelopment Agreement (the "City Encumbrances");

Whereas, The City has agreed to enter into the Redevelopment Agreement with the Developer as of the date hereof, subject, among other things, to (a) the execution by the Developer of the Redevelopment Agreement and the recording thereof as an encumbrance against the Property; and (b) the agreement by the Lender to subordinate its liens under the Loan Documents to the City Encumbrances; and

Now, Therefore, For good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lender and the City agree as hereinafter set forth:

1. Subordination. All rights, interests and claims of the Lender in the Property pursuant to the Loan Documents are and shall be subject and subordinate to the City Encumbrances. In all other respects, the Redevelopment Agreement shall be subject and subordinate to the Loan Documents. Nothing herein, however, shall be deemed to limit the Lender's right to receive, and the Developer's ability to make, payments and prepayments of principal and interest on the Note, or to exercise its rights pursuant to the Loan Documents except as provided herein.

2. **Notice Of Default.** The Lender shall use reasonable efforts to give to the City, and the City shall use reasonable efforts to give to the Lender, (a) copies of any notices of default which it may give to the Developer with respect to the Project pursuant to the Loan Documents or the City Agreements, respectively, and (b) copies of waivers, if any, of the Developer's default in connection therewith. Under no circumstances shall the Developer or any third party be entitled to rely upon the agreement provided for herein.

3. **Waivers.** No waiver shall be deemed to be made by the City or the Lender of any of their respective rights hereunder, unless the same shall be in writing, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the City or the Lender in any other respect at any other time.

4. **Governing Law; Binding Effect.** This Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws and decisions of the State of Illinois, without regard to its conflict of laws principles, and shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Lender.

5. **Section Titles; Plurals.** The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. The singular form of any word used in this Agreement shall include the plural form.

6. **Notices.** Any notice required hereunder shall be in writing and addressed to the party to be notified as follows:

If To The City:

City of Chicago
Department of Planning
and Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
Attention: Commissioner

with a copy to:

City of Chicago
Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attention: Finance and Economic
Development Division

If To The Lender:

Attention: _____

with a copy to:

Attention: _____

or to such other address as either party may designate for itself by notice. Notice shall be deemed to have been duly given (i) if delivered personally or otherwise actually received, (ii) if sent by overnight delivery service; (iii) if mailed by first class United States mail, postage prepaid, registered or certified, with return receipt requested, or (iv) if sent by facsimile with facsimile confirmation of receipt (with duplicate notice sent by United States mail as provided above). Notice mailed as provided in clause (iii) above shall be effective upon the expiration of three (3) business days after its deposit in the United States mail. Notice given in any other manner described in this paragraph shall be effective upon receipt by the addressee thereof; provided, however, that if any notice is tendered to an addressee and delivery thereof is refused by such addressee, such notice shall be effective upon such tender.

7. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one (1) instrument.

In Witness Whereof, This Subordination Agreement has been signed as of the date first written above.

[Lender], [a national banking association]

By: _____

Its: _____

City of Chicago

By: _____

Its: _____ Commissioner,
Department of Planning and
Development

Acknowledge and Agreed to this _____
day of _____, _____

[Developer], a _____

By: _____

Its: _____

State of Illinois)
)SS.
County of Cook)

I, the undersigned, a notary public in and for the County and State aforesaid, do hereby certify that _____, personally known to me to be the _____ Commissioner of the Department of Planning and Development of the City of Chicago, Illinois (the "City") and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such _____ Commissioner, (s)he signed and delivered the said instrument pursuant to authority, as his/her free and voluntary act, and as the free and voluntary act and deed of said City, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, _____.

Notary Public

[Seal]

State of Illinois)
)SS.
County of Cook)

I, _____, a notary public in and for the said County, in the State aforesaid, do hereby certify that _____, personally known to me to be the _____ of [Lender], a _____, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by Lender, as his/her free and voluntary act and as the free and voluntary act of the Lender, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, _____.

Notary Public

My commission expires: _____

[Seal]

[(Sub)Exhibit "A" referred to in this Form of Subordination Agreement unavailable at time of printing.]

(Sub)Exhibit "Q".
(To Hollywood House Apartments Redevelopment Agreement)

H.U.D.-Required Provisions Rider.

This rider is attached to and made a part of that certain Hollywood House Apartments Redevelopment Agreement (the "Document"), dated as of _____, 2008, entered into by and among between the City of Chicago, Illinois, an Illinois municipal corporation (the "Subordinate Lender"), through its Department of Planning, having its offices at 121 North LaSalle Street, Room 1000, Chicago, Illinois 60602, Hollywood House Limited Partnership, an Illinois limited partnership (the "Borrower"), and Heartland Housing, Inc., an Illinois not-for-profit corporation, relating to the property located at 5700 North Sheridan Road, in 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 meaning given to such terms in the Document. As used herein, the term "H.U.D." shall mean the United States Department of Housing and Urban Development; the term "F.H.A." shall mean the Federal Housing Administration, an organizational unit within H.U.D.; the term "Project" shall have the same meaning as in the H.U.D. Regulatory Agreement described below; and the term "H.U.D./F.H.A. Loan Documents" shall mean the following documents relating to the H.U.D.-insured mortgage loan for the Project (Project Number 071-35795):

- A. Commitment for Insurance dated _____, as amended, issued by the Secretary of H.U.D. pursuant to Section 221(d)(4) to Developers Mortgage Corporation and later assigned to ("Mortgagee");
- B. Building Loan Agreement dated _____, between the Borrower and Mortgagee;
- C. Mortgage Note dated _____, made by the Borrower payable to the order of Mortgagee in the principal amount of \$ _____ (the "Mortgage Note");
- D. Mortgage dated _____, made by Borrower in favor of Mortgagee and encumbering the Project as security for the Mortgage Note (the "Mortgage");
- E. Security Agreement (Chattel Mortgage) dated _____, between the Borrower, as debtor, and Mortgagee and/or the Secretary of H.U.D. as their interests may appear, as secured party;
- F. UCC-1 Financing Statement made by the Borrower, as debtor, in favor of Mortgagee and/or the Secretary of H.U.D. as their interests may appear, as secured party recorded with the Cook County Recorder's Office and to be filed with the Illinois Secretary of State;
- G. Regulatory Agreement for Multi-Family Housing Projects, dated _____ between the Borrower and H.U.D. (the "H.U.D. Regulatory Agreement");

- H. Assignment of Rents and Leases from Borrower to Mortgagee dated _____; and
- I. Assignment of Contracts and Documents from Borrower to Mortgagee dated _____.

- R-1 Notwithstanding anything in the Document to the contrary, the provision of the Document are subordinate to all applicable Federal Statutes, H.U.D. mortgage insurance regulations and related H.U.D. directives and administrative requirements other than those H.U.D. Mortgage insurance regulations, related H.U.D. directives or administrative requirements which have been waived in writing by H.U.D. with respect to the Project. The provisions of the Document are also expressly subordinate to the H.U.D./F.H.A. Loan Documents. In the event of any conflict between the Document and the provisions of applicable Federal statutes, H.U.D. mortgage insurance regulations, related H.U.D. directives and administrative requirements, or H.U.D./F.H.A. Loan Documents, the Federal statutes, H.U.D. mortgage insurance regulations, related H.U.D. directives and administrative requirements and H.U.D./F.H.A. Loan Documents shall control, except for those H.U.D. mortgage insurance regulations, related H.U.D. directives or administrative requirements which have been waived in writing by H.U.D. with respect to the Project.
- R-2 Failure on the part of the Borrower to comply with the covenants contained in the Document shall not serve as a basis for default on any H.U.D.-insured or H.U.D.-held mortgage on the Project.
- R-3 Compliance by the Borrower with the provisions and covenants of the Document and enforcement of the provisions and 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 H.U.D. in connection with the Mortgage transaction or the rents or other income from the Project, other than distributable "Surplus Cash" (as that term "Surplus Cash" is defined in the H.U.D. Regulatory Agreement).
- R-4 No amendment to the Document made after the date of the H.U.D. initial endorsement of the Mortgage Note shall have any force or effect until and unless such amendment is approved in writing by H.U.D.. No amendment made after the aforesaid date to any H.U.D./F.H.A. 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 H.U.D. with respect to the Project, any action of the Borrower which is prohibited or required by H.U.D. pursuant to applicable Federal law, H.U.D. regulations, H.U.D. directives and administrative requirements or the H.U.D./F.H.A. Loan Documents shall supersede any conflicting provision of the Document, and the performance or failure to perform of the Borrower in accordance with such laws, regulations, directives, administrative requirements or H.U.D./F.H.A. Loan Documents shall not constitute an event of default under the Document.

- R-6 So long as H.U.D. 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 Surplus Cash, as such term is defined, and in accordance with the conditions prescribed in the H.U.D. Regulatory Agreement unless specifically permitted in writing by H.U.D.
- R-7 In the event of the appointment by any court of any person, other than H.U.D. 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, 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 H.U.D. Regulatory Agreement. The receiver, person in possession or person pursuing enforcement shall operate the Project in accordance with all provisions of the H.U.D./F.H.A. 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 Boulevard
Chicago, Illinois 60604
Attention: Director of Multi-Family Housing
Project Number 071-35747

H.U.D. may designate any further or different addresses for such duplicate notices.

- R-9 Notwithstanding anything in the Document to the contrary, the Borrower 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 H.U.D. to any such sale, conveyance, transfer, lease, sublease or encumbrance. The Borrower may make application to H.U.D. for approval of a Transfer of Physical Assets in accordance with H.U.D. regulations, directives and policies. A duplicate copy of such application shall be served on the Subordinate Lender. Within ninety (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 H.U.D., the Mortgagee and the Borrower. 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 H.U.D., the Mortgagee and the Borrower within said time, then any consent by H.U.D. to such transfer shall be conclusively 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 deed in lieu of foreclosure, of any mortgage insured or held by H.U.D. with respect to the Project, or any portion thereof. Upon such termination, the Subordinate Lender shall furnish to H.U.D. and the Mortgagee such releases and other documentation as H.U.D. 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 H.U.D.-Required Provisions Rider are for the benefit of and are enforceable by H.U.D. and the Mortgagee.

Executed as of the date set forth above.

Hollywood House Limited Partnership,
an Illinois limited partnership

By: Hollywood Sheridan
Neighborhood Development
Corp., NFP, an Illinois
not-for-profit corporation

Its: General Partner

By: _____

Its: _____

Heartland Housing, Inc., an Illinois
not-for-profit corporation

By: _____

Its: _____

City of Chicago

By: _____

Commissioner,
Department of Planning
and Development

(Sub)Exhibit "H".
 (To Hollywood House Apartments Redevelopment Agreement)

Project Budget.

(To Be Recorded)
 (Page 1 of 2)

Hollywood House					
Line Item	Amount	Enter Amount Here	Calculation Method	Per Unit	Comments
Building Cost	11,500,000	11,500,000.00	Amount	58,378	
Land Cost	1,500,000	1,500,000.00	Amount	7,614	
Refinance/ Loan Pay-Off	-	-	Amount	-	
Carrying Costs	-	-	Amount	-	
Transfer Stamps	136,500	136,500.00	Amount	693	
Insurance	-	-	Amount	-	
Security	-	-	Amount	-	
Legal	190,000	190,000.00	Amount	984	
Other Acquisition	-	-	Amount	-	
Acquisition Costs Subtotal	13,326,500			67,647	
Net Construction Costs	7,851,687	7,851,687.00	Amount	39,858	
Surface Parking	-	-	Amount	-	
Other Hard Costs	-	-	Amount	-	
General Conditions	471,101	6%	% of Net CC	2,391	
Overhead	157,034	2%	% of Net CC	797	
Profit	471,101	6%	% of Net CC	2,391	
Construction Costs Subtotal	8,950,923			45,436	
Furniture, Fixtures, & Equip't	305,000	305,000.00	Amount	1,548	
Building Permits	31,840	31,840.00	Amount	162	
Bond Premium/ LOC Fees	117,775	117,775.00	Amount	598	
Open Space Fees	-	-	Amount	-	
Fencing	-	-	Amount	-	
Landscaping	-	-	Amount	-	
Parkways	-	-	Amount	-	
Parking Pads	-	-	Amount	-	
Site Preparation	-	-	Amount	-	
Other Construction	15,000	15,000.00	Amount	76	
Contingency	906,870	12%	% of Net CC	4,603	
Other Construction Subtotal	1,376,485			6,987	
Streets	-	-	Amount	-	
Electrical & Gas	-	-	Amount	-	
Sidewalk	-	-	Amount	-	
Public Parks & Landscaping	-	-	Amount	-	
Sewer & Water	-	-	Amount	-	
Other Infrastructure	-	-	Amount	-	
Contingency	-	-	% of Net CC	-	
Infrastructure Subtotal	-			-	
Underground Storage Tanks	60,227	60,227.00	Amount	306	
Soil Testing	-	-	Amount	-	
Land Remediation	-	-	Amount	-	
Lead Based Paint Removal	-	-	Amount	-	
Asbestos Removal	-	-	Amount	-	
Other Environmental	18,939	18,939.00	Amount	96	
Contingency	-	-	% of Net CC	-	
Environmental Subtotal	79,166			402	
Construction	-	-	Amount	-	
Contingency	-	-	% of Net CC	-	
Legal	-	-	Amount	-	
Accounting	-	-	Amount	-	
Reserves	-	-	Amount	-	
Consultants	-	-	Amount	-	
Other Commercial	-	-	Amount	-	
Commercial Subtotal	-			2,219	
Architect - Design	437,214	437,214.00	Amount	598	
Architect - Supervision	117,775	117,775.00	Amount	25	
Engineering Fees	-	-	Amount	-	
Blueprints & Reproductions	5,000	5,000.00	Amount	21	
PNA Report	4,165	4,165.00	Amount	-	
Permit Expediter	-	-	Amount	-	
As-Is Plats & Surveys	4,500	4,500.00	Amount	23	
Accountant - Tax Preparation	-	-	Amount	-	
Accountant - 8609s	-	-	Amount	-	

(Sub)Exhibit "H".
(To Hollywood House Apartments Redevelopment Agreement)

Project Budget.

(To Be Recorded)
(Page 2 of 2)

Accountant - General	35,000	35,000.00	Amount	178
Legal - Organizational	-	-	Amount	-
Legal - Syndication	30,000	30,000.00	Amount	152
Consultant - Historic	-	-	Amount	-
Consultant - Financial	-	-	Amount	-
Consultant - TIF	225,000	225,000.00	Amount	1,142
Appraisal	30,000	30,000.00	Amount	152
Market Study	20,000	20,000.00	Amount	102
Phase I Environ. Report	5,000	5,000.00	Amount	25
Phase II Environ. Report	4,500	4,500.00	Amount	23
Title & Recording Fees	30,000	30,000.00	Amount	152
Other Professional Fees	2,500	2,500.00	Amount	13
Professional Fees Subtotal	950,554			4,826
Tax Credit Issuer Fees	109,676	109,676.00	Amount	557
Application Fees	2,750	2,750.00	Amount	14
Construction Points	-	-	Amount	-
Perm Loan Points	-	-	Amount	-
Construction Inspection	12,000	12,000.00	Amount	61
Architect Fee	-	-	Amount	-
Lender Legal Fees	-	-	Amount	-
MIP	108,823	108,823.00	Amount	552
Bond - Rating Agency	18,000	18,000.00	Amount	91
Bond - Trustee	9,000	9,000.00	Amount	46
Bond - Underwriter	151,654	151,654.00	Amount	770
Bond - Underwriter's Counsel	65,000	65,000.00	Amount	330
Bond - Bond Counsel	90,000	90,000.00	Amount	457
Bond - Other	894,854	894,854.00	Amount	4,542
Construction Interest	730,553	730,553.00	Amount	3,708
Other Lender Fees	365,764	365,764.00	Amount	1,857
Lender Fees Subtotal	2,568,074			12,985
Liability Insurance	81,650	81,650.00	Amount	414
Hazard Insurance	81,650	81,650.00	Amount	414
Real Estate Taxes	210,000	210,000.00	Amount	1,066
Negative Operations	-	-	Amount	-
Other Construction Period	-	-	Amount	-
Construction Period Subtotal	373,300			1,895
Leasing Personnel	-	-	Amount	-
Advertising	-	-	Amount	-
Model Units	-	-	Amount	-
Other Marketing & Leasing	-	-	Amount	-
Marketing & Leasing Subtotal	-			-
Rent Differential	75,000	75,000.00	Amount	381
Personnel Expenses	20,000	20,000.00	Amount	102
Moving Expenses	158,000	158,000.00	Amount	792
Other Tenant Relocation	71,000	71,000.00	Amount	360
Tenant Relocation Subtotal	322,000			1,635
Developer Fee	1,000,000	1,000,000	Amount	5,076
Deferred Developer Fee	200,000	200,000.00	Amount	1,015
Construction Admin.	-	-	Amount	-
Salaries & Overhead	-	-	Amount	-
Other Developer Fee	-	-	Amount	-
Developer Fee Subtotal	1,200,000			6,091
Lease-Up Reserve	124,038	124,038.00	Amount	630
ACC Reserve	-	-	Amount	-
Insurance Reserve	66,700	66,700.00	Amount	339
Property Tax Reserve	300,000	300,000.00	Amount	1,523
Operating Reserve	485,014	485,014	Amount	2,462
Replacement Reserve	49,500	49,500.00	Amount	251
Other Reserves	2,341,861	2,341,861.00	Amount	11,888
Reserves Subtotal	3,367,113			17,092
Job Training & Placement	-	-	Amount	-
Day Care Services	-	-	Amount	-
Tenant Services	-	-	Amount	-
Other Tenant Services	-	-	Amount	-
Tenant Services Subtotal	-			-
Grand Total Dev Costs	32,504,216			164,995

(Sub)Exhibit "K".
(To Hollywood House Apartments Redevelopment Agreement)

Preliminary T.I.F. Projection - Real Estate Taxes.

(To Be Recorded)

107
TIF PROJECTION-A DRIVE 300 VALUE OF SITE

(1) The TIF assumed to be established in 2007 with a base year of 2006.
 (2) The TIF will expire in the year 2010, with last payable in 2011.
 (3) 4.25% Triennial Inflation is assumed to be applied every third year.
 (4) 2006 EAV of site after exemptions and adjusted for inflation.
 (5) Deduction resulting from demolition of replacement.
 (6) Additional yielding from new development.
 (7) EAV after all adjustments.
 (8) Triennial EAV Net 2006 SAV.
 (9) Tax rate projected per Millport Property Tax Extension Limitation Law.
 (10) Tax revenues are calculated one year after the ending year at a 9.5% collection rate.

TIF Year	Year Assessed (1)(2)	Inflation Factor (3)	EAV Redevelopment Proj. Site Only (4)	EAV Deductions (5)	EAV Additions (6)	Total EAV (7)	Incremental Value Above Base (8)	Tax Rate (9)	Total Incremental Taxes	Incremental Collected (10)
0	2006	1.0000	4,947,580	0	0	4,947,580	0	3.9100%	0	0
1	2007	1.0000	4,947,580	0	0	4,947,580	0	3.9100%	0	0
2	2008	1.0000	4,947,580	0	0	4,947,580	0	3.9100%	0	0
3	2009	1.0425	5,158,350	0	0	5,158,350	0	3.9100%	0	0
4	2010	1.0850	5,587,810	0	0	5,587,810	0	3.9100%	0	0
5	2011	1.1275	6,097,810	0	0	6,097,810	0	3.9100%	0	0
6	2012	1.1700	6,645,480	0	0	6,645,480	0	3.9100%	0	0
7	2013	1.2125	7,179,000	0	0	7,179,000	0	3.9100%	0	0
8	2014	1.2550	7,749,000	0	0	7,749,000	0	3.9100%	0	0
9	2015	1.2975	8,354,000	0	0	8,354,000	0	3.9100%	0	0
10	2016	1.3400	8,994,000	0	0	8,994,000	0	3.9100%	0	0
11	2017	1.3825	9,669,000	0	0	9,669,000	0	3.9100%	0	0
12	2018	1.4250	10,380,000	0	0	10,380,000	0	3.9100%	0	0
13	2019	1.4675	11,128,000	0	0	11,128,000	0	3.9100%	0	0
14	2020	1.5100	11,914,000	0	0	11,914,000	0	3.9100%	0	0
15	2021	1.5525	12,739,000	0	0	12,739,000	0	3.9100%	0	0
16	2022	1.5950	13,604,000	0	0	13,604,000	0	3.9100%	0	0
17	2023	1.6375	14,509,000	0	0	14,509,000	0	3.9100%	0	0
18	2024	1.6800	15,454,000	0	0	15,454,000	0	3.9100%	0	0
19	2025	1.7225	16,439,000	0	0	16,439,000	0	3.9100%	0	0
20	2026	1.7650	17,464,000	0	0	17,464,000	0	3.9100%	0	0
21	2027	1.8075	18,529,000	0	0	18,529,000	0	3.9100%	0	0
22	2028	1.8500	19,634,000	0	0	19,634,000	0	3.9100%	0	0
23	2029	1.8925	20,779,000	0	0	20,779,000	0	3.9100%	0	0
24	2030	1.9350	21,964,000	0	0	21,964,000	0	3.9100%	0	0
25	2031	1.9775	23,189,000	0	0	23,189,000	0	3.9100%	0	0
Collection for Year 21										
SOURCE: S. M. Fritts & Company										
Total 2006-2031 (Not Discounted)										
PV 2006-2031 @ 7.5%										
PV 2006-2031 @ 1.25										
PV 2006-2031 @ 6.0%										
PV 2006-2031 @ 1.25										
PV 2006-2031 @ 5.0%										
PV 2006-2031 @ 1.25										

I, MIGUEL DEL VALLE, City Clerk of the City of Chicago in the County of Cook and State of Illinois, DO HEREBY CERTIFY that the annexed and foregoing is a true and correct copy of that certain ordinance now on file in my office Authorizing for execution of loan and redevelopment agreements with Hollywood House Limited Partnership, issuance of City Note and waiver of certain permit fees for rehabilitation of Senior Housing at 5700 North Sheridan Road.

I DO FURTHER CERTIFY that the said ordinance was passed by the City Council of the said City of Chicago on the tenth (10th) day of September, 2008 and deposited in my office on the tenth (10th) day of September, 2008.

I DO FURTHER CERTIFY that the vote on the question of the passage of the said ordinance by the said City Council was taken by yeas and nays and recorded in the Journal of the Proceedings of the said City Council, and that the result of said vote so taken was as follows, to wit:

Yeas 48 Nays

I DO FURTHER CERTIFY that the said ordinance was delivered to the Mayor of the said City of Chicago after the passage thereof by the said City Council, without delay, by the City Clerk of the said City of Chicago, and that the said Mayor did approve and sign said ordinance on the twenty-third (23rd) day of September, 2008.

I DO FURTHER CERTIFY that the original, of which the foregoing is a true copy, is entrusted to my care for safe keeping, and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of Chicago aforesaid, at the said City, in the County and State aforesaid, this seventh (7th) day of October, 2008.

[F.H.]


MIGUEL DEL VALLE, City Clerk

HOUSING LOAN AGREEMENT

THIS HOUSING LOAN AGREEMENT is entered into and executed as of this 1st day of December, 2008, by and between the City of Chicago, Illinois, an Illinois municipal corporation (the "City"), through its Department of Housing ("DOH"), having its offices at 33 North LaSalle Street, Second Floor, Chicago, Illinois 60602, and Hollywood House Limited Partnership, an Illinois limited partnership (the "Borrower").

RECITALS

WHEREAS, DOH was established on December 20, 1979 by ordinance of the City Council of the City; and

WHEREAS, DOH has the power and authority to act on behalf of the City and has as its primary purpose the revitalization of Chicago neighborhoods by improving the quality of housing through various rehabilitation and housing redevelopment programs; and

WHEREAS, DOH has funds available to its Multi-Family Loan Program from Community Development Block Grant Funds (the "Multi-Program") pursuant to 24 C.F.R. Part 570, which are administered through DOH; and

WHEREAS, the Borrower desires to borrow and the City desires to lend a sum (the "Loan") to be funded from Multi-Program funds and to be used as more specifically described on Exhibit A attached hereto and hereby made a part hereof; and

WHEREAS, the City Council of the City adopted an ordinance on the date described on Exhibit A authorizing the Loan to the Borrower;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. RECITALS The above recitals are incorporated herein and made a part hereof by reference.

SECTION 2. DEFINITIONS

"Affidavits" shall mean, collectively, those certain Economic Disclosure Statement and Affidavits, in each case dated the Closing Date and executed by or on behalf of the Borrower or a related party thereto in connection with the Loan.

"Affiliate" when used to indicate a relationship with a specified person or entity, shall mean a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

"Architect" shall mean that certain architect identified on Exhibit A.

"Assignment of Contracts" shall mean that certain Assignment of Contracts and Documents dated as of the Closing Date from the Borrower to the City, as from time to time supplemented, amended and restated.

"Assignment of Rents" shall mean that certain Assignment of Rents and Leases dated as of the Closing Date from the Borrower to the City with respect to the Premises, as from time to time supplemented, amended and restated.

"Available Funds" shall have the meaning given to such term in Section 27 hereof.

"Borrower's Liabilities" shall mean all obligations and liabilities of the Borrower to the City (including without limitation all debts, claims and indebtedness), whether primary, secondary, direct, contingent, fixed or otherwise heretofore, now and/or from time to time hereafter owing, due or payable, however evidenced, created, incurred, acquired or owing and however arising whether under this Loan Agreement, the Escrow Agreement, the Mortgage, the Assignment of Rents, the Assignment of Contracts, the Environmental Agreement, the Regulatory Agreement, the Note or the other Loan Documents.

"Business Day" shall mean a day on which banks in the City of Chicago, Illinois are not authorized or required to remain closed and which shall not be a public holiday under the laws of the State of Illinois or any ordinance or resolution of the City of Chicago, Illinois.

"Change Orders" shall mean any amendments or modifications to the Plans and Specifications, the Project Budget or the Construction Contract for the Project.

"City TIF Note" shall mean the promissory note in the not to exceed principal amount of \$5,900,000 from the City in favor of the Borrower, all as set forth in the Redevelopment Agreement and the form of the City TIF Note attached thereto.

"Claims" shall mean any and all claims, demands, actions, notices, liens, suits, causes of action, complaints, enforcement actions, citations, notices of violation, legal or administrative proceedings, warnings or inquiries.

"Closing Date" shall mean the date hereof.

A. "Construction Contract" shall have the meaning given to that term as provided on Exhibit

"Construction Schedule" shall mean the detailed schedule for completion of the Project, which shall be approved by the City and is attached as Exhibit F attached hereto and hereby made a part hereof.

"Corporation Counsel" shall mean the Law Department of the City.

"Costs" shall mean any and all costs, expenses, damages, judgments, obligations, contribution, cost recovery compensation, penalties, fines or fees (including attorneys', experts' and consulting fees and disbursements and expenses incurred in investigating, defending or prosecuting any Claim).

"Disbursement" shall mean a disbursement of Loan proceeds for or in connection with the Project.

"Eligible Costs" shall mean any Project Costs for activities for which Multi-Program funds may be used, pursuant to 24 C.F.R. ' 570.200-500.208, in the exclusive determination of HUD.

"Environmental Agreement" shall mean that certain Environmental Indemnity Agreement dated as of the date hereof between the parties described on Exhibit A, as from time to time supplemented, amended and restated.

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, including but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. ' 9601 et seq.); (ii) any so-called "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. ' 1801 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. ' 6901 et seq.); (v) the Clean Air Act (42 U.S.C. ' 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. ' 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. ' 2601 et seq.); (viii) the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. ' 136 et seq.); (ix) Executive Order 11738; (x) regulations of the United States Environmental Protection Agency (40 C.F.R. Part 15); (xi) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (xii) the Municipal Code of Chicago.

"Environmental Reports" shall mean collectively, (1) ASTM E1527-05/AAI Compliant Phase I Environmental Site Assessment prepared by Gabriel Environmental Services dated April 25, 2007, (2) ASTM E1527-05/AAI Compliant Phase I Environmental Assessment Report by Gabriel

Environmental Services dated October 17, 2008, (3) Phase II Environmental Investigation at 5700 North Sheridan Road prepared by Gabriel Environmental Services dated July 25, 2007, (4) Limited Lead-Based Paint Testing Report dated May 19, 2008 prepared by Environmental Consulting Group, Inc., (5) Asbestos Building Inspection prepared by Gabriel Environmental Services dated March 17, 2008, and (6) such other environmental reports relating to the Project as the Borrower or General Partner may commission after the date hereof.

"Equity" shall mean the funds provided by the Borrower, unencumbered by any debt, obligation, lien or encumbrance, irrevocably committed to the Project, in the amounts described on Exhibit D attached hereto and hereby made a part hereof, and which represent the Borrower's equity contribution to the Project.

"Escrow Account" shall have the meaning given to such term in the Escrow Agreement.

"Escrow Agent" shall mean that certain escrow agent identified on Exhibit A, and its successors and assigns.

"Escrow Agreement" shall mean that certain Escrow Agreement among the City, the Borrower, the Senior Lender, if any, the Junior Lender, if any, and the Escrow Agent, dated as of the Closing Date, as from time to time amended, supplemented and restated.

"Financial Statements" shall mean those financial statements provided to the City with the Loan application of the Borrower on or prior to the Closing Date.

"General Contractor" shall mean that certain general contractor identified on Exhibit A.

"General Partner" shall mean the sole general partner of the Borrower identified on Exhibit A.

"Gross Income" shall mean an aggregate amount calculated in accordance with generally accepted accounting principles equal to the gross income from the Premises actually collected during such period including payments under the City TIF Note, rental subsidies, rental income from leases of any portion of the Premises, concessions, forfeited security deposits and late charges; however, capital contributions, grants, proceeds of any permitted sale, transfer, exchange, refinancing or other disposition or encumbrance of all or any portion of the Premises, insurance proceeds, condemnation proceeds and awards or payments in place of them, tax reduction or abatement proceeds, and interest earned on any bank accounts maintained by or on behalf of the Borrower or its manager with respect to the Premises shall not be included as part of Gross Income.

"Hazardous Materials" shall mean: (i) any hazardous substance, material or waste, toxic substance or regulated material including but not limited to any substance defined in or regulated by any and all Environmental Laws; (ii) crude oil, petroleum or any fraction thereof, which is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute); (iii) any waste oil; (iv) any flammable or explosive material; (v) any radioactive materials; (vi) asbestos and asbestos-containing materials in any form or condition;

(vii) polychlorinated biphenyls (PCBs) or substances or compounds containing PCBs; (viii) urea formaldehyde foam insulation; (ix) pesticides, rodenticides and insecticides; (x) "special waste," as defined in 415 ILCS 5/3.45; (xi) lead-based paint; and (xii) any and all other chemicals, pollutants, contaminants, mixtures or dangerous substances, materials or wastes.

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

"In Balance" shall have the meaning given to such term in Section 27 hereof.

"Initial Payment Date" shall have the meaning given to that term as provided on Exhibit A.

"Junior Assignment," if any, shall have the meaning given to that term as provided on Exhibit A.

"Junior Lender," if any, shall mean that certain junior lender, if any, as identified on Exhibit A, and its successors and assigns.

"Junior Loan," if any, shall mean a loan by the Junior Lender, if any, to the Borrower in the principal amount identified on Exhibit A, for financing a portion of the costs of the Project.

"Junior Loan Documents," if any, shall mean all documents executed by or on behalf of the Borrower in connection with the Junior Loan, if any.

"Junior Mortgage," if any, shall have the meaning given to that term as provided on Exhibit A.

"Junior Note," if any, shall have the meaning given to that term as provided on Exhibit A.

"Junior Regulatory Agreement," if any, shall have the meaning given to that term as provided on Exhibit A.

"Loan" shall mean the loan by the City to the Borrower in the principal amount identified on Exhibit A for financing a portion of the costs of the Project.

"Loan Agreement" shall mean this Housing Loan Agreement as hereafter amended, supplemented and restated.

"Loan Documents" shall mean collectively all agreements, instruments and documents executed and delivered to the City previously, now or hereafter by, on behalf of or for the benefit of the Borrower in connection with the Project including, but not limited to, this Loan Agreement, the Mortgage, the Note, the Assignment of Rents, the Assignment of Contracts, the Escrow Agreement, the Environmental Agreement, the Regulatory Agreement, the Loan application, the Affidavits and any additional documents specified on Exhibit A, all as from time to time amended, supplemented and restated.

"Loan Term" shall mean the period from the Closing Date through and including the Maturity Date.

"Losses" shall mean injuries, Costs, Claims, liabilities and taxes (of any character or nature whatsoever, regardless of by whom imposed), and losses of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the Borrower, the General Partner, the Owner (if any), the Project, the Premises and/or the Loan Documents, including, but not limited to, (i) Claims for loss or damage to any property or injury to or death of any person asserted by or on behalf of any person, firm, corporation, governmental authority or other entity arising out of, resulting from, or in any way connected with the Project or the Premises, or the condition, occupancy, use, possession, conduct or management of, or any work done in, about or involving the Project or the Premises; or (ii) any Claim arising out of any performance by the City of any act required of it under any of the Loan Documents or requested by the Borrower.

"MBE" and "MBE/WBE Program" shall have the respective meanings given to such terms in Section 11.01 hereof.

"Maturity Date" shall have the meaning given to that term as provided on Exhibit A.

"Mortgage" shall mean that certain Junior Mortgage, Security Agreement and Financing Statement dated as of the Closing Date, executed from the Borrower to the City, as from time to time supplemented, amended and restated.

"Note" shall mean the Note evidencing the Loan (and all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof), dated the Closing Date, executed by the Borrower and payable to the City in the principal amount of the Loan.

"Operating Deficit(s)" shall mean the amount, if any, by which Operating Expenses exceed Gross Income.

"Operating Deficit Reserve Account" shall mean that certain escrow account established by the Borrower in connection with the Project to the satisfaction of the City for the purpose of paying, reducing or avoiding an Operating Deficit in connection with the Premises, initially funded through a line item in the Project Budget entitled "operating reserve."

"Operating Expenses" shall mean the aggregate amount, calculated in accordance with generally accepted accounting principles of all cash expenses of the operation of the Premises, including costs of utilities, reasonable maintenance, repairs and necessary replacements, real estate taxes, reasonable replacement reserves, insurance premiums, reasonable professional and management fees and reasonable miscellaneous fees, but not including (1) any fees payable to the Borrower, General Partner, Owner, or any affiliate thereof (except as may be approved under (i) that certain Property Management Agreement executed in connection with the Premises in effect as of the date hereof, and (ii) partnership management fees not to exceed, in the aggregate in any given calendar year, the amount permitted under the terms of the Partnership Agreement in effect

as of the date hereof, without respect to any subsequent amendments or modifications), and (2) depreciation expenses and any other non-cash expenses.

"Owner," if any, shall mean that certain person or entity, if any, which comprises the sole owner of the General Partner, as identified on Exhibit A, and its successors and assigns.

"Partnership Agreement" shall have the meaning given to that term as provided on Exhibit A.

"Permitted Encumbrances" shall mean (i) the Senior Mortgage, if any, the Senior Regulatory Agreement and the Senior Assignment, if any, (ii) the Mortgage, (iii) the Assignment of Rents, (iv) the Regulatory Agreement, (v) those liens and encumbrances, if any, shown on Exhibit C to the Mortgage, (vi) leases of portions of the Premises entered into after the date hereof in the Borrower's ordinary course of business, if any, (vii) the Junior Mortgage, if any, the Junior Assignment, if any, and the Junior Regulatory Agreement, if any, (viii) the Seller Financing Loan Mortgage and the Sponsor Loan Mortgage, and (ix) the Redevelopment Agreement (it being acknowledged and agreed that the items described in clauses (iii), (vi), (vii) and (viii) above shall be subordinate to the lien of the Mortgage and the rights of the City established thereunder and shall be reflected as such in the lender's title insurance policy and date-down endorsements issued to the City by the Title Company as provided hereunder).

"Plans and Specifications" shall mean the final plans and specifications for the Project prepared by the Architect as approved by DOH prior to the execution of this Loan Agreement along with evidence of appropriate governmental approvals thereon.

"Premises" shall have the meaning given to such term in the Mortgage.

"Prohibited Transfer" shall have the meaning given to such term in the Mortgage.

"Project" shall have the meaning given to that term as provided on Exhibit A.

"Project Budget" shall mean the detailed budget, including the General Contractor's sworn statement, of all Project Costs, along with the name of the funding source used to pay each such cost, which Project Budget shall be provided to and approved by the City not later than the Closing Date, together with any changes thereto as may be approved in writing by the City.

"Project Costs" shall mean all costs, expenses and expenditures directly or indirectly incurred or anticipated to be incurred in completion of the Project including, but not limited to, the purchase price of the Premises (if approved by the City), loan fees, real estate taxes, amounts paid to contractors and tradesmen for labor and materials, and all other construction costs, costs of relocating utilities and other site work, amounts paid for fixtures, machinery, equipment and furnishings of all types and kinds, tenant relocation costs, title insurance premiums and charges, architects' fees, surveyors' fees, attorneys' fees, permit, zoning and land use fees, management fees, consultants' fees, construction manager's fees, developer fees, acquisition fees (if approved by the City), heat, electricity, fuel, and insurance costs, brokers' and leasing commissions, marketing costs, and such other costs as set forth in the Project Budget.

"Project Term" shall have the meaning given to such term in the Regulatory Agreement.

"Redevelopment Agreement" shall mean that certain Hollywood House Apartments Redevelopment Agreement dated concurrently herewith among the City, acting through its Department of Planning and Development, the Borrower, and Heartland Housing, Inc., an Illinois not-for-profit corporation, which is the sole member of the General Partner.

"Regulatory Agreement" shall mean that certain Regulatory Agreement dated as of the Closing Date between the Borrower and the City with respect to the Premises, as from time to time supplemented, amended and restated.

"Seller Financing Loan" shall have the meaning given to that term as provided on Exhibit A.

"Seller Financing Loan Documents" shall mean the promissory note evidencing the Seller Financing Loan and the Seller Financing Loan Mortgage.

"Seller Financing Loan Mortgage" shall have the meaning given to that term as provided on Exhibit A.

"Senior Assignment," if any, shall have the meaning given to that term as provided on Exhibit A.

"Senior Lender," if any, shall mean that certain senior lender, if any, identified on Exhibit A, and its successors and assigns.

"Senior Loan," if any, shall mean a loan by the Senior Lender, if any, to the Borrower in the principal amount identified on Exhibit A for financing a portion of the costs of the Project.

"Senior Loan Documents," if any, shall mean all documents executed by or on behalf of the Borrower in connection with the Senior Loan, if any.

"Senior Mortgage," if any, shall have the meaning given to that term as provided on Exhibit A.

"Senior Note," if any, shall have the meaning given to that term as provided on Exhibit A.

"Sponsor Loan" shall have the meaning given to that term as provided on Exhibit A.

"Sponsor Loan Documents" shall mean the promissory note evidencing the Sponsor Loan and the Sponsor Loan Mortgage.

"Sponsor Loan Mortgage" shall have the meaning given to that term as provided on Exhibit A.

"Subcontract" shall mean any contract between the General Contractor or a Subcontractor and any Subcontractor for the equipping of any portion of the Project or the furnishing of labor or materials for any portion of the Project.

"Subcontractor" shall mean any person or entity having a contract with the General Contractor or any Subcontractor for the construction, equipping or supplying of labor or materials by such Subcontractor of any portion of the Project.

"Title Company" shall mean that certain title company identified on Exhibit A, and its successors and assigns.

"U.C.C." shall mean the Uniform Commercial Code as adopted in Illinois.

"WBE" shall have the meaning given to such term in Section 11.01 hereof.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Mortgage.

SECTION 3. LOAN

The Loan shall be made upon the following terms and conditions:

3.01 The principal sum of the Loan shall be the amount specified on Exhibit A.

3.02 In any case where the date of payment of interest, if any, on or principal of the Note or the date of payment of any other amount under the Loan Documents shall not be a Business Day, then payment of such interest or principal or such amount need not be made on such date but may be made on the next succeeding Business Day. If interest is charged on the Note, the Note shall continue to bear interest until such date of payment.

3.03 The interest rate, if any, on the Loan shall be computed on the outstanding principal balance from time to time and shall be in the amount specified on Exhibit A. Interest, if any, shall begin to accrue as of the date hereof. The interest rate, if any, shall be computed on the basis of a year consisting of 360 days.

3.04 Subject to Sections 3.06 and 3.07 hereof, repayment of the Loan shall be as specified on Exhibit A, with the full amount of the Loan due and payable on the Maturity Date, or such earlier date as the same may become due and payable because of acceleration or prepayment as provided in any of the Loan Documents.

3.05 The proceeds of the Loan shall be paid by the City to the Escrow Agent from time to time for deposit in the Escrow Account and shall be disbursed by the Escrow Agent from the Escrow Account, all as provided in the Escrow Agreement and all subject to the terms and conditions herein contained. As provided in Section 38 of the Mortgage, the City hereby binds

itself to make advances pursuant to and subject to the terms of this Loan Agreement and the other Loan Documents. Disbursements of Loan proceeds, other than the final disbursement, shall not, in the aggregate, exceed 90% of the value of the materials and labor incorporated from time to time in the Project; provided, however, that the foregoing shall not apply to any Loan proceeds disbursed on the Closing Date (which may include all of the Loan proceeds).

3.06 The Loan may be prepaid by the Borrower at any time, in whole or in part, at a price equal to 100% of the principal amount being prepaid plus accrued interest, if any, on such amount to the prepayment date. A prepayment of the Loan shall not be deemed to release or terminate the Regulatory Agreement.

3.07 (a) Upon any transfer by the Escrow Agent to the City of amounts in the Escrow Account pursuant to the Escrow Agreement, such amounts shall be applied as set forth in the Note.

(b) The Loan may be prepaid, at the option of the City, in the event the City receives proceeds pursuant to the Assignment of Rents or the Mortgage, in amounts and at times determined by the City and as provided in the Assignment of Rents or the Mortgage, respectively.

(c) In the event that either (i) not all of the Loan proceeds shall have been disbursed after payment of all Eligible Costs approved by the City, or (ii) excess funds, from any source, shall remain in the Escrow Account after the final disbursement from the Escrow Account shall have been made by the Escrow Agent pursuant to the Escrow Agreement, the Loan shall be prepaid as and to the extent provided in the Escrow Agreement.

3.08 The Loan shall be evidenced by the Note. The Note shall be secured by the Mortgage, the Assignment of Rents, the Assignment of Contracts and any other instruments under which the Borrower has granted the City a lien or security interest in all or any portion of the Premises.

3.09 To repay the Loan, the Borrower agrees to make all payments when due of principal of and interest, if any, on the Note.

3.10 Subject to Section 8.06 hereof, the obligations of the Borrower to make the payments required hereunder and under any of the other Loan Documents shall be absolute and unconditional and shall be without defense (except payment) or set-off, to the extent permitted by law, by reason of any default by the City under this Loan Agreement or any other Loan Document or under any other agreement between the Borrower and the City, or for any other reason, including, without limitation, failure to complete the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Premises, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of Illinois or any political subdivision of either, or any failure of the City to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or any other Loan Document, it being the intention of the

parties hereto that the payments required hereunder and under any of the other Loan Documents will be paid in full when due without any delay or diminution whatsoever.

3.11 If any payment of principal or interest, if any, due on the Note, or any other charges due to the City as required under the Note or the other Loan Documents, shall not be paid on the date such payment is due, the Borrower shall pay the City as liquidated damages and not as a penalty an additional "late charge" of fifteen percent (15%) of such delinquent payment or the maximum permitted by law, whichever is less, in order to defray the increased cost of collection occasioned by any such late payments. Further, any such delinquent payments (not including interest payments) shall bear interest from and after the date due at the lesser of the rate of 15% per annum or the maximum rate permitted by law until so paid. Except for the notice rights expressly created in the Loan Documents for an Event of Default, demand, presentment for payment, protest, notice of non-payment and notice of protest are hereby waived by the Borrower.

SECTION 4. CONDITIONS PRECEDENT

4.01 The making of the Loan by the City to the Borrower shall be subject to the compliance by the Borrower with the provisions of Sections 4.02, 4.03, 4.04, 4.05 and 4.06 hereof, which compliance shall be determined by the City in its sole discretion.

4.02 Not less than 15 days prior to the Closing Date (or within such lesser time as may be approved by the City), the Borrower shall provide the following documents to the City, each in form and content satisfactory to the City and the Corporation Counsel:

- (a) a commitment for title insurance in the 2006 ALTA or equivalent form of mortgagee's policy in the principal amount of the Loan and issued by the Title Company;
- (b) copies of all easements and encumbrances of record (other than those arising from the Loan Documents, the Junior Loan Documents, if any, the Senior Loan Documents, if any, the Seller Financing Loan Mortgage or the Sponsor Loan Mortgage) with respect to the Premises;
- (c) two copies of a Class A plat of survey in the most recently revised form of ALTA/ACSM land title survey, dated within 60 days prior to the Closing Date, acceptable in form and content to the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the Borrower, the City, the Senior Lender, if any, the Junior Lender, if any, and the Title Company, and certifying as to whether the Premises are in an area as identified by the Federal Emergency Management Agency as having special flood hazards;
- (d) an executed copy of the Construction Contract, certified by the Borrower;

- (e) a standard form of Subcontract to be used by the General Contractor, and copies of any Subcontracts executed as of or prior to the fifteenth day prior to the Closing Date;
- (f) the Plans and Specifications;
- (g) the Project Budget;
- (h) the Construction Schedule; and
- (i) an appraisal prepared by an appraiser who is approved by the City evidencing that the Premises will have, after completion of the Project, a fair market value acceptable to the City, in its sole discretion.

4.03 Not less than five days prior to the Closing Date (or within such lesser time as may be approved by the City), the Borrower shall provide the following documents to the City, each in form and content satisfactory to the City and the Corporation Counsel:

- (a) all required building permits and governmental approvals for the Project;
- (b) (i) a performance and payment bond in the full amount of the Construction Contract, underwritten by a surety satisfactory to the City and the Corporation Counsel, issued in accordance with the requirements of the Senior Lender and HUD, or (ii) a letter of credit in an amount not less than 15 percent of the full amount of the Construction Contract or an amount satisfactory to the City, from a bank satisfactory to the City and the Corporation Counsel, and naming HUD, the Senior Lender, Government National Mortgage Association and the Borrower as payees on such letter of credit;
- (c) an executed copy of an owner's sworn statement detailing the total costs of the Project, including indirect costs incidental thereto and setting forth a description of all contracts executed by the Borrower with respect to the Project;
- (d) an executed copy of the General Contractor's sworn statement, setting forth a description of all contracts executed by the General Contractor with respect to the Project, the names and addresses of all Subcontractors under Subcontracts, the date of each such Subcontract and of any supplements or amendments thereto, the nature and scope of the work covered thereby, and the aggregate amounts theretofore paid and thereafter to be paid to each Subcontractor thereunder; and further stating whether said Subcontracts embrace all of the work required to be done and all of the material necessary for completion of the Project in accordance with the Plans and Specifications, and, if not, providing sufficient information to

enable the City to estimate the cost of any work or materials not so covered;

- (e) an executed copy of the Partnership Agreement, certified by the General Partner;
- (f) evidence of the authority granted by the Board of Directors of the General Partner for the General Partner to execute and deliver the Environmental Agreement and to enter into the transactions contemplated by the Senior Loan Documents, if any, the Junior Loan Documents, if any, the Sponsor Loan Documents, the Seller Financing Loan Documents and the Loan Documents on behalf of the Borrower;
- (g) evidence of the authority granted by the Board of Directors of the Owner, if any, for the Owner to execute and deliver the Environmental Agreement;
- (h) written consent by the Senior Lender, if any, and the Junior Lender, if any, to the liens on the Premises of the Permitted Encumbrances other than such lender's documents (which consent may be contained in the Senior Loan Documents and Junior Loan Documents, as applicable); and
- (i) evidence of searches of current financing statements, judgments, pending litigation, bankruptcy proceedings and federal and state tax liens showing no security interests, judgments, pending litigation, bankruptcies or federal or state tax liens on the Premises or affecting the Borrower, the General Partner or the Owner, if any, other than Permitted Encumbrances.

4.04 On the Closing Date, the Borrower shall provide the following documents to the City, each in form and content satisfactory to the City and the Corporation Counsel:

- (a) copies of each of the Senior Loan Documents, if any, and the Junior Loan Documents, if any, executed by all of the parties thereto;
- (b) originals of each of the Loan Documents, executed by all parties other than the City;
- (c) evidence that Equity in the amount described in Exhibit C, Part II of the Escrow Agreement has been deposited in the Escrow Account pursuant to the Escrow Agreement;
- (d) policies, binders or certificates of insurance evidencing the coverage required by Section 4 of the Mortgage;

- (e) if the Project includes acquisition of the Premises, evidence of the purchase price of the Premises in the form of a real estate sales contract or a deed and closing statement, certified by the Borrower;
- (f) a copy of the most recent real estate tax bill with respect to the Premises;
- (g) an opinion of the Borrower's counsel, substantially similar in form and content to the opinion attached hereto as Exhibit B and hereby made a part hereof;
- (h) written agreement (as set forth in the Escrow Agreement or otherwise) by the Senior Lender, if any, and the Junior Lender, if any, to give notice to the City of any default, event of default or waiver thereof under any of the Senior Loan Documents, if any, or the Junior Loan Documents, if any, as the case may be;
- (i) a U.C.C.-1 financing statement authorized by the Borrower;
- (j) a lender's title insurance policy in the full amount of the Loan, issued by the Title Company pursuant to the commitment described in Section 4.02(a) hereof, insuring the marketability of title to the Premises, indicating that the lien of the Mortgage constitutes a valid second lien on the Premises (subject only to those Permitted Encumbrances described in clauses (i), (iv), (v) and (ix) of the definition of such term and setting forth the Permitted Encumbrances described in clauses (iii), (vi), (vii) and (viii) of such definition as Schedule B - Part II exceptions - i.e. subordinate to the lien of the Mortgage), and containing such endorsements as shall be required by the Corporation Counsel (including comprehensive #1, survey, zoning 3.1 (with parking), contiguity, access, usury, creditors rights, interim mechanic's lien and pending disbursements endorsements);
- (k) evidence of the recordation of the Regulatory Agreement, the Mortgage, and the Assignment of Rents, and that all costs with respect thereto have been paid;
- (l) certified copies of the Construction Contract and any Subcontracts executed by the General Contractor with respect to the Project after the fifteenth day prior to the Closing Date and not later than the Closing Date;
- (m) a copy of the owner's sworn statement and the General Contractor's sworn statement described in Sections 4.03(c) and 4.03(d) hereof, respectively, and dated as of the Closing Date;

- (n) an original executed Architect's Certificate (Opening) from the Architect in the form thereof attached hereto as Exhibit E and hereby made a part hereof; and
- (o) such other documents, agreements, instruments, certificates and affidavits as the City may require.

4.05 At least five Business Days prior to, and as a condition of, each Disbursement, the Borrower shall furnish to the City the following documents, each in form and content satisfactory to the City and the Corporation Counsel:

- (a) the Borrower's application for advance specifying the amount of the requested Disbursement and directing the City to disburse such funds in accordance with this Loan Agreement. Delivery of such request for advance shall, in addition to the items therein expressly set forth, constitute a certification to the City (without waiving any rights or claims against any other person for latent defects or otherwise), as of the date of the applicable request for Disbursement, that:
 - (i) the total amount of such request represents the actual amount payable to the General Contractor and/or Subcontractors who have performed work on the Project and indicating what payment requests, if any, have been received by the Borrower from the General Contractor or the Subcontractors but have not yet been approved by the Borrower for payment;
 - (ii) no Event of Default or condition or event which with the giving of notice or passage of time or both would constitute an Event of Default, exists under this Loan Agreement or any of the other Loan Documents;
 - (iii) the representations and warranties contained in this Loan Agreement and in all other Loan Documents are true and correct in all material respects;
 - (iv) the Borrower has received no notice and has no knowledge of any liens or claims of lien either filed or threatened against the Premises except for Permitted Encumbrances;
 - (v) all amounts shown as previous payments on the current Disbursement request either have been paid to the parties entitled to such payment or the Escrow Agent is holding such amounts and awaiting the payee(s) to accept the same;

- (vi) the Borrower has approved all work and materials for which a payment is then due and for which a Disbursement is thereby requested;
 - (vii) all work and materials theretofore furnished for the Project conform with the Plans and Specifications;
 - (viii) copies of all Subcontracts, as then in effect, have been delivered to the City; and
 - (ix) the Loan is In Balance;
- (b) a copy of the owner's sworn statement and the General Contractor's sworn statement described in Sections 4.03(c) and 4.03(d) hereof, respectively, and dated as of such Disbursement request;
 - (c) waivers of lien from the General Contractor and all Subcontractors covering all work done with respect to the Project and paid for from sums disbursed from the previous Disbursement, or otherwise paid for, and including the work to be paid for from the requested Disbursement, all in compliance with the mechanics' lien laws of the State of Illinois and with the requirements of the City and the Title Company (for issuance of interim title endorsements covering such Disbursement), together with such invoices, contracts or other supporting data as the City or the Title Company may require;
 - (d) endorsements to the lender's title insurance policy issued as of the Closing Date to cover the amount and date of the Disbursement, insuring that nothing has intervened from the date of the issuance of the title insurance policy to affect the validity or priority of the Mortgage, containing a mechanics' lien interim certification to cover the amount of the Loan then disbursed (including the current Disbursement) and otherwise raising no new Schedule B title exceptions other than those initially set forth on the title insurance policy issued as of the Closing Date and the lien of general real property taxes not then delinquent;
 - (e) an original executed Architect's Certificate (Interim) from the Architect in the form thereof attached hereto as part of Exhibit E and hereby made a part hereof, dated as of the date of such Disbursement;
 - (f) such other documents as the City may require under the terms of this Loan Agreement or any of the other Loan Documents; and

- (g) such other papers and documents as the Title Company may require for the issuance of the required endorsements to the lender's title insurance policy for each Disbursement.

4.06 In addition to the requirements for each Disbursement contained in this Section 4, it shall be a condition to the final advancement of Loan proceeds hereunder that the following items have been satisfied to the City's satisfaction (provided, however, that this Section 4.06 shall not apply if all of the Loan proceeds are disbursed on the Closing Date):

- (a) the Architect has delivered an executed Architect's Certificate (Final) in the form and content thereof as set forth as part of Exhibit E attached hereto and hereby made a part hereof, stating, among other things, that the Project has been completed in accordance with the Plans and Specifications;
- (b) the General Contractor and all Subcontractors have supplied the City and the Title Company with final sworn statements and full and complete waivers of all mechanics' lien claims;
- (c) the City has received the appropriate endorsement to the lender's title insurance policy as described in Section 4.05(d) above, including an endorsement acknowledging that the amount of coverage under said policy has been increased to cover the entire amount of the Loan (it being acknowledged that such endorsement may be delivered to the City concurrently with the final Disbursement);
- (d) the Borrower shall have furnished the City with all governmental licenses and permits required to use, occupy and operate the Premises as contemplated from all appropriate governmental authorities;
- (e) all fixtures and equipment required for the operation of the Premises shall have been installed free and clear of all liens, title retention agreements and security interests except security interests granted to the City, the Junior Lender, if any, or the Senior Lender, if any; and
- (f) the City shall have received evidence confirming compliance with all other requirements of this Loan Agreement and confirming that no Event of Default exists hereunder or under any of the other Loan Documents.

SECTION 5. WARRANTIES AND REPRESENTATIONS OF BORROWER

5.01 The Borrower warrants and represents to the City as follows:

- (a) all warranties and representations of the Borrower contained in this Loan Agreement and the other Loan Documents are true, accurate and complete at the time of the Borrower's execution hereof and thereof, and shall be true, accurate and complete at the time of each Disbursement, and shall survive the execution, delivery and acceptance hereof by the parties hereto for as long as the Loan is outstanding;
- (b) the Borrower is a limited partnership duly organized and validly existing under the laws of the State of Illinois;
- (c) the Borrower has the right, power and authority to enter into, execute, deliver and perform this Loan Agreement and the other Loan Documents;
- (d) the execution, delivery and performance by the Borrower of this Loan Agreement and the other Loan Documents have been duly authorized by all necessary action of the Borrower and will not violate any provision of law (including any order, writ, injunction or decree binding upon the Borrower or the Premises) or the Partnership Agreement, or result in the breach of or constitute a default under or require any consent under, or result in the creation of any lien, charge or encumbrance (except for any lien, charge or encumbrance created by the Loan Documents, the Junior Loan Documents, if any, the Senior Loan Documents, if any, the Sponsor Loan Mortgage or the Seller Financing Loan Mortgage) upon the Premises or any other property or assets of the Borrower under any agreement, instrument, restriction or document to which the Borrower is now or hereafter a party or by which the Borrower or the Premises are or may become bound or affected;
- (e) the Borrower has good, indefeasible and merchantable title to the Premises and all beneficial interest therein free and clear of all liens, charges and encumbrances except Permitted Encumbrances;
- (f) the Borrower is now solvent and able to pay its debts as they mature;
- (g) there are no actions or proceedings by or before any court or governmental commission, board, bureau or other administrative agency pending or, to the Borrower's knowledge, threatened, against or affecting the Borrower which if adversely determined could materially and adversely affect the Borrower's ability to perform under the Senior Loan Documents, if any, the Junior Loan Documents, if any, or the Loan Documents or which might result in any material, adverse change to the Borrower's financial condition or may materially affect the Premises or the Borrower's other property or assets;

- (h) the Borrower has obtained and has been and is in compliance with, as applicable, any and all governmental notices, permits, certificates and consents (including, without limitation, all environmental permits and other authorizations) necessary to carry out and complete the Project;
- (i) the Borrower is not in default with respect to any indenture, loan agreement, mortgage, deed or other agreement or instrument relating to the borrowing of monies to which it is a party or by which it may be bound;
- (j) the Financial Statements were prepared by an independent public accountant in accordance with generally accepted accounting principles and practices consistently maintained throughout the periods involved and are complete and correct and fairly represent the financial condition of the Borrower, the General Partner or the Owner, if any, as applicable;
- (k) there has been no material adverse change in the financial condition of the Borrower, the General Partner or the Owner, if any, as applicable, since the date of the Financial Statements;
- (l) no current member, official or employee or former member, official or employee of the City has any personal interest, direct or indirect, in the Borrower's business;
- (m) the statements, information, descriptions, estimates and assumptions contained in the Plans and Specifications, the Construction Schedule and the Project Budget are based upon the best information available to the Borrower, do not contain any untrue statement or misleading statement of a material fact, and do not omit to state a material fact required to be stated therein or necessary to make the statements, information, descriptions, estimates and assumptions contained therein, in the light of the circumstances under which they were made, not misleading;
- (n) except as disclosed in the Hazardous Materials listed on Exhibit C attached hereto and hereby made a part hereof, neither the Borrower, the General Partner, the Owner, if any, nor, to the best of the Borrower's knowledge after due inquiry, any other person or entity has ever caused or permitted at any time or for any duration any Hazardous Materials to be generated, manufactured, handled, treated, stored, used, recycled, refined, processed, placed, held, located or disposed of, on, under or at or transported to or released from (i) the Premises or any part thereof or (ii) any other real property in which the Borrower has any estate or interest whatsoever (including, without limitation, any property owned by a land trust, the beneficial interest in which is owned, in whole or in part, by the Borrower), and neither the Premises nor the property described in (ii)

above has ever been used by the Borrower, the General Partner, the Owner, if any, or, to the best of the Borrower's knowledge after due inquiry, any other person or entity as a temporary or permanent dump or storage site for any Hazardous Materials;

- (o) except for the City building code violations, if any (all of which are to be remedied in the course of the Project), the Premises and the Project have been (to the best of the Borrower's knowledge after due inquiry) and are in compliance with all applicable federal, state and local laws, statutes, rules, regulations, executive orders, ordinances, codes, decrees and judgments, including any and all Environmental Laws, pertaining to or affecting the Premises or the Project and the use thereof and the conduct of any business or operations thereon;
- (p) the Mortgage is subordinate only to the Regulatory Agreement, the Senior Mortgage, if any, the Senior Assignment, if any, the Senior Regulatory Agreement, the Redevelopment Agreement and those Permitted Encumbrances, if any, described on Exhibit C to the Mortgage;
- (q) the Project does not fall under any of clauses (1) - (3), inclusive, of 24 C.F.R. Section 570.207(a), or any of clauses (1) - (4), inclusive, of 24 C.F.R. Section 570.207(b) unless specifically authorized under the provisions of 24 C.F.R. Section 570.203;
- (r) the Borrower's purchase of the Premises was an arms-length transaction and the purchase price paid by the Borrower for the Premises was not greater than the fair market value of the Premises at the time of such purchase; and
- (s) neither the Borrower, the General Partner, the Owner, if any, nor any Affiliate of the Borrower, the General Partner and/or the Owner, if any, is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

SECTION 6. COVENANTS OF BORROWER

6.01 The Borrower covenants to the City as follows:

- (a) the Borrower shall be subject to, obey and adhere to any and all federal, state and local laws, statutes, ordinances, rules, regulations and executive orders as are now or may be in effect during the Loan Term which may be applicable to the Borrower, the Premises or the Project, including but not limited to: (i) the Davis-Bacon Act, 40 U.S.C. Section 276a et seq.; (ii) the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. Section 4831(b); (iii) the Contract Work Hours and Safety Standards Act, 40 U.S.C. Section 327 et seq., as supplemented by U.S. Department of Labor regulations at 29 C.F.R. Part 5; (iv) the Copeland "Anti-kickback" Act, 18 U.S.C. Section 874, as supplemented by U.S. Department of Labor regulations at 29 C.F.R. Part 3; (v) Section 104(g) of the Housing and Community Development Act of 1974, 42 U.S.C. Section 5301 et seq., and 24 C.F.R. Part 58; (vi) Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. Section 794 and implementing regulations at 24 C.F.R. Part 8, Subpart C; (vii) 24 C.F.R. Part 24; (viii) the Americans with Disabilities Act of 1990, Public Law 101-336 dated July 26, 1990; (ix) the Fair Housing Amendments Act of 1988, Public Law 100-430 dated September 13, 1988; (x) the City of Chicago Landlord - Tenant Ordinance, Municipal Code of Chicago, Chapter 5-12; and (xi) all Environmental Laws, including but not limited to the Municipal Code of Chicago, Section 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560, whether or not in the performance of this Agreement;
- (b) the Borrower shall maintain good, indefeasible and merchantable title to the Premises and all beneficial interest therein free and clear of all liens, charges and encumbrances except Permitted Encumbrances;
- (c) the Borrower shall remain solvent and able to pay its debts as they mature;
- (d) the Borrower shall obtain and comply with, as applicable, all governmental notices, permits, certificates and consents (including, without limitation, all environmental permits and other authorizations) necessary to carry out and complete the Project;
- (e) the Borrower shall immediately notify the City of any and all events or actions which may materially adversely affect the Borrower's ability to carry on its operations or perform all its obligations under the Loan Documents, the Senior Loan Documents, if any, the Junior Loan Documents, if any, or any other documents or agreements to which it is or may become a party or by which it is or may become bound, as long as the Loan remains outstanding;
- (f) no member, official or employee of the City shall have any personal interest, direct or indirect, in the Borrower's business or shall participate in

any decision relating to the Borrower's business which affects his/her personal interests or the interests of any corporation, partnership or association in which he/she is directly interested;

- (g) no former member, official or employee of the City shall, for a period of one year after the termination of the member's, official's or employee's term of office or employment, assist or represent the Borrower in any business transaction involving the City or any of its agencies, if the member, official or employee participated personally and substantially in the subject matter of the transaction during his/her term of office or employment, provided that if the member, official or employee exercised contract management authority with respect to a contract (including any loan from the City), this prohibition shall be permanent as to that contract;
- (h) the Borrower shall pay, indemnify and save the City and the City's officers, employees and agents harmless of, from and against any and all Losses incurred by any such party in any Claim brought by reason of any such Loss, excluding, however, any Loss arising out of the City's gross negligence or willful misconduct following the City's acquisition of title to or control of the Premises, unless such act is taken in response to (1) any willful misconduct or negligent act or omission of the Borrower, the General Partner or the Owner, if any, or (2) any breach (other than failure to repay the Loan) by the Borrower, the General Partner or the Owner, if any, of any provisions of the instruments executed by the Borrower, the General Partner or the Owner, if any, in connection with the Loan. In the event that any Claim is brought against the City or any of the City's officers, employees or agents by reason of any such Loss, the Borrower, upon notice from the City, covenants to resist and defend such Claim on behalf of the City and the City's officers, employees and agents. The City shall have the right to employ separate counsel in any such Claim and to participate in the defense thereof. The fees and expenses of such counsel so incurred shall be at the expense of the Borrower without regard to any authorization of such employment by the Borrower;
- (i) the Borrower shall not enter into any transaction which would materially and adversely affect the Borrower's ability to repay any of the Borrower's Liabilities;
- (j) the Borrower shall maintain and provide to the City, at the earliest practicable date but no later than 60 days following the end of the Borrower's fiscal year (which 60-day period shall be automatically extended to 120 days upon the delivery during said 60-day period of a written request for such extension from the Borrower to the City), annual audited financial statements prepared by a certified public accountant in

accordance with generally accepted accounting principles and practices consistently maintained throughout the appropriate periods acceptable to the City thereafter so long as the Loan is outstanding. In addition, upon the City's request, the Borrower shall submit statements of the Borrower's financial condition prepared in accordance with generally accepted accounting principles and practices consistently maintained throughout such periods as required by the City;

- (k) the Mortgage and the Assignment of Rents shall be subordinate solely to the Regulatory Agreement, the Senior Mortgage, if any, the Senior Assignment, if any, the Senior Regulatory Agreement, the Redevelopment Agreement and those Permitted Encumbrances, if any, described on Exhibit C to the Mortgage;
- (l) the Project shall be completed under the terms of this Loan Agreement, the Construction Contract, the Construction Schedule and the Project Budget and in accordance with the Plans and Specifications for the Project, and any Change Order shall be submitted by the Borrower to the City for its express, prior written approval prior to the submission of any request for disbursement of the proceeds of the Equity, the Loan, the Junior Loan, if any, or the Senior Loan, if any, pursuant to such Change Order;
- (m) the Borrower shall not commence the Project without the prior written consent of the City; after such consent has been obtained, the Borrower shall complete the Project with due diligence and shall provide notice of such completion promptly thereafter to the City, the Senior Lender, if any, the Junior Lender, if any, and the Escrow Agent;
- (n) the Borrower shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence as an Illinois limited partnership and shall not change its General Partner or add additional general partners without the prior written consent of the City, which consent shall not be unreasonably withheld provided such change or addition is consummated pursuant to the terms of the Partnership Agreement;
- (o) the Borrower shall comply with all of the terms and provisions of the Regulatory Agreement and shall provide to the City such reports as shall be required therein;
- (p) the Borrower shall immediately advise the City in writing of: (i) any notices received by the Borrower from any federal, state or local governmental agency or regional office thereof of the violation or potential violation or of any inquiry regarding any such potential violation by the

Borrower of any applicable Environmental Laws; (ii) any and all enforcement, clean-up, removal, remedial or other governmental or regulatory actions instituted, completed or threatened pursuant to any Environmental Laws; (iii) all Claims made or threatened by any third party against the Borrower or the Premises relating to any Losses resulting from any Hazardous Materials (the matters set forth in clauses (i), (ii) and (iii) above are hereinafter collectively referred to as "Hazardous Materials Claims"); and (iv) the Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Premises that could cause the Premises or any part thereof to be subject to any Hazardous Materials Claims;

- (q) the Borrower will cause the General Contractor to maintain a payment and performance bond or a letter of credit, as described in Section 4.03(b) hereof and acceptable to the City, in full force and effect until completion of the Project; and
- (r) the Borrower shall use the Loan proceeds solely for Eligible Costs in connection with the Project and at the Premises;
- (s) no portion of the Loan proceeds shall be used for any commercial areas of the Premises;
- (t) upon completion of the Project, any and all existing violations of the building codes of the City shall be corrected and the Project shall comply with the Multi-Unit Rehabilitation Construction Guidelines of DOH;
- (u) all rights to discoveries, inventions, materials, copyrights and rights in data generated under this Loan Agreement shall be subject to the regulations issued by HUD or the City, where applicable;
- (v) the Borrower shall cause the Premises to comply with all applicable mandatory standards and policies relating to energy efficiency which are contained in the energy conservation plan of the State of Illinois issued in compliance with the Energy Policy and Conservation Act, 42 U.S.C. Section 6321 et seq.;
- (w) no payment, gratuity or offer of employment shall be made in connection with the Project, by or on behalf of a Subcontractor to the General Contractor or higher tier Subcontractor or any person associated therewith, as an inducement for the award of a Subcontract or order;
- (x) the Borrower shall establish and maintain the Operating Deficit Reserve Account and the Replacement Reserve Account in accordance with the

requirements of the Partnership Agreement in effect as of the date hereof, without respect to any subsequent amendments or modifications, to the satisfaction of the City, for the purpose of paying, reducing or avoiding an Operating Deficit or for the purpose of capital expenditures, respectively, in connection with the operation of the Premises;

- (y) the Borrower shall notify the City of (i) each disbursement from the Operating Deficit Reserve Account and/or the Replacement Reserve Account in excess of \$10,000 promptly after such disbursement has been made, (ii) after the Borrower has disbursed in the aggregate \$25,000 from the Operating Deficit Reserve Account and/or the Replacement Reserve Account in any fiscal year, each disbursement from the Operating Deficit Reserve Account and/or the Replacement Reserve Account promptly after such disbursement has been made, and (iii) all amounts, if any, remaining in the Operating Deficit Reserve Account and the Replacement Reserve Account upon the sale or refinancing of the Premises;
- (z) the Borrower shall furnish a report with respect to the Operating Deficit Reserve Account and the Replacement Reserve Account to the City annually within 90 days of the end of the Borrower's fiscal year, commencing with the year subsequent to year hereof, and within 90 days of the end of the Borrower's fiscal year for each subsequent year thereafter;
- (aa) the Borrower shall use all amounts, if any, remaining in the Operating Deficit Reserve Account and the Replacement Reserve Account to repay the Loan upon the sale or refinancing of the Premises, which such sale or refinancing shall not take place except in compliance with Section 8 of the Mortgage; provided, however, that (1) this provision will not apply to a sale of the Premises to Heartland Housing, Inc. by the Borrower pursuant to the Purchase Option and Right of First Refusal Agreement dated concurrently herewith, and (2) any repayment of the Loan from such excess reserve amounts will occur pro-rata with the Junior Loan;
- (bb) the Borrower shall not change the manager of the Premises without the prior written consent of the City, and shall make no amendments to or renewals of the Management Agreement (as defined in the Assignment of Contracts) without the prior written consent of the City; and
- (cc) the Borrower shall administer the social services plan, if any, submitted to the City as of the date hereof in a manner acceptable to the City in its sole discretion.

SECTION 7. EVENTS OF DEFAULT

The occurrence of any "Event of Default" as defined in the Mortgage shall constitute an event of default under this Loan Agreement (an "Event of Default").

SECTION 8. REMEDIES

8.01 Upon, or at any time after, the occurrence of an Event of Default hereunder, the City may elect to accelerate the maturity of the Note and upon such election the principal sum remaining unpaid on the Note, together with all accrued interest thereon, if any, and any other amounts then due to the City from the Borrower under any of the Loan Documents, shall be immediately due and payable at the place of payment as aforesaid, without presentment, demand, protest or notice of any kind, and the City may proceed to foreclose the Mortgage and to exercise any other rights and remedies available to the City under this Loan Agreement or any of the other Loan Documents against the Borrower, which the City may have at law, in equity or otherwise; provided, however, that upon the occurrence of an Event of Default under Section 10(x) or (xi) of the Mortgage, the entire unpaid principal of and interest, if any, on the Note shall, without any declaration, notice or other action on the part of the City, be immediately due and payable, anything in the Note or the other Loan Documents to the contrary notwithstanding. Upon the occurrence of any Event of Default under Section 10(xvi) of the Mortgage, the City may pursue any remedies described in Section 11.01(g) hereof, in addition to and not in lieu of any other remedies available to it hereunder.

8.02 Subject to Section 8.06 hereof, upon the occurrence of an Event of Default, the City may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest, if any, on the Note and all other amounts due to the City from the Borrower under the Loan Documents, and to enforce and compel the performance of the duties and obligations of the Borrower as herein set forth, and the City may require the Escrow Agent to pay over to the City, pursuant to the Escrow Agreement, the balance of the Loan proceeds remaining in the Escrow Account for application, at the sole discretion of the City, to the payment of the unpaid principal of and interest, if any, on the Note and/or the payments of all other amounts due to the City from the Borrower under the Loan Documents.

8.03 In case the City shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the City, then and in every such case the Borrower and the City shall be restored respectively to their respective positions and rights hereunder, and all rights, remedies and powers of the Borrower and the City shall continue as though no such proceedings had been taken.

8.04 In the event the Borrower should default under any of the provisions of this Loan Agreement and the City should employ attorneys or incur other Costs for the collection of the

payments due under this Loan Agreement or the Note or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will, on demand therefor, pay to the City the fees of such attorneys and such other Costs so incurred by the City.

8.05 The remedies of the City, as provided in this Loan Agreement or the other Loan Documents or any other instruments securing the Note shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of the City and may be exercised as often as occasion therefor shall arise, and shall not be exclusive but shall be in addition to every other remedy now or hereafter existing at law, in equity, or by statute. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to the City hereunder or by the Note is not required to be given.

8.06 (a) Subject to the terms of Sections 8.06(b) and (c) hereof, the indebtedness evidenced by the Note and the other Loan Documents shall be non-recourse, and in the event of default hereunder or thereunder, the City's sole source of satisfaction of repayment of the amounts due to the City hereunder or under any of the other Loan Documents shall be limited to the City's rights with respect to the collateral pledged and assigned under the Mortgage, the Assignment of Rents, the Assignment of Contracts or any of the other Loan Documents.

(b) Notwithstanding paragraph (a) of this Section, nothing herein or in any of the Loan Documents shall limit the rights of the City, following any of the events hereinafter described, to take any action as may be necessary or desirable to pursue the Borrower, the General Partner and/or the Owner, if any, for any and all Losses incurred by the City arising from: (i) a material misrepresentation, fraud made in writing or misappropriation of funds by the Borrower, the General Partner and/or the Owner, if any; (ii) intentional or material waste to the Premises; (iii) use of proceeds of the Loan for costs other than Eligible Costs; (iv) the occurrence of a Prohibited Transfer without the City's prior written consent, to the extent such Prohibited Transfer results from the intentional, willful, voluntary and/or negligent acts or omissions of the Borrower, the General Partner and/or the Owner, if any; (v) any breach of the Borrower's representations, warranties or covenants regarding Hazardous Materials or Environmental Laws contained in any of the Loan Documents (including, without limitation, the Environmental Agreement); (vi) the occurrence of any uninsured casualty to the Premises or other collateral or security provided under any of the Loan Documents for which there has been a failure to maintain insurance coverage as required by the terms and provisions of the Loan Documents; (vii) the misappropriation or misapplication of insurance proceeds or condemnation awards relating to the Premises or other collateral or security provided under any of the Loan Documents; or (viii) any inaccuracy in the statements in the Affidavits.

(c) The City waives any and all right to seek or demand any personal deficiency judgment against the Borrower, in conjunction with a foreclosure proceeding, under or by reason of the non-recourse monetary obligations of the Borrower; provided, however, that the foregoing shall not limit or affect the City's right to sue or otherwise seek recourse against the Borrower,

the General Partner and/or the Owner, if any, in any separate action or proceeding for all Losses incurred by the City arising from any of the matters described in Section 8.06(b) hereof.

SECTION 9. NO WAIVER

9.01 The City's failure to require strict performance by the Borrower of any provision of this Loan Agreement shall not waive, affect or diminish any right of the City thereafter to demand strict compliance and performance therewith, nor shall any waiver by the City of an Event of Default waive, suspend or affect any other Event of Default under this Loan Agreement, whether the same is prior or subsequent thereto, or of the same or a different type.

9.02 Failure of the City, for any period of time or on more than one occasion, to exercise any remedy available to the City as described in Section 8.05 hereof shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act of omission or commission of the City, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by the City and then only to the extent specifically recited therein.

SECTION 10. COSTS AND EXPENSES

The Borrower shall pay all Costs related to the Loan including survey costs, title charges (including endorsements), premiums, escrow expenses, recording fees, filing fees, taxes, opinions of counsel to the Borrower rendered as required by the City, and all Costs associated with any subsequent amendments, substitutions or modifications to the Loan Documents.

SECTION 11. MBE/WBE COMMITMENT

11.01 The Borrower agrees for itself and shall contractually obligate the General Contractor to agree that during the Project:

(a) Consistent with the findings which support, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code of Chicago (the "Procurement Program"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code of Chicago (the "Construction Program," and collectively with the Procurement Program, the "MBE/WBE Program"), 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 11.01, during the course of the Project, at least the following percentages of the aggregate hard construction costs (as set forth in the Project Budget) shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs"):

- (1) At least 24 percent by MBEs.

(2) At least four percent by WBEs.

(b) For purposes of this Section 11.01 only:

(i) The Borrower (and any party to whom a contract is let by the Borrower in connection with the Project) shall be deemed a "contractor" and this Loan Agreement (and any contract let by the Borrower in connection with the Project) shall be deemed a "contract" or a "construction contract" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(ii) The term "minority-owned business" or "MBE" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a minority-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

(iii) The term "women-owned business" or "WBE" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Borrower's MBE/WBE commitment may be achieved in part by the Borrower's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Borrower) 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 Borrower 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 or services 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 Borrower's MBE/WBE commitment as described in this Section 11.01. In accordance with Section 2-92-730, Municipal Code of Chicago, the Borrower shall not substitute any MBE or WBE General Contractor or Subcontractor without the prior written approval of DOH.

(d) The Borrower 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 Borrower 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 Borrower's compliance with this MBE/WBE commitment. The Borrower 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 Borrower, on five Business Days' notice, to allow the City to review the Borrower's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

(e) Upon the disqualification of any MBE or WBE General Contractor or Subcontractor, if such status was misrepresented by the disqualified party, the Borrower 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 Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(f) Any reduction or waiver of the Borrower's MBE/WBE commitment as described in this Section 11.01 shall be undertaken in accordance with Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(g) Prior to the commencement of the Project, the Borrower shall be required to meet with the monitoring staff of DOH with regard to the Borrower's compliance with its obligations under this Section 11.01. The General Contractor and all major Subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Borrower shall demonstrate to DOH its plan to achieve its obligations under this Section 11.01, the sufficiency of which shall be approved by DOH. During the Project, the Borrower shall submit the documentation required by this Section 11.01 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 Borrower is not complying with its obligations under this Section 11.01, shall, upon the delivery of written notice to the Borrower, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided under any of the Loan Documents, the City may: (1) issue a written demand to the Borrower to halt the Project, (2) withhold any further payment of any Loan proceeds to the Borrower or the General Contractor, or (3) seek any other remedies against the Borrower available at law or in equity.

SECTION 12. MAINTAINING RECORDS/RIGHTS TO INSPECT

12.01 The Borrower shall keep and maintain, until the fifth anniversary of the date of repayment of the Loan in full, such books, records and other documents as shall be required by the City and HUD to reflect and disclose fully the amount and disposition of the total cost of activities paid for in whole or in part, with the Loan proceeds, and the nature of all activities of the Borrower in connection with the Premises which are supplied or to be supplied by other sources. All such books, records and other documents shall be available at the offices of the

Borrower for inspection, copying (including excerpts and transcriptions), audit and examination at all reasonable times by any authorized representatives of the City and HUD.

12.02 Any authorized representative of the City or of HUD shall, at all reasonable times, have access to all portions of the Premises.

12.03 The rights of access and inspection provided in this Section 12 shall continue until the fifth anniversary of the date of repayment of the Loan in full.

SECTION 13. HEADINGS

The headings and titles of this Loan Agreement are for convenience only and shall not influence the construction or interpretation of this Loan Agreement.

SECTION 14. DISCLAIMER OF RELATIONSHIP

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

SECTION 15. LIMITATION OF LIABILITY

The Borrower expressly agrees that no member, official, employee or agent of the City shall be individually or personally liable to the Borrower, its successors or assigns in the event of any default or breach by the City under this Loan Agreement.

SECTION 16. ASSIGNMENT

16.01 The Borrower may not sell, assign or transfer this Loan Agreement or any of the other Loan Documents without the prior written consent of the City.

16.02 The Borrower consents to the City's sale, assignment, transfer or other disposition of this Loan Agreement and the other Loan Documents at any time in whole or in part.

SECTION 17. SIGNS; PROMOTIONAL LITERATURE

17.01 The Borrower agrees to obtain, erect and maintain a sign, of a size and style approved in writing by DOH, in a conspicuous location on the Premises during the period of construction or rehabilitation, as applicable, and rent-up of the Premises indicating that financing has been provided by the City.

17.02 The Borrower further agrees that the City shall have the right to include the name, photograph, artistic rendering and other pertinent information of the Borrower and the Project in the City's promotional literature and communications.

SECTION 18. NOTICES

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) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested.

If to City: Department of Housing
City of Chicago
33 North LaSalle Street, Second Floor
Chicago, Illinois 60602
Attention: Commissioner

With copies to: Office of the Corporation Counsel
City of Chicago
121 North LaSalle Street
Room 600
Chicago, Illinois 60602
Attention: Finance & Economic Development
Division

and

Department of Finance
City of Chicago
33 North LaSalle Street, Suite 600
Chicago, Illinois 60602
Attention: Comptroller

If to Borrower: As specified on Exhibit A.

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) above shall be deemed received upon such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day immediately following deposit with the overnight courier, and any notice, demand or request sent pursuant to clause (d) above shall be deemed received two Business Days following deposit in the mail.

SECTION 19. MODIFICATION

This Loan Agreement may not be altered, modified or amended except by a written instrument signed by all the parties hereto.

SECTION 20. INVALIDATION

If any provision of this Loan Agreement is held invalid or unenforceable by any court of competent jurisdiction, such provision shall be deemed severed from this Loan Agreement to the extent of such invalidity or unenforceability, and the remainder hereof will not be affected thereby, each of the provisions hereof being severable in any such instance.

SECTION 21. GOVERNING LAW

This Loan Agreement and the other Loan Documents shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to its conflict of laws principles.

SECTION 22. APPROVAL

Wherever in this Loan Agreement provision is made for the approval or consent of the City, or any matter is to be to the City's satisfaction, or the like, unless specifically stated to the contrary, such approval, consent, satisfaction or the like shall be made, given or determined by the City in its sole discretion, subject to review by the Corporation Counsel.

SECTION 23. TERM OF LOAN AGREEMENT

This Loan Agreement shall be in full force and effect during the Loan Term. The covenants of the Borrower contained in Section 6.01(h) hereof and the rights described in Section 12 hereof shall survive the termination of this Loan Agreement.

SECTION 24. BINDING EFFECT

This Loan Agreement shall inure to the benefit of and shall be binding upon the City, the Borrower and the City's successors and assigns. This Loan Agreement is intended to be and is for the sole and exclusive benefit of the parties hereto and the successors and assigns of the City.

SECTION 25. CONSTRUCTION OF WORDS

The use of the singular form of any word herein shall also include the plural, and vice versa. The use of the masculine, feminine and neuter pronouns for any word herein shall be fully interchangeable.

SECTION 26. COUNTERPARTS

This Loan Agreement may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 27. DISBURSEMENTS

Anything in this Loan Agreement contained to the contrary notwithstanding, it is expressly understood and agreed that the Borrower shall cause the Loan to at all times be In Balance. The Loan shall be deemed to be "In Balance" only if the total of the Available Funds shall, in the City's judgment, equal or exceed the aggregate of (i) the amount required to pay interest, if any, on the Loan to the Initial Payment Date and (ii) the amount necessary to pay all unpaid Project Costs incurred or to be incurred in the completion of the Project. As used herein, the term "Available Funds" shall mean: (i) the undisbursed proceeds of the Loan, (ii) the undisbursed proceeds of the Senior Loan, if any, of the Junior Loan, if any, and of the Sponsor Loan, (iii) the undisbursed amount of the Equity and (iv) any other amounts deposited by the Borrower pursuant to this Section 27. In addition, the Loan shall be deemed not to be In Balance if at any time the City should determine that the actual cost to complete any of the line items set forth on the Project Budget exceeds the corresponding amount on the Project Budget and there is no corresponding decrease in the total amount of the other line items in the Project Budget approved by the City in writing, in accordance with the terms of this Loan Agreement. The Borrower agrees if for any reason the Loan is not In Balance, the Borrower shall, within 10 days after request by the City, deposit with the City or the Escrow Agent, cash, certificates of deposit or other collateral satisfactory to the City in an amount which will place the Loan In Balance, which deposit shall first be exhausted before any further disbursement of the proceeds of the Loan shall be made. No disbursement of Loan proceeds shall be made except for the payment of Project Costs as shown on the Project Budget. No modification of or amendment to the Project Budget shall be made without the prior written approval of the City, at its sole discretion.

SECTION 28. INCONSISTENCIES

If there shall be any inconsistency between this Loan Agreement and any of the other Loan Documents, the City shall determine which provision shall prevail.

SECTION 29. REFERENCES TO STATUTES, ETC.

All references herein to statutes, regulations, rules, executive orders, ordinances, resolutions or notices or circulars issued by any governmental body shall be deemed to include any and all amendments, supplements and restatements from time to time to or of such statutes, regulations, rules, executive orders, ordinances, resolutions, notices and circulars.

SECTION 30. CITY RESIDENT EMPLOYMENT REQUIREMENT

The Borrower agrees for itself and its successors and assigns, and shall contractually obligate the General Contractor and shall cause the General Contractor to contractually obligate the Subcontractors, as applicable, to agree, that during the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as 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 Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Borrower, the General Contractor and the Subcontractors shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

The Borrower may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Chief Procurement Officer of the City (the "Chief Procurement Officer").

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

The Borrower, the General Contractor and the Subcontractors shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project. The Borrower, the General Contractor and the Subcontractors 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 Borrower, the General Contractor and the Subcontractors shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of DOH, the Superintendent of the Chicago Police Department, the Inspector General, or any duly authorized representative thereof. The Borrower, the General Contractor and the Subcontractors shall maintain all relevant personnel data and records for a period of at least three years after final acceptance of the work constituting the Project.

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

Good faith efforts on the part of the Borrower, the General Contractor and the Subcontractors 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 Chief Procurement Officer) shall not suffice to replace the actual, verified achievement of the

requirements of this Section 30 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 Borrower failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or 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 Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent, 0.0005, 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 Borrower 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 Borrower, the General Contractor and/or the Subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Borrower pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination whether the Borrower must surrender damages as provided in this paragraph.

Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for 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 Loan Agreement or the other Loan Documents.

The Borrower shall cause or require the provisions of this Section 30 to be included in the Construction Contract and all applicable Subcontracts.

SECTION 31. 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, with respect to any of the Loan Documents, or in connection with the transactions contemplated thereby, shall be grounds for termination of the Loan Documents and the transactions contemplated thereby. The Borrower 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 any of the Loan Documents or the transactions contemplated thereby.

SECTION 32. PARKING FACILITIES

The Borrower hereby agrees to provide approximately 41 underground parking spaces (the "Parking Facilities") pursuant to the Plans and Specifications for the use of specified tenants of the Project to the satisfaction of the City. The Parking Facilities shall be maintained as such facilities for the term of the Loan.

SECTION 33. HUD-REQUIRED PROVISIONS RIDER

The document entitled "HUD-Required Provisions Rider" attached hereto as Exhibit G is hereby incorporated as if fully set forth herein and shall remain a part hereof so long as the Secretary of the United States Department of Housing and Urban Development ("HUD") or his/her successors or assigns are the insurers or holders of the Senior Note (known as the Mortgage Note in the HUD-Required Provisions Rider). Upon such time as HUD is no longer the insurer or holder of the Senior Note or such time as the Senior Note is paid in full, the parties hereto agree that the HUD-Required Provisions Rider shall no longer be a part hereof.

IN WITNESS WHEREOF, the City and the Borrower have caused this Loan Agreement to be duly executed and delivered as of the date first above written.

HOLLYWOOD HOUSE LIMITED PARTNERSHIP, an Illinois limited partnership

By: HOLLYWOOD SHERIDAN NEIGHBORHOOD DEVELOPMENT CORP., NFP, an Illinois not-for-profit corporation, its general partner

By: _____
Name: Andrew E. Geer
Its: Secretary

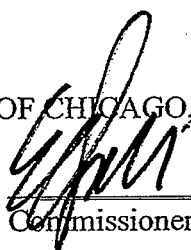
CITY OF CHICAGO, ILLINOIS
By:  _____
Commissioner of Housing

EXHIBIT A

Additional Loan Documents: the Redevelopment Agreement

Address of Borrower: Hollywood House Limited Partnership
c/o Hollywood Sheridan Neighborhood Development Corp., NFP
208 South LaSalle Street, Suite 1818
Chicago, Illinois 60604
Attention: Andrew E. Geer

with copies to: Applegate & Thorne-Thomsen
322 South Green Street, Suite 412
Chicago, Illinois 60607
Attention: William G. Skalitzky

And to:

National Equity Fund, Inc.
120 South Riverside Plaza, 15th Floor
Chicago, Illinois 60606
Attention: General Counsel

Architect: Holabird & Root, LLC

Bonds: collectively, the City's \$11,510,000 Multi-Family Housing Revenue Bonds (Hollywood House Apartments), Series 2008A (FHA Insured/GNMA) (the "Series A Bonds") and \$3,350,000 Multi-Family Housing Revenue Bonds (Hollywood House Apartments), Series 2008B (the "Series B Bonds").

Construction Contract: that certain contract dated December 18, 2008 between the Borrower and the General Contractor for the Project in accordance with the Plans and Specifications.

Environmental Agreement Parties: Borrower, General Partner, City

Escrow Agent: Near North National Title LLC

General Contractor: Madison Construction Company

General Partner: Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not-for-profit corporation

Initial Payment Date: Maturity Date

Interest Rate of the Loan: One percent per annum

Junior Assignment: None.

Junior Lender: Illinois Housing Development Authority

Junior Loan Amount: collectively, \$1,250,000 ("Junior Loan A") and \$750,000 ("Junior Loan B")

Junior Mortgage: collectively, that certain Third Junior Mortgage, Security Agreement and Assignment of Rents and Leases dated concurrently herewith from the Borrower to the Junior Lender and securing the Junior Note A and that certain Fourth Junior Mortgage, Security Agreement and Assignment of Rents and Leases dated currently herewith from the Borrower to the Junior Lender and securing the Junior Note B.

Junior Note: collectively, that certain Mortgage Note from the Borrower in favor of the Junior Lender dated concurrently herewith the principal amount of \$1,250,000 ("Junior Note A") and that certain Mortgage Note from the Borrower in favor of the Junior Lender dated concurrently herewith in the principal amount of \$750,000 ("Junior Note B").

Junior Regulatory Agreement: those certain Regulatory and Land Use Restriction Agreement and Illinois Affordable Housing Tax Credit Regulatory Agreement dated concurrently herewith between the Borrower and the Junior Lender.

Loan Amount: \$4,500,000

Ordinance Adoption Date: September 10, 2008

Owner: none

Partnership Agreement: that certain Amended and Restated Limited Partnership Agreement dated concurrently herewith.

Project: the acquisition and rehabilitation of the Premises by the Borrower.

Repayment Terms and Maturity Date of the Loan:

Subject to the provisions of the following, the entire principal balance outstanding, together with accrued and unpaid interest thereon, and any other sums due under any of the Loan Documents, shall be due and payable in full on the earlier ("Maturity Date") of (i) the date on which all outstanding principal of the Senior Loan shall be due and payable in full, or (ii) August 1, 2050; provided, however, that the term "Maturity Date" shall also mean such earlier date as of which the principal of and interest on the Loan may become due and payable because of acceleration or repayment as provided in any of the Loan Documents.

Seller Financing Loan: the \$2,500,799 loan by Heartland Housing, Inc. to the Borrower made in connection with the Borrower's acquisition of the Premises, the proceeds of which loan shall be irrevocably committed to the Project.

Seller Financing Loan Mortgage: the Junior Mortgage by Borrower in favor of Heartland Housing, Inc. dated concurrently herewith and securing Borrower's obligations for the Seller Financing Loan, which Seller Financing Loan Mortgage is subordinate to the Senior Loan Documents, Loan Documents and Junior Loan Documents.

Senior Assignment: Assignment of Rents and Leases by Borrower in favor of Senior Lender A dated concurrently herewith

Senior Lender: collectively, PNC Bank, N.A. and its successors and assigns ("Senior Lender A") and Harris N. A. and its successors and assigns ("Senior Lender B")

Senior Loan: collectively, a loan by the Senior Lender A in the principal amount of \$11,511,100 ("Senior Loan A") and a loan of the proceeds of the Series B Bonds by the City that is credit enhanced through a letter of credit issued by Senior Lender B in the principal amount of \$3,350,000 ("Senior Loan B"). The Series A Bonds have been issued for the purpose of funding Senior Loan A. The Series B Bonds are payable from and secured by payments to be made to the City under a loan agreement between the Borrower and the City and initially from payments to be made under an irrevocable letter of credit issued by Senior Lender B, for which payments the Borrower shall reimburse Senior Lender B.

Senior Mortgage: that certain Mortgage dated concurrently herewith from the Borrower to Senior Lender A and recorded in the Office of the Cook County Recorder of Deeds, securing Senior Note A.

Senior Note: Mortgage Note in the principal amount of \$11,511,100 by Borrower in favor of the Senior Lender A

Senior Regulatory Agreement: those certain Regulatory Agreement for Multifamily Housing Projects (HUD 92466) between Borrower and Secretary of Housing and Urban Development dated concurrently herewith and the Regulatory Agreement and Declaration of Restrictive Covenants between Borrower and Deutsche Bank National Trust Company dated concurrently herewith relating to the Senior Loan A and Senior Loan B.

Sponsor Loan: the \$4,000,000 loan by Heartland Housing, Inc. to the Borrower, which loan is funded with the proceeds of the initial tax increment financing payments made by the City pursuant to the Redevelopment Agreement, and the proceeds of which loan shall be irrevocably committed to the Project (subject to the amount of the initial tax increment financing payments actually made by the City pursuant to the Redevelopment Agreement).

Sponsor Loan Mortgage: the Junior Mortgage by Borrower in favor of Heartland Housing, Inc. dated concurrently herewith and securing Borrower's obligations for the Sponsor Loan, which Sponsor Loan Mortgage is subordinate to the Senior Loan Documents, Loan Documents and Junior Loan Documents.

Title Company: Near North National Title, LLC

LEGAL DESCRIPTION:

THE SOUTH 20 FEET OF LOT 9, AND ALL OF LOTS 10, 11 AND 12 IN BLOCK 6 IN COCHRAN'S ADDITION TO EDGEWATER BEING A SUBDIVISION OF SOUTH 1946 FEET OF WEST 1320 FEET OF EAST FRACTIONAL ½ OF SECTION 5, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

ADDRESS COMMONLY KNOWN AS:

5700 North Sheridan Road, Chicago, Illinois 60660

PERMANENT INDEX NO.:

14-05-406-021-0000

EXHIBIT B

BORROWER'S COUNSEL'S OPINION

City of Chicago
Department of Housing
33 N. LaSalle Street, 2nd Floor
Chicago, Illinois 60602

Ladies and Gentlemen:

We have acted as special counsel to Hollywood House Limited Partnership, an Illinois limited partnership ("Borrower"), Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not for profit corporation and its sole general partner ("General Partner"), and Heartland Housing, Inc., an Illinois not for profit corporation and the sole member of the General Partner ("Heartland"), in connection with a loan of \$4,500,000 ("Loan") to Borrower from the City of Chicago ("City") acting by and through its Department of Housing. Proceeds of the Loan are to be used to help finance the acquisition, development, rehabilitation and permanent financing of Hollywood House Apartments, a mixed-income residential facility intended and operated as housing for older persons (ages 55 and older) located at property commonly known as 5700 N. Sheridan Road, Chicago, Illinois (the "Property"). Upon completion of the rehabilitation, Hollywood House will contain 177 studio and one-bedroom units for rent to low-income and very-low income elderly persons (ages 55 and older), 20 studio and one-bedroom units (including the manager's unit) for rental at market rates to elderly persons ages 55 and older, a non-revenue producing studio unit, approximately 3200 square feet of commercial retail space and exterior and underground parking (the "Project").

Borrower, General Partner and Heartland have requested that this opinion be furnished to the City. As such special counsel, we have examined and reviewed the following documents:

- (a) that certain executed original of the Note dated as of December 1, 2008 by Borrower in favor of the City in the principal amount of \$4,500,000, evidencing the Loan;
- (b) an executed original of the Junior Mortgage, Security Agreement and Financing Statement ("Mortgage") dated as of December 1, 2008 made by Borrower to the City and securing the indebtedness evidenced by the Note;
- (c) an executed original of the Housing Loan Agreement dated as of December 1, 2008 by and between the City and Borrower setting forth the terms and conditions of the Loan;
- (d) an executed original of the Assignment of Rents and Leases ("Assignment of Rents") dated as of December 1, 2008, by Borrower in favor or the City;
- (e) an executed original of the Regulatory Agreement dated as of December 1, 2008,

between Borrower and City (the "Regulatory Agreement");

- (f) an executed original of the Assignment of Contracts and Documents dated as of December 1, 2008, by Borrower in favor of the City;
- (g) an executed original of the Environmental Indemnity Agreement dated December 1, 2008, by Borrower and General Partner in favor of City;
- (h) that certain UCC-1 financing statement with respect to certain property described in the Mortgage (the "Financing Statement") for filing with the Illinois Secretary of State;
- (i) an executed original of the Escrow Agreement (the "Escrow Agreement") among the Borrower, City, PNC Bank, N.A., the Illinois Housing Development Authority, Heartland and Near North National Title, LLC, and approved by Madison Construction Company, the general contractor, dated as of December 1, 2008;
- (j) copies of the Certificate of Limited Partnership of Borrower certified by the Secretary of State of Illinois on December __, 2008, and copies of the Amended and Restated Limited Partnership Agreement, if and as amended (the "Partnership Agreement"), certified by the General Partner of the Borrower;
- (k) a copy of the Certificate of Existence of the Borrower dated December __, 2008, issued by the Secretary of State of Illinois;
- (l) copies of the Articles of Organization of General Partner certified by the Secretary of State of Illinois on December __, 2008, and copies of the By-Laws, and Resolutions of General Partner certified by an officer of the General Partner;
- (m) a copy of the Certificate of Good Standing for General Partner from the Secretary of State of Illinois dated December __, 2008;
- (n) copies of the Articles of Incorporation of Heartland certified by the Secretary of State of Illinois on December __, 2008, and copies of the Bylaws, as amended, and resolutions of Heartland certified by an officer of the Heartland;
- (o) a copy of the Certificate of Good Standing for General Partner from the Secretary of State of Illinois dated December __, 2008;
- (p) a copy of the City's title policy pro forma No. 01071417 issued by Near North National Title, LLC and dated as of December __, 2008 ("Title Pro Forma"); and
- (q) such other records, documents, sources and matters of law as we have considered pertinent and necessary for us to examine in order to render this opinion.

The instruments referred to in subparagraphs (a) through (i) above are referred to herein collectively as the "Loan Documents." The documents referred to in subparagraphs (j) through (o) above are referred to herein collectively as the "Organizational Documents."

On the basis of the foregoing examination and review, we give you our opinion, as follows:

1. The Borrower is a limited partnership duly created and validly existing under the laws of the State of Illinois ("State"). The General Partner is a limited liability company duly created and validly existing under the laws of the State. The Heartland is a not for profit corporation which is validly existing and in good standing under the laws of the State. The Borrower, General Partner and Heartland have made all filings required by the laws of the State in respect of their formation and continuing existence, and have all requisite authority to carry on their businesses and to consummate the transactions set forth in each of the Loan Documents to which they are a party.
2. The Loan Documents have been duly authorized, executed and delivered by and on behalf of, and are within the partnership, company and corporate powers of, the Borrower, General Partner and Heartland, as applicable. The Loan Documents constitute legal, valid and binding obligations of the Borrower, General Partner and Heartland to which they are a party and are enforceable in accordance with their respective terms.
3. No litigation or proceeding by any governmental body, or by any other person, firm or corporation, or to the best of our knowledge, after diligent inquiry, is presently pending or threatened against the Borrower, General Partner, Heartland or the Premises (as defined in the Mortgage) which, if determined adversely to the Borrower, General Partner, Heartland or the Premises (as defined in the Mortgage) would have a material adverse effect upon the financial condition of any of them or their ability to perform under the Loan Documents.
4. Based solely upon our review of the Title Policy, the property described in Schedule A of the Title Policy is not subject to any liens or encumbrances other than those matters described in Schedule B of the Title Policy and liens and encumbrances permitted pursuant to the Loan Documents (collectively, the "Permitted Exceptions"). We have no knowledge of any liens or encumbrances affecting the Borrower's title to the Property other than the Permitted Exceptions. The Mortgage creates, as security for the Note, a valid mortgage lien against the Premises, subject to such Permitted Exceptions and such priority as may be reflected in the Title Policy.
5. To the best of our knowledge, after diligent inquiry, neither the Borrower, General Partner nor Heartland is in default (a) with respect to any order, writ, injunction or decree of any court, government or regulatory authority, or (b) in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Borrower, General Partner or Heartland or their businesses, or (c) except as disclosed in writing to the City, under any material contract, lease, agreement, instrument or commitment to which the Borrower, General Partner or Heartland is a party or by which their respective properties are bound.

6. None of the transactions contemplated by the Loan Documents violate the usury laws of the State.
7. The transactions contemplated by the Loan Documents are governed by the laws of the State.
8. No action of, or filing with, any governmental or public body is required to authorize, or is otherwise required for the validity, execution, delivery and performance by the Borrower, General Partner and Heartland of any of the material covenants and obligations set forth in the Loan Documents to which they are a party. The execution, delivery and performance of the Loan Documents will not conflict with or result in a breach of the Organizational Documents or, to the best of our knowledge after diligent inquiry, result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation, order, writ, injunction or decree of any court, government or regulatory authority, or, to the best of our knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which the Borrower is a party or by which the Borrower, General Partner or Heartland or their respective properties are bound.
9. The Mortgage, which was filed in the appropriate offices of the Cook County Recorder of Deeds (based solely on the copy of the Mortgage received from the title company with recording information on the first page), creates, as security for the Note, a valid perfected security interest in the fixtures described therein pursuant to the Illinois Uniform Commercial Code, which interests are perfected by the filing. Upon the filing of the Financing Statement in the appropriate offices of the State of Illinois, the Mortgage and the Financing Statement will create, as security for the Note, a valid perfected security interest in the personal property described therein pursuant to the Illinois Uniform Commercial Code, which will be perfected by filing. It is not necessary to file any other financing statements pursuant to the Illinois Uniform Commercial Code in order to perfect said security interest in such fixtures and personal property other than the Mortgage, the Financing Statement and continuation statements.
10. The Regulatory Agreement and Assignment of Rents (based solely on the copies of each such document received from the title company with recording information on the first page thereof) each create a valid encumbrance of record on the Premises.

The foregoing opinions are subject to the following qualification and assumptions:

- (i) Our opinions set forth above with respect to the enforceability of instruments are subject to applicable laws related to bankruptcy, insolvency, reorganization, fraudulent conveyance, avoidance, moratorium and other similar laws from time to time in effect affecting creditors' rights generally, whether now or hereafter in effect, and are subject to general principles of equity.

- (ii) Our opinions set forth above with respect to the enforceability of particular remedies provided for in the instruments therein referred to are qualified in that said provisions are or may be unenforceable in whole or in part under the laws of the State, but the inclusion of such provisions does not affect the validity of any of such instruments and such instruments contain adequate provisions for enforcing payment of the Note, and for the practical realization of the principal benefits or security expressed in said instruments, namely, (a) judicial enforcement of the obligations of the Borrower as provided in the Loan Documents to pay principal on the Note together with interest thereon and other payments as provided in the Loan Documents (to the extent not deemed a penalty), and (b) enforcement pursuant to the Illinois Mortgage Foreclosure Law of the lien on the Premises evidenced by the Mortgage.
- (iii) Our opinions set forth above with respect to the enforceability of the instruments referred to therein are qualified in that we express no opinion as to the validity or enforceability of any provision which (a) provides for the payment of interest based on non-payment of interest otherwise due under said instrument, (b) provides that delays by the City will not operate as waivers, or (c) provides for payment by the Borrower of any loss or expenses the City may sustain as a result of non-payment of an obligation secured by the Loan Documents.
- (iv) In rendering the foregoing opinions, we have assumed the authenticity of all signatures (other than those of the Borrower, General Partner and Heartland) and all documents submitted to us as originals, the conformity to the originals of all documents submitted to us as copies and the due authorization, execution and delivery of each instrument referred to herein by all parties to such instruments other than the Borrower, General Partner and Heartland.
- (v) Except as specifically described in paragraphs 4, 9 and 10 hereof, no opinion is rendered with respect to the title of the Borrower to any of its property or the priority or perfection of the lien, security interest or other encumbrances created by the Loan Documents.
- (vi) The opinions as to factual matters, if qualified by the phrase "to the best of our knowledge", "known to us" or similar phrases are based on the actual knowledge of those attorneys in our

firm involved in providing professional services in connection with the project contemplated hereby as well as representations made by the Borrower, General Partner and Heartland, as set forth in the Loan Documents, as the case may be, and are not based on any independent factual investigation other than the CT Corporation searches of the court records of the Circuit Court of Cook County, Illinois, and the United States District Court and Bankruptcy Court for the Northern District of Illinois for Borrower, General Partner and Heartland (copies of which have been previously provided to you). Nothing has come to our attention which would cause us to believe that said representations are untrue or inaccurate.

This opinion is limited to the matters expressly set forth herein, and no opinion is implied or may be inferred beyond the matters expressly set forth herein.

We are qualified to practice law in the State and we do not purport to be experts on, or to express any opinion herein concerning, any law other than the laws of the State and the federal laws of the United States of America and any matters relating to the securities laws of the United States of America, the State or any other state.

The opinions expressed above are intended solely for your use in the transactions described above and may not be reproduced, filed publicly or relied upon by any other persons for any purpose without the express written consent of the undersigned.

Very truly yours,

Applegate & Thorne-Thomsen, P.C.

By: _____

William G. Skalitzky

SCHEDULE A

LEGAL DESCRIPTION

THE SOUTH 20 FEET OF LOT 9, ALL OF LOTS 10, 11 AND 12 IN BLOCK 6 IN COCHRAN'S ADDITION TO EDGEWATER BEING A SUBDIVISION OF SOUTH 1946 FEET OF WEST 1320 FEET OF EAST FRACTIONAL 1/2 OF SECTION 5, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN 14-05-406-021-0000

Commonly known as 5700 N. Sheridan Road, Chicago, Illinois 60660

EXHIBIT C

HAZARDOUS MATERIALS

As disclosed in the Environmental Reports, including certain asbestos-containing materials which will be monitored and maintained pursuant to applicable laws.

EXHIBIT D

BORROWER'S EQUITY

Cash Equity:*

First Installment Capital Contribution	\$2,113,290
Second Installment Capital Contribution	\$3,350,000**
Third Installment Capital Contribution	\$909,118
First Developer Fee Installment	\$247,620
Second Developer Fee Installment	\$453,970
Third Developer Fee Installment	\$123,810***
Deferred Developer Fee	\$858,886
General Partner Capital	\$373,841****

* The projected Equity from the low-income housing tax credits is \$7,197,808; of this amount, the B Bond Loan B will bridge receipt of \$3,350,000; as a result, the Cash Equity from Low-Income Housing Tax Credits is \$3,847,808, which will be funded in six different installment payments. A portion of this Cash Equity will be disbursed outside of the Escrow Account.

** Second Installment Capital Contribution will be paid directly to Harris N.A. and will not flow through this Escrow.

*** Third Developer Fee Installment will be paid directly to Borrower (or to Heartland at the written direction of the Borrower) and will not flow through this Escrow. Projected payment of the Third Developer Fee Installment is 2011.

**** Up to \$373,741 of this amount may be refunded to General Partner (leaving a \$100 capital contribution amount) if Borrower obtains additional financing from the City of Chicago in 2009.

EXHIBIT E

FORMS OF ARCHITECT CERTIFICATES

Date: _____

ARCHITECT'S CERTIFICATE (OPENING)

The undersigned, _____ ("**Architect**") hereby certifies to the City of Chicago, Illinois ("**Lender**"), as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Housing Loan Agreement ("**Agreement**") dated _____, by and between Lender and _____ ("**Borrower**")):

1. Architect is an architect licensed and in good standing in the State of Illinois.
2. Architect has prepared the Plans and Specifications, and 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 Premises.
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 necessary 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, 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 A 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 or the interest of Lender), any Laws, permits or other necessary governmental approvals relating to the

Real Property (as defined in the Mortgage) or the Project thereon. 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 subsurface work has been completed.

9. This Certificate is made with the intent that it may be relied upon by Lender as a condition to the funding of certain proceeds of the Loan.

10. Architect has executed and delivered to Lender the Statement of Compliance in the form attached hereto as Exhibit B.

ARCHITECT:

By:

Its:

EXHIBIT A

Governmental Approvals

EXHIBIT B

Statement of Compliance

I have prepared, or caused to be prepared under my direct supervision, the attached plans and specifications and state that, to the best of my knowledge and belief and to the extent of my contractual obligation, they are in compliance with the Environmental Barriers Act, (410 ILCS 25/1 et seq., as supplemented, amended and restated from time to time), and the Illinois Accessibility Code, 71 Ill. Adm. Code 400.

Signed: _____
Architect/Engineer

SEAL

ILLINOIS REGISTRATION NO.: _____

Date: _____

Date: _____

ARCHITECT'S CERTIFICATE (INTERIM)

The undersigned, _____ ("Architect") hereby certifies to the City of Chicago, Illinois ("Lender"), as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Housing Loan Agreement ("Agreement") dated _____, by and between Lender and _____ ("Borrower")):

- (a) Architect is an architect licensed and in good standing in the State of Illinois.
- (b) Architect has prepared the Plans and Specifications and supervised the performance of the construction of the Project and, in connection with the supervision of such construction, it has made such visits to the Project and undertaken such other inspections of the construction as are necessary or appropriate in connection with the rendering by it of the certification contained herein.
- (c) The construction of the Project to the date of this Certificate is being diligently prosecuted in accordance with the approved Construction Schedule and the quality, design and construction of the Project is in all material respects in accordance with the approved Plans and Specifications and in compliance with all applicable laws, statutes, regulations, codes, permits and other governmental requirements.
- (d) Neither the Real Property (as defined in the Mortgage) nor the construction of the Project to this date, nor any existing or proposed use of the Real Property or the Project violates or will violate any existing applicable zoning, building, environmental protection, or other statutes, ordinances, laws or regulations (collectively, "Laws"), and the Plans and Specifications approved by Lender comply with all existing laws, code and other applicable governmental regulations.
- (e) All necessary 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, 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 A attached to this Certificate.
- (f) 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 or the interest of Lender), any Laws, permits or other necessary governmental approvals relating to the Real Property or the Project thereon.

(g) All utilities and services necessary for the operation of the Premises have been installed and connected in accordance with all applicable local, state and federal laws, ordinances and regulations, or, if not so installed, Architect has no reason to believe same will not be installed and connected prior to the scheduled occupancy of the Project.

(h) Nothing has come to our attention which would cause us to conclude that the Project cannot be completed in accordance with the Plans and Specifications and within the originally estimated budget of construction costs and construction time schedule approved by Lender (as established in the Project Budget and the Construction Schedule).

This Certificate is made with the intent that it may be relied upon by Lender as a condition to the funding of certain proceeds of the Loan.

ARCHITECT:

By:

Its:

EXHIBIT A

Governmental Approvals

Date: _____

ARCHITECT'S CERTIFICATE (FINAL)

The undersigned, _____ ("Architect") hereby certifies to the City of Chicago, Illinois ("Lender"), as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Housing Loan Agreement ("Agreement") dated _____, by and between Lender and _____ ("Borrower")):

- (a) Architect is an architect licensed and in good standing in the State of Illinois.
- (b) 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. Architect's determination of the total cost to complete the construction of such of the Project as may be unfinished is \$ _____.
- (c) Neither the Real Property (as defined in the Mortgage) 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").
- (d) All necessary 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 A attached to this Certificate.
- (e) 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 or the interest of Lender), any Laws, permits or other necessary governmental approvals relating to the Real Property or the Project thereon.

This Certificate is made with the intent that it may be relied upon by Lender as a condition to the funding of certain proceeds of the Loan.

ARCHITECT:

By:
Its:

EXHIBIT A

Governmental Approvals

EXHIBIT F

CONSTRUCTION SCHEDULE

EXHIBIT G

HUD-REQUIRED PROVISIONS RIDER

THIS RIDER is attached to and made a part of that certain Loan Agreement (the "Document"), dated as of December 1, 2008, entered into between the City of Chicago, Illinois, an Illinois municipal corporation (the "Subordinate Lender"), through its Department of Housing, having its offices at 33 North LaSalle Street, Second Floor, Chicago, Illinois 60602, and Hollywood House Limited Partnership, an Illinois limited partnership (the "Borrower"), relating to the property located at 5700 North Sheridan Road, in 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 meaning 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 organizational 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 loan for the Project (Project No. 071-35795):

- A. Commitment for Insurance dated October 24, 2008, as amended, issued by the Secretary of HUD pursuant to Section 221(d)(4) to Developers Mortgage Corporation and later assigned to PNC Bank, N.A. ("Mortgagee") in the original principal amount of \$11,511,100;
- B. Building Loan Agreement dated December 1, 2008, between the Borrower and Mortgagee;
- C. Mortgage Note dated December 1, 2008, made by the Borrower payable to the order of Mortgagee in the principal amount of \$11,511,100 (the "Mortgage Note");
- D. Mortgage dated December 1, 2008, made by Borrower in favor of Mortgagee and encumbering the Project as security for the Mortgage Note (the "Mortgage");
- E. Security Agreement dated December 1, 2008, between the Borrower, as debtor, and Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party;
- F. UCC-1 Financing Statement made by the Borrower, as debtor, and Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party recorded with the Cook County Recorder's Office and to be filed with the Illinois Secretary of State;

- G. Regulatory Agreement for Multifamily Housing Projects, dated December 1, 2008, between the Borrower and HUD (the "HUD Regulatory Agreement");
- H. Assignment of Rents and Leases from Borrower to Mortgagee dated December 1, 2008; and
- I. Assignment of Contracts and Documents from Borrower to Mortgagee dated December 1, 2008.

- 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 other than those HUD Mortgage insurance regulations, related HUD directives or 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 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, except for those HUD mortgage insurance regulations, related HUD directives or administrative requirements which have been waived in writing by HUD with respect to the Project.
- R-2 Failure on the part of the Borrower to comply with the covenants contained in the Document shall not serve as a basis for default on any HUD-insured or HUD-held mortgage on the Project. Additionally, and notwithstanding any term or condition to the contrary in the Document or any of the Subordinate Lender's Loan Documents, no failure on the part of the Borrower or its successors or assigns to comply with the covenants in the Mortgage Note, the HUD Mortgage, the HUD Regulatory Agreement, or any of the other HUD/FHA Loan Documents shall serve as a basis for the Subordinate Lender, its successors or assigns, or any other party acting by or through the rights provided therein, to declare a default under the Document or any of the Subordinate Lender's Loan Documents or to exercise any other rights provided in the Subordinate Lender's Loan Documents, without the express written approval of the Senior Lender, or its successors and assigns to the HUD Mortgage, and HUD.
- R-3 Compliance by the Borrower with the provisions and covenants of the Document and enforcement of the provisions and 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 "Surplus Cash" 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 of the Borrower which is 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 Borrower 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 Borrower shall not and is not permitted to pay any amount required to be paid under the provisions of the Document except from Surplus Cash, as such term is defined, and in accordance with the conditions prescribed in the HUD Regulatory Agreement unless 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, 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., 23rd Floor
Chicago, IL 60604
Attention: Director of Multi-Family Housing

Project No. 071-35795

HUD may designate any further or different addresses for such duplicate notices.

- R-9 Notwithstanding anything in the Document to the contrary, the Borrower 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. The Borrower 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 Borrower. 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 Borrower within said time, then any consent by HUD to such transfer shall be conclusively 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 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.


Executed as of the date set forth above.

HOLLYWOOD HOUSE LIMITED
PARTNERSHIP,
an Illinois limited partnership

By: Hollywood Sheridan Neighborhood
Development Corp., NFP, an Illinois not-
for-profit corporation

Its: General Partner

By: _____

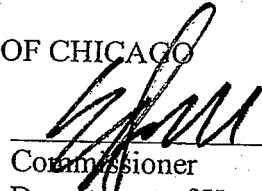


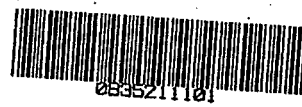
Its: _____

SECRETARY

CITY OF CHICAGO

By: _____


Commissioner
Department of Housing



Doc#: 0835211101 Fee: \$192.00
Eugene "Gene" Moore RHSP Fee:\$10.00
Cook County Recorder of Deeds
Date: 12/17/2008 02:54 PM Pg: 1 of 79

[leave blank 3" x 5" space for recorder's office]

**WE HEREBY CERTIFY THAT
THIS IS A TRUE AND ACCURATE
COPY OF THE ORIGINAL
DOCUMENT**

NEAR NORTH NATIONAL TITLE LLC

ND1071417 4 of 22

S:\Finance\Hollywood House\TIF RDA\rda 13.doc



This agreement was prepared by and after recording return to:
Michael L. Gaynor
City of Chicago Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602

HOLLYWOOD HOUSE APARTMENTS REDEVELOPMENT AGREEMENT

This Hollywood House Apartments Redevelopment Agreement (this "Agreement") is made as of this 1st day of December, 2008, among the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), Hollywood House Limited Partnership, an Illinois limited partnership (the "Partnership") (the general partner of which is Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not-for-profit corporation (the "General Partner")), and Heartland Housing, Inc., an Illinois not-for-profit corporation, which is the sole member of the General Partner (the "Member," and, jointly and severally with the 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 power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power 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 from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

Near North National Title
222 N. LaSalle
Chicago, IL 60601

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following three ordinances on November 7, 2007: (1) approving a redevelopment plan for the Hollywood/Sheridan Redevelopment Project Area; (2) designating the Hollywood/Sheridan Redevelopment Project Area as a redevelopment project area pursuant to the Tax Increment Allocation Redevelopment Act; and (3) adopting tax increment allocation financing for the Hollywood/Sheridan Redevelopment Project Area (the "TIF Adoption Ordinance") (items(1)-(3) collectively referred to herein as the "TIF Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Member has purchased from the Seller (the "Acquisition") certain property located within the Redevelopment Area at 5700 North Sheridan Road, Chicago, Illinois 60660 and legally described on Exhibit B hereto (the "Property") and improvements thereon consisting of approximately 3,200 square feet of commercial space and one hundred ninety-seven (197) residential units in a residential apartment building (the "Facility"). Promptly following the Acquisition of the Property by the Member from the Seller, the Member shall convey fee simple title to the Property to the Partnership (the "Partnership Acquisition"). Within the time frames set forth in Section 3.01 hereof, the Developer shall commence rehabilitation of the Facility. The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Hollywood/Sheridan Redevelopment Project Area Tax Increment Finance District Eligibility Study, Redevelopment Plan and Project (the "Redevelopment Plan") attached hereto as Exhibit D.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, (i) the proceeds of the City Note (defined below) and/or (ii) Incremental Taxes (as defined below), to pay for or reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement and the City Note.

In addition, the City may, in its discretion, issue tax increment allocation bonds ("TIF Bonds") secured by Incremental Taxes pursuant to a TIF bond ordinance (the "TIF Bond Ordinance") at a later date as described in Section 8.05 hereof, the proceeds of which (the "TIF Bond Proceeds") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Incremental Taxes (including any such payment made pursuant to any City Note provided to the Developer pursuant to this Agreement), to make payments of principal and interest on the City Note, or in order to reimburse the City for the costs of TIF-Funded Improvements.

G. HUD-Required Provisions: A portion of the Lender Financing (as defined below) includes a loan of the proceeds generated through the sale of the Series 2008A Bonds, which Series 2008A Bonds will be insured by the Federal Housing Administration ("FHA"), an organizational unit within the United States Department of Housing and Urban Development ("HUD"). The FHA-insured Lender Financing (the "FHA-Insured Loan") requires a HUD-Required Provisions Rider (the "Rider") to be incorporated into this Agreement. By the reference in this paragraph, said Rider, attached hereto as Exhibit Q, is hereby incorporated herein and made a part hereof.

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 the Recitals hereof.

"Actual residents of the City" shall mean persons domiciled within the City.

"Acquisition" shall have the meaning set forth in the Recitals hereof.

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

"Available Incremental Taxes" shall mean an amount equal to the Incremental Taxes deposited in the TIF Fund attributable to the taxes levied on the Redevelopment Area as adjusted to reflect the amount of the City Fee described in Section 4.05(c) hereof from and after the year of the Closing Date.

"Certificate" shall mean the Certificate of Completion of Rehabilitation described in Section 7.01 hereof.

"Certificate of Expenditure" shall mean any Certificate of Expenditure referenced in the City Note pursuant to which the principal amount of the City Note will be established.

"Change Order" shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in Section 3.03, Section 3.04 and Section 3.05, respectively.

"City Council" shall have the meaning set forth in the Recitals hereof.

"City Fee" shall mean the fee described in Section 4.05(c) hereof.

"City Funds" shall mean, collectively, (1) the Initial Payments and (2) the funds paid to the Developer pursuant to the City Note. The City Funds do not include the proceeds of the DOH Loan.

"City Note" shall mean the taxable Tax Increment Allocation Revenue Note (Hollywood/Sheridan Redevelopment Project), Taxable Series 2008A, to be in the form attached hereto as Exhibit M, in the maximum principal amount of \$5,900,000, issued by the City to the Partnership on or as of the date hereof. The City Note shall initially bear 0% per annum interest, which rate shall be adjusted upon the issuance of the Certificate to an annual fixed rate not to exceed seven and one-half percent (7.5%), subject to the approval of the Commissioner of DPD (or his or her designee).

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall be deemed to be the date appearing in the first paragraph of this Agreement.

"Construction Contract" shall mean that certain contract, substantially in the form attached hereto as Exhibit E, to be entered into between the Partnership and the General Contractor providing for construction of the Project.

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

"DOH" shall mean the City's Department of Housing, which shall act on the City's behalf in certain respects as set forth herein.

"DOH Commissioner" shall mean the Commissioner of DOH.

"DOH Loan" shall mean Lender Financing from the City (acting through DOH) in an amount not to exceed \$4,500,000, pursuant to the federal Community Development Block Grant program.

"DOH Loan Documents" shall mean the loan agreement, note, mortgage and other documents by which the City, acting through DOH, provides, evidences and/or secures the DOH Loan.

"Employer(s)" shall have the meaning set forth in Section 10 hereof.

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

"Equity" shall mean funds of the Developer (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06 (Cost Overruns) or Section 4.03(b).

"Escrow" shall mean the construction escrow established pursuant to the Escrow Agreement.

"Escrow Agreement" shall mean the Escrow Agreement establishing a construction escrow, to be entered into as of the date hereof by the Title Company (or an affiliate of the Title Company), the Partnership and the Lender(s), substantially in the form of Exhibit F attached hereto.

"Event of Default" shall have the meaning set forth in Section 15 hereof.

"Facility" shall have the meaning set forth in the Recitals hereof.

"FHA-Insured Loan" shall have the meaning set forth in Recital G hereof.

"Financial Statements" shall mean complete audited financial statements of the Member prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods. As of the Closing Date, "Financial Statements" shall mean, with respect to the Partnership, a balance sheet reviewed by a certified public accountant. Following receipt of the Certificate, the Partnership's "Financial Statements" shall mean a complete, audited financial statement prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

"General Contractor" shall mean the general contractor(s) hired by the Developer for the Project.

"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.

"IHDA" shall mean the Illinois Housing Development Authority.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance 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 the Treasurer into the TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Initial Payments" shall mean, collectively, payments of Incremental Taxes from the City to the Member in payment of or reimbursement for the costs of the Acquisition that are TIF-Funded Improvements in the following amounts and at the following times: (1) not less than \$3,000,000 on the Closing Date (the "First Initial Payment"); and (2) not to exceed \$1,000,000 within eight months of the Closing Date (the "Second Initial Payment").

"Laws" shall mean all applicable federal, state, local or other laws (including common law), statutes, codes, ordinances, rules, regulations or other requirements, now or hereafter in effect, as amended or supplemented from time to time, and any applicable judicial or administrative interpretation thereof, including any applicable judicial or administrative orders, consent decrees or judgments.

"Lender" shall mean a party providing Lender Financing.

"Lender Financing" shall mean funds borrowed by the Partnership from Lenders and irrevocably available to pay for Costs of the Project, in the amount set forth in Section 4.01 hereof.

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

"Municipal Code" shall mean the Municipal Code of the City of Chicago.

"Non-Governmental Charges" shall mean all non-governmental charges, liens, claims, or encumbrances relating to the Developer, the Property or the Project.

"Ordinance" shall mean the City ordinance adopted on September 10, 2008 authorizing, among other things, the City's execution of this Agreement and the issuance of the City Note.

"Partnership Acquisition" means the sale and conveyance of the Property by the Member to the Partnership, which conveyance shall occur promptly after the Acquisition of the Property by the Member from the Seller.

"Permitted Liens" shall mean those liens and encumbrances against the Property and/or the Project set forth on Exhibit G hereto.

"Plans and Specifications" shall mean initial construction documents containing a site plan and working drawings and specifications for the Project, as submitted to the City as the basis for obtaining building permits for the Project.

"Prior Expenditure(s)" shall have the meaning set forth in Section 4.05(a) hereof.

"Project" shall have the meaning set forth in the Recitals hereof.

"Project Account" shall have the meaning set forth in Section 4.03(c) hereof.

"Project Budget" shall mean the budget attached hereto as Exhibit H, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

"Property" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Area" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Plan" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Project Costs" shall mean redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget set forth in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

"Requisition Form" shall mean the document, in the form attached hereto as Exhibit L-1 to be delivered by the Member to DPD pursuant to Section 4.04 of this Agreement.

"Scope Drawings" shall mean preliminary construction documents containing a site plan and preliminary drawings and specifications for the Project.

"Seller" shall mean the Hellenic Foundation, an Illinois not for profit corporation a/k/a Greek Archdiocese Second Archdiocesan District Welfare Foundation.

"Series 2008 Bond Documents" shall mean any documents entered into by the Partnership and the City in connection with the Series 2008A Bonds and/or the Series 2008B Bonds.

"Series 2008A Bonds" shall mean the City's Multi-Family Housing Revenue Bonds (Hollywood House Apartments), Series 2008A (FHA Insured/GNMA), in an amount not to exceed

\$13,000,000, the proceeds of which are being loaned to the Partnership to finance a portion of the costs of the Project.

"Series 2008B Bonds" shall mean the City's Multi-Family Housing Revenue Bonds (Hollywood House Apartments), Series 2008B, in an amount not to exceed \$4,500,000, the proceeds of which are being loaned to the Partnership to finance a portion of the costs of the Project.

"Survey" shall mean a Class A plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 45 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City, the Lender and the Title Company, among others, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the rehabilitation of the Facility and related improvements as required by the City or Lender(s) providing Lender Financing).

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the date on which the Redevelopment Area is no longer in effect (through and including December 31, 2031).

"TIF Adoption Ordinance" shall have the meaning set forth in the Recitals hereof.

"TIF Bonds" shall have the meaning set forth in the Recitals hereof.

"TIF Bond Ordinance" shall have the meaning set forth in the Recitals hereof.

"TIF-Funded Improvements" shall mean those improvements of the Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to pay for or reimburse out of the City Funds, subject to the terms of this Agreement. Exhibit C lists the TIF-Funded Improvements for the Project.

"TIF Fund" shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"TIF Ordinances" shall have the meaning set forth in the Recitals hereof.

"Title Company" shall mean Near North National Title, LLC, a Delaware limited liability company.

"Title Policy" shall mean a title insurance policy issued by the Title Company in the most recently revised ALTA or equivalent form, showing the Partnership as the insured, noting the recording of this Agreement as an encumbrance against the Property, and the subordination of (i) any existing liens against the Property created prior to the date hereof relating to Lender Financing (including the Illinois Affordable Housing Tax Credit Regulatory Agreement) through a subordination agreement in favor of the City substantially in the form attached hereto as Exhibit O, and (ii) any liens against the Property relating to Lender Financing created concurrently herewith either through the referenced subordination agreement or subordination provisions acceptable to the City that are incorporated into the Lender Financing documents, to the covenants running with the land set forth in this Agreement; provided, however, that this Agreement shall be subject and subordinate to (i) the FHA-insured Loan as provided in the HUD Rider, and (ii) the Regulatory Agreement executed by

the Partnership and the City in connection with the federal low-income housing tax credits allocated for the Project.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.).

"WBE(s)" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence construction no later than one calendar month after the Closing Date; and (ii) complete construction and conduct business operations therein no later than twenty-four (24) calendar months after the Closing Date.

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings and Plans and Specifications to DOH and DOH has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DOH as a Change Order pursuant to Section 3.04(a) and Section 3.04(b) hereof. All other proposed changes to the Scope Drawings or Plans and Specifications subsequent to DOH's initial approval of the Scope Plans and Drawings shall be submitted to DOH as Change Orders pursuant to Section 3.04(c) and Section 3.04(d) hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan and all applicable Laws. The Developer shall submit all necessary documents to the City's Department of Construction and Permits, Department of Buildings, 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.

3.03 Project Budget. The Developer has furnished to DPD and DOH, and DPD and DOH have approved, a Project Budget showing total costs for the Project in the approximate amount of Thirty-Two Million Eight Hundred Eleven Thousand Six Hundred Eleven and No/100 Dollars (\$32,811,611). The Developer hereby certifies to the City that (a) the Initial Payments, together with Lender Financing and Equity described in Section 4.02 hereof, shall be sufficient to complete the Project; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DOH and DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DOH (pursuant to Section 3.02 above), concurrently with the progress reports described in Section 3.07 hereof; provided, that any Change Order relating to any of the following must be submitted by the Developer to DOH for DOH's prior written approval, as applicable, which approval from DOH shall not be unreasonably withheld with respect to subsections (c) and (d): (a) a reduction in the square footage of the Facility; (b) a change in the use of the Property to a use other than a rental residential building; (c) a delay in the completion of the Project in excess of ten (10) business days for any single Change Order or if the cumulative effect of the Change Orders would cause a delay in excess of twenty-five (25) business days in the aggregate; or (d) Change Orders costing more than \$50,000 each, to an aggregate

amount of \$250,000. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DOH's written approval (to the extent required in this section). The Developer must provide DPD with copies of all DOH-approved Change Orders (and documentation substantiating the need and identifying the source of funding therefore) relating to material changes to the Project concurrently with the progress reports described in Section 3.07 hereof.

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

3.06 Other Approvals. Any DPD or 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 Section 5.03 (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals (including but not limited to DOH's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

3.07 Progress Reports. The Developer shall provide DPD and DOH with written quarterly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DOH's written approval pursuant to Section 3.04).

3.08 Inspecting Agent or Architect. Pursuant to the DOH Loan Documents, the Developer's architect shall perform periodic inspections with respect to the Project and provide the City with certifications relating thereto.

3.09 Barricades. Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable Laws. DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

3.10 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 Project, indicating that financing has been 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.

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

3.12 Permit Fees. Except for any fees expressly waived by the City for the Project pursuant to the ordinance authorizing, among other things, the City's execution of this Agreement adopted by the City Council on September 10, 2008, 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 of Chicago and are of general applicability to other property within the City of Chicago.

3.13 Superiority of City Loan and Tax Credit Requirements. As part of the financing for the Project, Developer shall receive (i) Equity from the sale of federal low-income housing tax credits, (ii) Lender Financing from the City acting through DOH, (iii) Lender Financing from IHDA, and (iv) the FHA-Insured Loan. In addition, the Property will be subject to certain regulatory restrictions associated with Illinois Affordable Housing Tax Credits allocated by IHDA in connection with the Project. These sources of financing are subject to federal, state and City statutory (ordinance) and regulatory requirements as to the following certain aspects of monitoring the Project set forth in this Agreement: Change Orders (Section 3.04), Construction Contract (Section 6.02), Insurance (Sections 5.08 and 12), Payment and Performance Bond (Section 6.03), MBE/WBE Participation (Section 10.03), Permit Fees (Section 3.12), Affordable Housing (Section 8.20) and Prevailing Wage (Section 8.09). DPD hereby acknowledges (i) its willingness to abide by DOH policies relating to the DOH Lender Financing, and (ii) the superiority of any federal requirements related to financing in the areas set forth above in this Section 3.13 and hereby acknowledges that if the monitoring division of DOH establishes that said DOH policy has been satisfied in connection with any Lender Financing from DOH or federal requirements have been satisfied in connection with other Lender Financing, respectively, then the corresponding DPD requirement set forth above shall be deemed to be satisfied. DPD in its sole discretion, shall reserve the option to allow other obligations, duties and responsibilities of the Developer to be similarly satisfied; such satisfaction to be demonstrated by written notice from the Commissioner of DPD.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be Thirty-Two Million Eight Hundred Eleven Thousand Six Hundred Eleven and No/100 Dollars (\$32, 811,611), to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to Sections 4.03(b) and 4.06)	
Low-Income Housing Tax Credits	\$ 3,847,808*
Deferred Developer Fee	\$ 858,886**
General Partner Capital	\$ 373,841
Lender Financing	
FHA Mortgage	\$11,511,100 (not to exceed \$13,000,000)
Series 2008B Bonds	\$ 3,350,000* (not to exceed \$4,500,000)
DOH	\$ 4,500,000
IHDA (Trust Fund Program)	\$ 1,250,000
IHDA (FAF Program)	\$ 750,000
Member Seller Financing for Partnership Acquisition*****	\$ 2,500,799 (not to exceed \$3,500,000)
Estimated City Funds (subject to Section 4.03)***	
Initial Payments****	\$ 4,000,000
ESTIMATED TOTAL	\$32,942,434*****

* The projected Equity from the low-income housing tax credits is \$7,197,808; of this amount, the Series 2008B Bonds will bridge receipt of \$3,350,000; as a result, the Equity from Low-Income Housing Tax Credits is listed as \$3,847,808.

- ** Of this amount, \$484,286 is the projected interim income to be received during the course of the in-place rehabilitation, and \$374,600 represents a deferred development fee.
- *** Not including payments of City Funds under the City Note.
- **** Loaned by the Member to the Partnership and deposited into the Escrow.
- ***** Although not part of the Project budget, the Project is expected to receive approximately \$150,000 per year as a rental subsidy from the Chicago Low-Income Housing Trust Fund, an Illinois not-for-profit corporation.
- ***** Irrevocably available for the Project.

4.02 Developer Funds. Equity and/or Lender Financing may be used to pay any Project cost, including but not limited to Redevelopment Project Costs.

4.03 City Funds.

(a) Uses of City Funds. City Funds may only be used to pay directly or reimburse the Developer for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Sections 4.03(b) and 4.05(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. The Initial Payments shall be in payment of or reimbursement for the costs of the Acquisition that are TIF-Funded Improvements. The Member intends to use (1) the First Initial Payment to make a loan to the Partnership for the Partnership to pay for the Partnership Acquisition and (2) the Second Initial Payment to make a loan to the Partnership to pay for the costs of the Project. The Partnership shall use the City Funds paid through the City TIF Note for the costs of the Partnership Acquisition that are TIF-Funded Improvements.

(b) Sources of City Funds for Initial Payments. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to provide City Funds from the sources and in the amounts described directly below as the Initial Payments to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Incremental Taxes and/or TIF Bond Proceeds	\$4,000,000

provided, however, that the total amount of City Funds expended as Initial Payments for TIF-Funded Improvements shall be an amount not to exceed \$4,000,000; and provided further, that the Second Initial Payment to be derived from Incremental Taxes and/or TIF Bond Proceeds, if any, shall be available to pay the costs of TIF-Funded Improvements as described above and allocated by the City for that purpose only so long as the amount of Incremental Taxes deposited into the TIF Fund shall be sufficient to pay for such costs. The Developer acknowledges and agrees that the City's obligation to make the Second Initial Payment for TIF-Funded Improvements is contingent upon the fulfillment of the foregoing condition. In the event that such condition is not fulfilled, the amount of Equity to be contributed by the Developer pursuant to Section 4.01 hereof shall increase proportionately.

(c) City Note. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to issue the City Note to

the Partnership on the Closing Date. The principal amount of the City Note shall be in an amount equal to the costs of the TIF-Funded Improvements which have been incurred by the Partnership and are to be reimbursed by the City through payments of principal and interest on the City Note, subject to the provisions hereof; provided, however, that the maximum principal amount of the City Note shall be an amount not to exceed the lesser of \$5,900,000 or 18.68% of the actual total Project costs (excluding contingencies); and provided, however, that payments under the City Note are subject to the amount of Available Incremental Taxes deposited into the TIF Fund being sufficient for such payments. Payments on the City Note shall be made pursuant to a debt service schedule, agreed upon by the City and the Partnership (or the then-applicable registered owner of the City Note), to be attached to the City Note upon issuance by the City of a Certificate of Expenditure under the City Note. However, no interest will accrue on the City Note nor will any payment be made on the City Note until a Certificate of Completion is issued to the Developer as described in Section 7.01 herein.

Pursuant to the Ordinance: (1) the City has created within the general account of the TIF Fund a special subaccount to be known as the "Hollywood House Limited Partnership Project Account (the "Project Account"); (2) commencing in the year in which the Certificate of Completion is issued, the City shall designate and deposit into the Project account the Available Incremental Taxes; (3) the City shall use the funds in the Project Account to make all principal and interest payments with respect to the City Note according to the debt service payment schedule to be attached thereto until the City Note has been fully repaid; (4) the City has assigned, pledged and dedicated the Project Account, together with all amounts on deposit therein, to the payment of the principal of and interest on the City Note in accordance with the terms of the City Note and this Agreement; (5) upon payment of all amounts due under the City Note and this Agreement in accordance with their terms (or the termination of the City's obligation to make such payments), the amounts on deposit in the Project Account, as applicable, shall be deposited in the Fund and the Project Account shall be closed; and (6) alternatively, upon the occurrence of an uncured Event of Default that entitles the City to terminate permanently any further payment of City Funds due under the City Note, the City may, in its discretion, return the amounts in the Project Account that would otherwise be allocated to the payment of the City Note to the Fund and the Project Account shall be closed.

The City shall not subordinate the City Note to or place the City Note on a parity basis with any subsequent pledge of Available Incremental Taxes without the prior written consent of the Partnership (or the then-applicable registered owner of the City Note).

4.04 Construction Escrow; Requisition Form.

(a) The Initial Payments shall be loaned by the Member to the Partnership and deposited into the Escrow.

(b) On the Closing Date, the Member shall provide DPD with a Requisition Form for the Initial Payments along with the documentation described therein.

(c) Delivery by the Member to DPD of a Requisition Form hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such Requisition Form, that:

(i) the total amount of the Requisition Form represents the actual cost of the Acquisition or the actual amount payable to (or paid to) the General Contractor and/or

subcontractors and/or a licensed architect who have performed work on the Project, and/or their payees;

(ii) all amounts shown as previous payments on the current Requisition Form have been paid to the parties entitled to such payment;

(iii) the Developer has approved all work and materials for the current Requisition Form, and, based upon the determinations of the Developer's architect, such work and materials conform to the Plans and Specifications;

(iv) the representations and warranties contained in this Agreement are true and correct in all material respects (except as disclosed in writing to and approved by DPD) and the Developer is in compliance with all covenants contained herein in all material respects;

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens;

(f) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred; and

(g) the Project is In Balance. The Project shall be deemed to be in balance ("In Balance") only if the total of the available Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "Available Project Funds" as used herein shall mean: (i) the undisbursed City Funds (including the \$1,000,000 of the Initial Payments to be paid within eight months of the Closing Date), regardless of whether those funds are then available to the Developer; (ii) the undisbursed Lender Financing, if any; (iii) the undisbursed Equity and (iv) any other amounts deposited or payments deferred by the Developer pursuant to this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, deposit with the escrow agent or will make available (in a manner acceptable to the City), cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement of the City Funds shall be made.

The City shall have the right, in its reasonable discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in the TIF Ordinances and this Agreement.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Prior Expenditures. Only those expenditures made by the Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). DPD shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as of the date hereof as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed to

the Developer, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.01 hereof.

(b) [intentionally omitted]

(c) City Fee. Annually, the City may allocate an amount not to exceed 5% of the Incremental Taxes for payment of costs incurred by the City for the administration and monitoring of the Redevelopment Area, including the Project. Such fee shall be in addition to and shall not be deducted from or considered a part of the City Funds, and the City shall have the right to receive such funds prior to any payment of City Funds hereunder.

(d) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$25,000 or \$250,000 in the aggregate, may be made without the prior written consent of DPD.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4.03 hereof, or if the cost of completing the Project exceeds the Project Budget, the Developer shall be solely responsible for such excess cost, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and of completing the Project.

4.07 Preconditions of Execution of Certificate of Expenditure for City Note. Prior to or concurrently with the Developer's request for a Certificate pursuant to Section 7.01 hereof, the Partnership shall submit a request for execution of a Certificate of Expenditure for the City Note (in a form substantially similar to that attached as Exhibit L-2) and documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by the Partnership to DPD of any request for execution by the City of a Certificate of Expenditure hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for execution of a Certificate of Expenditure, that:

(a) the total amount of the request for Certificate of Expenditure represents the actual amounts paid to the General Contractor and/or subcontractors and/or a licensed architect who have performed work on the Project, and/or their payees;

(b) all amounts shown as previous payments on the request for a Certificate of Expenditure have been paid to the parties entitled to such payment;

(c) all work and materials referenced in the request for a Certificate of Expenditure has been completed and the Developer's architect has affirmed that such work and materials conform to the Plans and Specifications;

(d) the representations and warranties contained in this Redevelopment Agreement are true and correct in all material respects (except as disclosed in writing to and approved by DPD) and the Developer is in compliance with all covenants contained herein in all material respects;

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens; and

(f) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred.

The City shall have the right, in its reasonable discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any execution of a Certificate of Expenditure by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of execution of a Certificate of Expenditure, including but not limited to requirements set forth in the TIF Ordinances and this Agreement.

4.08 Conditional Grant. The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed as provided in Section 15.02 hereof.

SECTION 5. CONDITIONS PRECEDENT

The following conditions have been complied with to the City's satisfaction on or prior to the Closing Date:

5.01 Project Budget. The Developer has submitted to DPD and DOH, and DPD and DOH have approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

5.02 Scope Drawings and Plans and Specifications. The Developer has submitted to DOH, and DOH has approved, the Scope Drawings and Plans and Specifications accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals. The Developer has secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation and has submitted evidence thereof to DPD and/or DOH.

5.04 Financing. The Developer has furnished proof reasonably acceptable to the City that the Partnership has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Partnership as needed and are sufficient (along with the Equity and other sources set forth in Section 4.01) to complete the Project. The Developer has delivered to DPD a copy of the Escrow Agreement entered into by the Partnership regarding the Lender Financing. Any liens against the Property recorded prior to and remaining in existence at the Closing Date plus any liens to be recorded against the Property in connection with the Lender Financing (other than the Regulatory Agreement regarding the DOH Loan and the FHA-Insured Loan) have been subordinated to the covenants set forth in Sections 8.02, 8.19(c) and 8.20 of this Agreement pursuant either to the Subordination Agreement, in a form acceptable to the City and as set forth in Exhibit O hereto, executed on or prior to the Closing Date by the City and each applicable party, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County, or subordination language in the affected Lender Financing documents that the City has approved.

5.05 Acquisition and Title. On the Closing Date, the Developer has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Partnership as

the named insured, along with copies of all Schedule B title exception documents. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on Exhibit G hereto and evidences the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer has provided to DPD, on or prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches under the names of the Partnership, the General Partner and the Member 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, Pending suits and judgments	
Cook County	

The searches above must show no liens against the Developer, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

5.07 Surveys. The Developer has furnished the City with three (3) copies of the Survey.

5.08 Insurance. The Developer, at its own expense, has insured the Property in accordance with Section 12 hereof, and has delivered certificates required pursuant to Section 12 hereof evidencing the required coverages to DPD.

5.09 Opinion of the Developer's Counsel.

On the Closing Date, the Developer has furnished the City with an opinion of counsel, substantially in the form attached hereto as Exhibit J, with such changes as required by or acceptable to Corporation Counsel. If the Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in Exhibit J hereto, such opinions were obtained by the Developer from its general corporate counsel.

5.10 Evidence of Prior Expenditures. The Developer has provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

5.11 Financial Statements. The Member has provided its Financial Statements to DPD.

5.12 Documentation. The Developer has provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters.

5.13 Environmental. The Developer has provided DPD with copies of that certain phase I environmental audit completed with respect to the Property and any phase II environmental audit with respect to the Property required by the City. The Developer has provided the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Corporate Documents; Economic Disclosure Statement. The Developer has provided a copy of: (a) the Partnership's partnership agreement and any subsequent amendments; (b) the Partnership's certificate of limited partnership containing the original certification of the Secretary of State of its state of formation; (c) certificates of existence for the Partnership from the Secretary of State of the Partnership's state of formation and all other states in which the Partnership is qualified to do business; (d) a secretary's certificate of the General Partner on behalf of the Partnership in such form and substance as the Corporation Counsel may require; (e) such other partnership documentation for the Partnership as the City has requested; (f) a copy of the General Partner's Articles of Incorporation containing the original certification of the Secretary of State of the General Partner's state of incorporation; (g) certificates of good standing for the General Partner from the Secretary of State of the General Partner's state of incorporation and all other states in which the General Partner is qualified to do business; (h) a secretary's certificate for the General Partner in such form and substance as the Corporation Counsel may require; (i) a certified copy of the By-Laws, if and as amended, of the General Partner; (j) such other corporate documentation for the General Partner as the City has requested; (k) a copy of the Member's Articles of Incorporation, as amended, containing the original certification of the Secretary of State of the Member's state of incorporation; (l) certificates of good standing for the Member from the Secretary of State of the Member's state of incorporation and all other states in which the Member is qualified to do business; (m) a secretary's certificate for the Member in such form and substance as the Corporation Counsel may require; (n) a certified copy of the By-Laws, as amended, of the Member; and (o) such other corporate documentation for the Member as the City has requested.

Each of the Member, the General Partner and the Partnership has also provided to the City an Economic Disclosure Statement, in the City's current form, dated as of the Closing Date.

5.15 Litigation. The Developer has provided to Corporation Counsel and DPD, a description of all pending or threatened litigation or administrative proceedings involving the Developer, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 [intentionally omitted]

6.02 Construction Contract. Prior to the execution thereof, the Partnership shall deliver to DOH a copy of the proposed Construction Contract with the General Contractor selected to handle the Project for DOH's prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof. Within ten (10) business days after execution of such contract by the Partnership, the General Contractor and any other parties thereto, the Partnership shall deliver to DOH and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.03 Performance and Payment Bonds. Prior to the commencement of any portion of the Project which includes work on the public way, the Developer shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a bond in the form attached as Exhibit P hereto. Subject to HUD's applicable requirements regarding the FHA-Insured Loan (if any), the City shall be named as obligee or co-obligee on any such bonds.

6.04 Employment Opportunity. The Developer shall contractually obligate and cause the General Contractor and each subcontractor to agree to the provisions of Section 10 hereof.

6.05 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 10.03 (MBE/WBE Requirements, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DOH within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion of Rehabilitation. Upon completion of the rehabilitation of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DPD 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. DPD shall respond to the Developer's written request for a Certificate within forty-five (45) days 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.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the rehabilitation of 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 8.02, 8.19(c) and 8.20 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; provided, that upon the issuance of a Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled. 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 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.03 Failure to Complete. Subject to the Developer's right to cure as set forth in Section 15.03, if the Developer fails to complete the Project in accordance with the terms of this Agreement, then the City has, but shall not be limited to, any of the following rights and remedies:

(a) 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 those TIF-Funded Improvements that are public improvements ("Public TIF-Funded Improvements") and to pay for the costs of such Public TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the Public TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such Public TIF-Funded Improvements in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer, subject to Exhibit Q.

7.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DPD 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 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.

8.01 General. The Developer represents, warrants and covenants, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that:

(a) (i) the Partnership is an Illinois limited partnership duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required and (ii) the Member is an Illinois not-for-profit corporation duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any 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 action, and does not and will not violate the Partnership's partnership agreement as amended and supplemented and/or the Member's by-laws as amended and supplemented, any applicable provision of law, or constitute a 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 or not prohibited pursuant to or under the terms of this Agreement, the Member shall acquire fee simple title to the Property from the Seller, and then the Member shall sell and convey to the Partnership good, indefeasible and merchantable fee simple title to the Property (and all improvements thereon) free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);

(e) the Developer is now and for the Term of the Agreement shall remain solvent and able to pay its debts as they mature;

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

(g) the Developer has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project, except for the certificate of occupancy (if any) issued by the City following completion of the rehabilitation;

(h) except as heretofore disclosed in writing to the City by the Developer or its counsel, the Developer is not in 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;

(i) the Financial Statements of the Member are complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of the Member, and the Financial Statement when hereafter required to be submitted by the Developer will be complete, correct in all material respects and will accurately present the assets, liabilities, results of operations and financial condition of the Developer; there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the Member since the date of the Member's most recent Financial Statements;

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except for tenant leases of not greater than one year in duration entered in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity (except for guarantees executed by the Member in the course of its development of other housing projects or the operation thereof); or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(k) the Developer has not incurred, and, prior to the issuance of a Certificate, shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property (or improvements thereon) other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Property (or improvements thereon) or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget;

(l) the Developer has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City; and

(m) neither the Developer nor any affiliate of the Developer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the

Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subparagraph (m) only, the term "affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

8.02 Covenant to Redevelop. Upon the City's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all Laws applicable to the Project, the Property and/or the Developer, including, without limitation, all Environmental Laws. The covenants set forth in this Section shall run with the land and be binding upon any transferee, but shall be deemed satisfied upon issuance by the City of a Certificate with respect thereto.

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

8.04 Use of City Funds. City Funds disbursed to the Developer shall be used by the Developer solely to pay for (or to reimburse the Developer for its payment for) the TIF-Funded Improvements as provided in this Agreement.

8.05 TIF Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Redevelopment Area (the "TIF Bonds"); provided, however, that (1) any such amendments shall not have a material adverse effect on the Developer or the Project, and (2) the proceeds of the TIF Bonds may not be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements unless such use is expressly permitted by law at the time of the issuance of the TIF Bonds. If the City intends to issue TIF Bonds the interest on which is not includible in gross income of their owners for federal income tax purposes ("Tax Exempt Bonds"), the City shall notify in writing tax counsel for the Developer identified in Section 17 hereof ("Tax Counsel for the Developer") prior to providing any proceeds of the Tax Exempt Bonds to the Developer. The City shall in good faith endeavor to provide the foregoing notice at least 180 days prior to providing any proceeds of the Tax Exempt Bonds to the Developer, but any failure to do so within such time frame shall not constitute a violation hereof or default hereunder by the City. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such TIF Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 [intentionally omitted]

8.07 Employment Opportunity; Progress Reports. The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof. The Developer shall deliver to the City written progress reports detailing compliance with the requirements of Sections 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

8.08 Employment Profile. The Developer shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to DPD, from time to time, statements of its employment profile upon DPD's request.

8.09 Prevailing Wage. On account of the DOH Loan, the Project is subject to the requirements of the Davis-Bacon Act, 40 U.S.C. Section 276a et seq. Accordingly, pursuant to 820 ILCS 130/11, Section 11 of the Illinois Prevailing Wage Act (820 ILCS 130/0/01 et seq.), the requirements of the Illinois Prevailing Wage Act shall not apply to the Project.

8.10 Arms-Length Transactions. Unless DPD has given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement. The provisions of this Section 8.10 do not apply to any Prior Expenses approved pursuant to Section 4.05(a), the Partnership Acquisition of the Property by the Partnership from the Member (following the Acquisition of the Property by the Member from the Seller), the Development Fee to be paid to the Member by the Partnership and the payment of any management fees by the Partnership to the Member in connection with the Management Agreement between the Partnership and Member for the Project.

8.11 Conflict of Interest. Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer represents, warrants and covenants that, to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or the Developer with respect thereto, owns or controls, has owned or controlled or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area.

8.12 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.

8.13 Financial Statements. The Member shall obtain and provide to DPD Financial Statements for the Member's fiscal year ended June 30, 200_ and each fiscal year thereafter until the City has issued the Certificate. Consistent with the foregoing, the Member shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may reasonably request. The Partnership shall obtain and provide DPD on the Closing Date its Financial Statements. Following the Closing Date, the

Partnership shall obtain and provide to DPD audited Financial Statements for the Partnership's fiscal year ended December 31, 200_, and each fiscal year thereafter. In addition, the Partnership shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other period as DPD may reasonably request.

8.14 Insurance. The Developer, at its own expense, shall comply with all provisions of Section 12 hereof.

8.15 Non-Governmental Charges.

(a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

(b) Right to Contest. The Developer has the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge; prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.15); or

(ii) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD and the Title Company in such form and amounts as DPD and the Title Company 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 or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

8.16 Developer's Liabilities. The Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder or to repay any material liabilities or perform any material obligations of the Developer to any other person or entity. The Developer shall immediately notify DPD of any and all events or actions which may materially affect the Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

8.17 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 Laws pertaining to or affecting the Project and the Property, including, without limitation, all Environmental Laws. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

8.18 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 against the Property on the date hereof in the conveyance and real property records of Cook County. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit or cause the Title Company to transmit to the City an executed duplicate original of this Agreement showing the date and recording number of record.

8.19 Real Estate Provisions.

(a) Governmental Charges.

(i) Payment of 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, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook County, and municipalities other than the City) relating to the Developer, the Property or the Project including but not limited to real estate taxes.

(ii) Right to Contest. The Developer has 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. 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 DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

(A) the Developer shall demonstrate to DPD's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent or remove 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

(B) the Developer shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD 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.

(b) Developer's Failure To Pay Or Discharge Lien. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise DPD thereof in

writing, at which time DPD may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in DPD's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DPD deems advisable. All sums so paid by DPD, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to DPD by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Developer to submit to the City audited Financial Statements at the Developer's own expense.

(c) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Developer agrees that (A) for the purpose of this Agreement, the total projected minimum assessed value of the Property ("Minimum Assessed Value") is shown on Exhibit K attached hereto and incorporated herein by reference for the years noted on Exhibit K; (B) Exhibit K sets forth the specific improvements which will generate the fair market values, assessments, equalized assessed values and taxes shown thereon; and (C) 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 this 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 the Redevelopment Plan is in effect.

(iii) No Reduction in Real Estate Taxes. Except if the Developer seeks a Class 9 certification in connection with the property taxes on the Property, neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of this Agreement, directly or indirectly, initiate, seek or apply for proceedings in order to lower the assessed value of all or any portion of the Property or the Project below the amount of the Minimum Assessed Value as shown in Exhibit K for the applicable year.

(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 the City or any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Property up to (but not above) the Minimum Assessed Value as shown in Exhibit K.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.19(c) are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees 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, lease, 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 explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.19(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer, its successors or assigns, may waive and terminate the Developer's covenants and agreements set forth in this Section 8.19(c).

8.20 Affordable Housing Covenant. The Developer agrees and covenants to the City that, prior to any foreclosure of the Property by a lender providing Lender Financing, the provisions of that certain Regulatory Agreement executed by the Developer in connection with the DOH Loan as of the date hereof shall, along with the requirements of (i) the Regulatory and Land Use Restriction Agreement and the Illinois Affordable Housing Tax Credit Agreement between IHDA and the Partnership, (ii) the Regulatory Agreement between HUD and the Partnership, and (iii) the Regulatory Agreement and Declaration of Restrictive Covenants between Deutsche Bank National trust Company and the Partnership in connection with the Series 2008A Bond and Series 2008B Bond, govern the terms of the Developer's obligation to provide affordable housing. Following foreclosure, if any, and from the date of such foreclosure through the Term of the Agreement, the following provisions shall, subject to the HUD Required Provisions Rider, govern the terms of the obligation to provide affordable housing under this Agreement:

(a) The Project shall be operated and maintained principally as residential rental housing;

(b) One hundred and seventy-seven of the units in the Project shall be available for occupancy to and be occupied solely by one or more Families qualifying as Low Income Families (as defined below) upon initial occupancy; and

(c) One hundred and seventy-seven of the units in the Project have monthly rents paid by the tenant not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Internal Revenue Code of 1986, as amended); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income.

(d) As used in this Section 8.20, the following terms have the following meanings:

(i) "Family" shall mean one or more individuals, whether or not related by blood or marriage; and

(ii) "Low Income Families" shall mean Families whose annual income does not exceed sixty percent (60%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

(e) The covenants set forth in this Section 8.20 shall run with the land and be binding upon any transferee.

(f) The City and the Developer may enter into a separate agreement to implement the provisions of this Section 8.20.

8.21 [intentionally omitted]

8.22 [intentionally omitted]

8.23 [intentionally omitted]

8.24 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and 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 (except as provided in Section 7 hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 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.

9.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 9 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 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

10.01 Employment Opportunity. The Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the Developer, the "Employers" and individually an "Employer") to agree, that for the Term of this Agreement with respect to Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: 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. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex,

national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

(b) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

(c) Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

(d) Each Employer, in order to demonstrate compliance with the terms of this Section, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.

(e) Each Employer shall include the foregoing provisions of subparagraphs (a) through (d) in every contract entered into in connection with the Project, and shall require inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any Affiliate operating on the Property, so that each such provision shall be binding upon each contractor, subcontractor or Affiliate, as the case may be.

(f) Failure to comply with the employment obligations described in this Section 10.01 shall be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof.

10.02 City Resident Construction Worker Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, 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 as 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 Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Developer, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

The Developer may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Chief Procurement Officer of the City.

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

The Developer, the General Contractor and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer 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 Employer hired the employee should be written in after the employee's name.

The Developer, the General Contractor and each subcontractor shall provide full access to their employment records to the Chief Procurement Officer, the Commissioners of DPD and DOH, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer, the General Contractor and each subcontractor 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.

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

Good faith efforts on the part of the Developer, the General Contractor and each subcontractor 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 Chief Procurement Officer) 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 has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or 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 Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer 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, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.

Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for 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 or related documents.

The Partnership shall cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project.

10.03. MBE/WBE Commitment. The Partnership agrees for itself and its successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate the General Contractor to agree that during the Project:

(a) Consistent with the findings which support, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code of Chicago (the "Procurement Program"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code of Chicago (the "Construction Program," and collectively with the Procurement Program, the "MBE/WBE Program"), 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 10.03, during the course of the Project, at least the following percentages of aggregate hard construction costs (as set forth in the Project Budget) shall be expended for contract participation by MBEs and by WBEs:

- (1) At least 24 percent by MBEs.
- (2) At least four percent by WBEs.

(b) For purposes of this Section 10.03 only, the Developer (and any party to whom a contract is let by the Developer in connection with the Project) shall be deemed a "contractor" and this Agreement (and any contract let by the Developer in connection with the Project) shall be deemed a "contract" or a "construction contract" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, 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 or services 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 10.03. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of DOH.

(d) The Developer shall deliver quarterly reports to the City's monitoring staff 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 the City's monitoring staff 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 the City's monitoring staff 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.

(e) 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 Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(f) Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 10.03 shall be undertaken in accordance with Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(g) Prior to the commencement of the Project, the Developer shall be required to meet with the City's monitoring staff with regard to the Developer's compliance with its obligations under this Section 10.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 10.03, 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 in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project; (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

SECTION 11. 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, the Scope Drawings, Plans and Specifications and all amendments thereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the 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 the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the 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 all or any portion of the Property, or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

SECTION 12. INSURANCE

The Partnership shall comply with Section 4 of the mortgage from the Partnership to the City securing repayment of the DOH Loan.

SECTION 13. INDEMNIFICATION

13.01 General Indemnity. Developer agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnitee," and collectively the "Indemnitees") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnities shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating or arising out of:

(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 General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or

(iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or any Affiliate Developer or any agents, employees, contractors or persons acting under the control or at the request of the Developer or any Affiliate of Developer; or

(iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

provided, however, that Developer shall have no obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it violates or is violative of any law or public policy, Developer shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 13.01 shall survive the termination of this Agreement, subject to Exhibit Q.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 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, if any, 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.

14.02 Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City has access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION 15. DEFAULT AND REMEDIES

15.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, shall constitute an "Event of Default" by the Developer hereunder (provided, however, that after the issuance of the Certificate, any event solely involving the Member which would be an event of default will not constitute an Event of Default 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 of the Series 2008 Bond Documents;

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer's ability to perform, keep or observe any of its conditions, promises or obligations hereunder;

(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 of the Series 2008 Bond Documents 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, 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 sixty (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 sixty (60) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer that prevents fulfillment of any obligation under hereunder which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

(h) the occurrence of an event of default under the Lender Financing caused by or attributable to the Developer, which default is not cured within any applicable cure period; provided, however, that in such event the City may not suspend disbursement of City Funds under the City Note pursuant to Section 15.02 hereof;

(i) the dissolution of the Developer;

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Developer, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns a material interest in the Developer, for any crime (other than a misdemeanor); or

(k) prior to the expiration of the Term of the Agreement, the sale or transfer of a majority of the ownership interests of the Developer without the prior written consent of the City, except (1) as permitted under the DOH Loan Documents (including but not limited to in connection with any Lender Financing), or (2) to the extent the syndicator of federal low-income housing tax credits may acquire or sell a limited partner interest in the Partnership, provided that the sale is to an affiliate of the syndicator.

For purposes of Section 15.01(i) hereof, a person with a material interest in the Developer shall be one owning in excess of ten (10%) of the Developer's partnership interests.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements (including the DOH Loan Documents), and may suspend disbursement of City Funds. Upon the occurrence of an Event of Default, the City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the 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 the Developer has failed to perform such monetary covenant within 30 days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the 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 the

Developer has failed to cure such default within 60 days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such 60-day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such 60-day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

The City may, in its sole discretion, accept a cure of any Event of Default made or tendered by any partner of the Partnership or by any Lender of the Lender Financing and in such instance such cure shall be deemed to be a cure by the Partnership.

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Partnership may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "New Mortgage." Any New Mortgage that the Partnership may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby agreed by and between the City and the Developer as follows:

(a) In the event that a mortgagee or any other party shall succeed to the Partnership's interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Partnership's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" (including "the Partnership") hereunder; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the issuance by the City to the Developer of a Certificate pursuant to Section 7 hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD.

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 mail, return receipt requested.

If to the City:

City of Chicago
Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
Attention: Commissioner

With Copies To:

City of Chicago
Department of Law
Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attention: Finance and Economic Development Division

and

City of Chicago
Department of Housing
33 North LaSalle Street, 2nd Floor
Chicago, Illinois 60602
Attention: Commissioner

If to the Developer:

Hollywood House Limited Partnership
c/o Heartland Housing, Inc.
208 South LaSalle Street, Suite 1818
Chicago, Illinois 60604
Attention: Executive Director

With Copies To:

Applegate & Thorne-Thomsen
322 South Green Street, Suite 412
Chicago, Illinois 60607
Attention: William G. Skalitzky
and Thomas Thorne-Thomsen
("Tax Counsel for the Developer")

and

National Equity Fund, Inc.
120 South Riverside Plaza, 15th Floor
Chicago, Illinois 60606
Attention: Legal Department

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 day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two (2) business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit D hereto without the consent of any party hereto. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this Section 18.01 shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of Developer (including those set forth in Sections 10.02 and 10.03 hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer by more than 120 days.

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. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

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 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances, such ordinances shall prevail and control.

18.12 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.

18.13 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.

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

18.15 Assignment. Except as otherwise permitted herein, the Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City; provided, however, that nothing contained in this Section 18.15 shall be deemed to require the City's consent to the assignment of the City Note to a Lender whose Lender Financing is contingent upon such assignment. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Sections 8.19 (Real Estate Provisions) and 8.24 (Survival of Covenants) hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and

permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

18.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them 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 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 obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

18.18 Exhibits. All of the exhibits attached hereto are incorporated herein by reference.

18.19 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Developer is required to provide notice under the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

18.20 Venue and Consent to Jurisdiction. If there is a lawsuit under this Agreement, each party may hereto agree to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois.

18.21 Costs and Expenses. In addition to and not in limitation of the other provisions of this Agreement, Developer agrees to pay upon demand the City's out-of-pocket expenses, including attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement. This includes, subject to any limits under applicable law, attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Developer also will pay any court costs, in addition to all other sums provided by law.

18.22 Business Relationships. The Developer acknowledges (A) receipt of a copy of Section 2-156-030(b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030(b), 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 City official or employee 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 any person with whom the elected City official or employee 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, and (C) that a violation of Section 2-156-030(b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. 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 this Agreement or the transactions contemplated hereby.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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

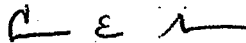
HOLLYWOOD HOUSE LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Hollywood Sheridan Neighborhood Development
Corp., NFP, an Illinois not-for-profit corporation
Its: General Partner

By: 

Andrew E. Geer
Secretary

HEARTLAND HOUSING, INC., an Illinois not-for-profit
corporation

By: 

Andrew E. Geer
Executive Director

CITY OF CHICAGO

By: _____
Arnold L. Randall
Commissioner
Department of Planning and Development

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

HOLLYWOOD HOUSE LIMITED PARTNERSHIP,
an Illinois limited partnership

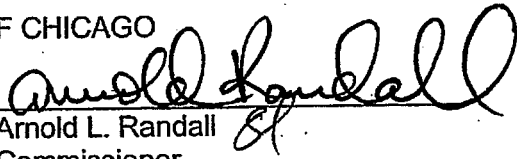
By: Hollywood Sheridan Neighborhood Development
Corp., NFP, an Illinois not-for-profit corporation
Its: General Partner

By: _____
Andrew E. Geer
Secretary

HEARTLAND HOUSING, INC., an Illinois not-for-profit
corporation

By: _____
Andrew E. Geer
Executive Director

CITY OF CHICAGO

By: 
Arnold L. Randall
Commissioner
Department of Planning and Development

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

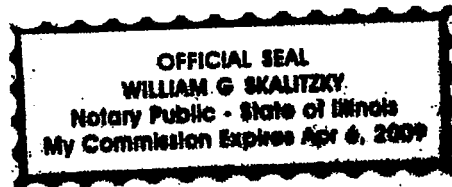
I, William G. Skalitzky, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew E. Geer, personally known to me to be the Secretary of Hollywood Sheridan Neighborhood Development Corp., NFP, an Illinois not-for-profit corporation (the "General Partner") and the general partner of Hollywood House Limited Partnership, an Illinois limited partnership (the "Partnership"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the Board of Directors of the General Partner, as his/her free and voluntary act and as the free and voluntary act of the Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 17th day of December, 2009.

William G. Skalitzky
Notary Public

My Commission Expires _____

(SEAL)



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

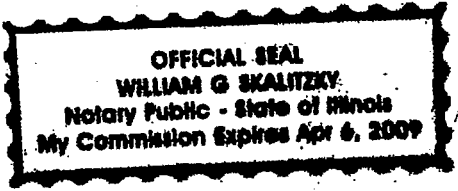
I, William G. Skalitzky, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew E. Geer, personally known to me to be the Executive Director of Heartland Housing, Inc., an Illinois not-for-profit corporation (the "Member"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the Board of Directors of the Member, as his/her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 17th day of December, 2008.

William G. Skalitzky
Notary Public

My Commission Expires _____


(SEAL)



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Ricky Knight, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Arnold L. Randall, personally known to me to be the Commissioner of the Department of Planning and Development 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 day in person and acknowledged that he signed, sealed, and delivered said instrument pursuant to the authority given to him/her by the City, as his free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 16 day of December, 2008.


Notary Public

My Commission Expires _____

Official Seal
Ricky Knight
Notary Public State of Illinois
My Commission Expires 06/21/2009.

EXHIBIT A
REDEVELOPMENT AREA
(to be recorded)

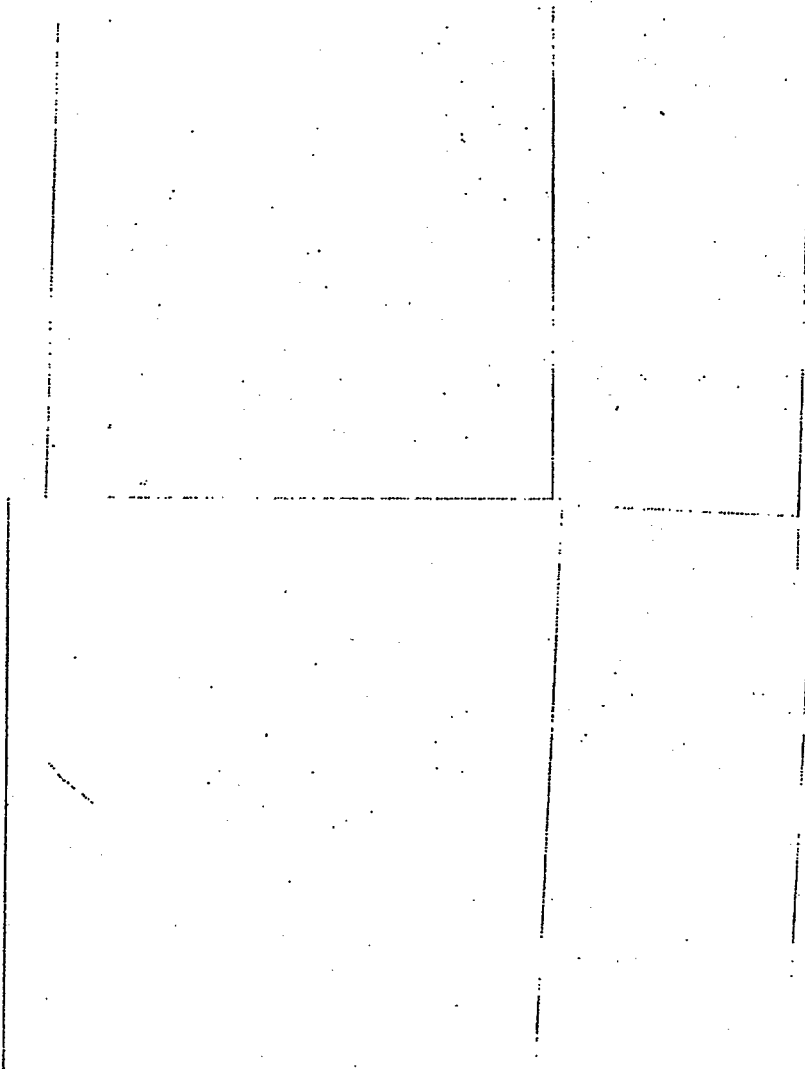


Exhibit "A".

Legal Description.

*Hollywood/Sheridan Tax Increment
Financing District.*

That part of Sections 5 and 8, in Township 40 North, Range 14 East of the Third Principal Meridian, more particularly described as follows:

beginning at the intersection of the centerline of vacated West Ainslie Street with the west line of North Sheridan Road and running; thence north along said west line of North Sheridan Road to the south line of Lot 19 in Block 3 in Conarroe's Resubdivision in the southeast quarter of Section 8; thence west along said south line of Lot 19 and the westerly extension thereof to the west line of the 15 foot wide alley west of North Sheridan Road; thence north along said west line of the 15 foot wide alley west of North Sheridan Road to the north line of the south 16 feet of Lot 3 in Block 3 in said Conarroe's Resubdivision in Section 8; thence west along said north line of the south 16 feet of Lot 3 and the westerly extension thereof to the west line of North Kenmore Avenue; thence north along said west line of North Kenmore Avenue to the south line of Lot 25 in Block 2 in said Conarroe's Resubdivision in Section 8; thence west along said south line of Lot 25 to the east line of the 15 foot wide alley west of North Kenmore Avenue; thence south along said east line of the 15 foot wide alley west of North Kenmore Avenue to the easterly extension of the south line of Lot 3 in Block 2 in said Conarroe's Resubdivision in Section 8; thence west along said easterly extension of the south line of Lot 3 and the south line thereof to the east line of North Winthrop Avenue; thence continuing west along the westerly extension of the south line of Lot 3, a portion of said line being also the south line of the 15 foot wide alley south of West Argyle Street, to the east line of the Chicago Transit Authority right-of-way; thence north along said east line of the Chicago Transit Authority right-of-way to the westerly extension of the south line of Lot 17 in Block 8 in Argyle Subdivision in Section 8; thence east along said westerly extension of the south line of Lot 17 and the south line thereof to the west line of North Winthrop Avenue; thence north along said west line of North Winthrop Avenue to the westerly extension of the south line of the north 37.5 feet of Lot 6 in Block 7 in Argyle Subdivision in Section 8; thence east along said westerly extension of the south line of the north 37.5 feet of Lot 6 and the south line thereof to the west line of the 15 foot wide alley east of North Winthrop Avenue; thence continuing east along the easterly extension of the south line of the north 37.5 feet of Lot 6 to the east line of the 15 foot wide alley east of North Winthrop Avenue; thence south along said east line of the 15 foot wide alley east of North Winthrop Avenue to the south line of Lot 18 in Block 7 in said Argyle Subdivision in Section 8; thence east along said south line of Lot 18 and the easterly extension thereof to the east line of North Kenmore Avenue; thence south along said east line of North Kenmore Avenue to the north line of the south 24.5 feet of Lot 11 in Block 6 in said Argyle Subdivision in Section 8; thence east along said north line of the south 24.5 feet of Lot 11 to the west line of the 15 foot wide alley east of North Kenmore Avenue; thence north along said west line of the 15 foot wide alley east of North Kenmore Avenue to the south line of Lot 1 in Block 3 in said Argyle Subdivision in Section 8; thence west along said south line of Lot 1 and the westerly extension thereof to the west line of North Kenmore Avenue; thence north along said west line of North Kenmore

Avenue to the south line of Lot 4 in Block 11 in John Lewis Cochran's Subdivision of the west half of the northeast fractional quarter of Section 8; thence west along said south line of Lot 4 and the westerly extension thereof to the west line of the 15 foot wide alley west of North Kenmore Avenue; thence north along said west line of the 15 foot wide alley west of North Kenmore Avenue to the westerly extension of the south line of Lot 4 in Block 2 in said John Lewis Cochran's Subdivision in Section 8; thence east along said westerly extension of the south line of Lot 4 and the south line thereof to the west line of North Kenmore Avenue; thence continuing east along the easterly extension of the south line of Lot 4 to the east line of North Kenmore Avenue; thence north along said east line of North Kenmore Avenue to the south line of the north 6 feet of Lot 22 in Block 1 in said John Lewis Cochran's Subdivision in Section 8; thence east along said south line of the north 6 feet of Lot 22 and the easterly extension thereof to the east line of the 15 foot wide alley west of North Sheridan Road; thence south along said east line of the 15 foot wide alley west of North Sheridan Road to the south line of Lot 3 in Block 1 in said John Lewis Cochran's Subdivision in Section 8; thence east along said south line of Lot 3 and the easterly extension thereof to the east line of North Sheridan Road; thence north along said east line of North Sheridan Road to the south line of West Bryn Mawr Avenue; thence west along said south line of West Bryn Mawr Avenue to the centerline of North Sheridan Road; thence north along said centerline of North Sheridan Road to the centerline of West Bryn Mawr Avenue; thence east along said centerline of West Bryn Mawr Avenue to the east line of North Sheridan Road; thence north along said east line of North Sheridan Road to the easterly extension of the south line of the north half of Lot 10 in Block 7 in Cochran's Addition to Edgewater in Section 5; thence west along said easterly extension of the south line of the north half of Lot 10 and the south line thereof to the east line of the 15 Foot wide alley west of North Sheridan Road; thence continuing west along the westerly extension of the south line of the north half of Lot 10 to the west line of the 15 foot wide alley west of North Sheridan Road; thence north along said west line of the 15 foot wide alley west of North Sheridan Road to the south line of Lot 22 in Block 7 in said Cochran's Addition to Edgewater in Section 5; thence west along said south line of Lot 22 to the east line of North Kenmore Avenue; thence north along said east line of North Kenmore Avenue to the easterly extension of the south line of Lot 2 in Block 8 in Said Cochran's Addition to Edgewater in Section 5; thence west along said easterly extension of the south line of Lot 2 and the south line thereof to the east line of the 15 foot wide alley west of North Kenmore Avenue; thence south along said east line of the 15 foot wide alley west of North Kenmore Avenue to the easterly extension of the south line of Lot 22 in Block 8 in said Cochran's Addition to Edgewater in Section 5; thence west along said easterly extension of the south line of Lot 22 and the south line thereof to the east line of North Winthrop Avenue; thence north along said east line of North Winthrop Avenue to the easterly extension of

the south line of Lot 2 in Block 9 in said Cochran's Addition to Edgewater in Section 5; thence west along said easterly extension of the south line of Lot 2 and the south line thereof to the east line of the 15 foot wide alley west of North Winthrop Avenue; thence south along said east line of the 15 foot wide alley west of North Winthrop Avenue to the easterly extension of the south line of Lot 18 in Block 9 in said Cochran's Addition to Edgewater in Section 5; thence west along said easterly extension of the south line of Lot 18 and the south line thereof to the east line of North Broadway; thence north along said east line of North Broadway to the easterly extension of the south line of Lot 17 in Block 9 in Cairnduff's Addition to Edgewater in Section 5; thence west along said easterly extension of the south line of Lot 17 to the west line of North Broadway; thence north along said west line of North Broadway to the south line of Lot 10 in Block 9 in said Cairnduff's Addition to Edgewater in Section 5; thence west along said south line of Lot 10 and the westerly extension thereof to the west line of the 16 foot wide alley west of North Broadway; thence north along said west line of the 16 foot wide alley west of North Broadway and the northerly extension thereof to the north line of West Victoria Street; thence east along said north line of west victoria street to the west line of North Broadway; thence north along said west line of North Broadway to the south line of West Rosedale Avenue; thence west along said south line of West Rosedale Avenue to the southerly extension of the west line of the 16 foot wide alley west of North Broadway; thence north along said southerly extension of the west line of the 16 foot wide alley west of North Broadway and the west line thereof to the south line of West Granville Avenue; thence continuing north along the northerly extension of the west line of the 16 foot wide alley west of North Broadway to the north line of West Granville Avenue; thence east along said north line of West Granville Avenue to the west line of Lot 7 in John N. Young's Grand Avenue Addition to Chicago in Section 5; thence north along said west line of Lot 7 to the south line of the 16 foot wide alley north of West Granville Avenue; thence west along said south line of the 16 foot wide alley north of West Granville Avenue to the southerly extension of the west line of the 16 foot wide alley west of North Broadway; thence north along said southerly extension of the west line of the 16 foot wide alley west of North Broadway and the west line thereof to the westerly extension of the south line of Lot 13 in Block 1 in Brockhausen and Fischer's First Addition to Edgewater in Section 5; thence east along said westerly extension of the south line of Lot 13 and the south line thereof to the west line of North Broadway; thence continuing east along the easterly extension of the south line of Lot 13 to the east line of North Broadway; thence south along said east line of north Broadway to the north line of West Granville Avenue; thence east along said north line of West Granville Avenue to the west line of the Chicago Transit Authority right-of-way; thence north along said west line of the Chicago Transit Authority right-of-way to the westerly extension of the south line of the north 39 feet of Lot 11 in Block 5 in Cochran's Second Addition to

Edgewater in the east half of Section 5; thence east along said westerly extension of the south line of the north 39 feet of Lot 11 to the west line thereof; thence north along said west line of Lot 11 to the north line thereof; thence east along said north line, of Lot 11 and the easterly extension thereof to the east line of the 15 foot wide alley east of North Winthrop Avenue; thence south along said east line of the 15 foot wide alley east of North Winthrop Avenue and the southerly extension thereof to the easterly extension of the south line of Lot 29 in Block 11 in said Cochran's Second Addition to Edgewater in Section 5; thence west along said easterly extension of the south line of Lot 29 and the south line thereof to the east line of North Winthrop Avenue; thence south along said east line of North Winthrop Avenue to the easterly extension of the south line of Lot 3 in J. L. Cochran's Resubdivision of Lots 1 to 3 of Block 12 in Cochran's Second Addition to Edgewater in the east half of Section 5; thence west along said the easterly extension of the south line of Lot 3 and the south line thereof to the east line of the 15 foot wide alley west of North Winthrop Avenue; thence south along said east line of the 15 foot wide alley west of North Winthrop Avenue to the easterly extension of the south line of the 15 foot wide alley south of West Granville Avenue; thence west along said easterly extension of the south line of the 15 foot wide alley south of West Granville Avenue and the south line thereof to the east line of North Broadway; thence south along said east line of North Broadway to the south line of Lot 25 in Block 12 in said Cochran's Second Addition to Edgewater in Section 5; thence east along said south line of Lot 25 and the easterly extension thereof to the west line of the Chicago Transit Authority right-of-way; thence south along said west line of the Chicago Transit Authority right-of-way to the south line of West Glen Lake Avenue; thence west along said south line of West Glenlake Avenue to the east line of North Broadway; thence south along said east line of North Broadway to the north line of the 20 foot wide alley north of West Thorndale Avenue; thence east along said north line of the 20 foot wide alley north of West Thorndale Avenue to the east line of the 15 foot wide alley east of North Broadway; thence south along said east line of the 15 foot wide alley east of North Broadway to the north line of the south 65.10 feet of Lot 17 in Block 13 in said Cochran's Section Addition to Edgewater in Section 5; thence east along said north line of the south 65.10 feet of Lot 17 and the easterly extension thereof to the east line of the 15 foot wide alley lying east of and adjoining the Chicago Transit Authority right-of-way; thence south along said east line of the 15 foot wide alley lying east of and adjoining the Chicago Transit Authority right-of-way to the north line of Lot 12 in Block 4 in said Cochran's Addition to Edgewater in Section 5; thence east along said north line of Lot 12 to the west line of North Winthrop Avenue; thence north along said west line of North Winthrop Avenue to the westerly extension of the north line of Lot 15 in Block 5 in said Cochran's Addition to Edgewater in Section 5; thence east along said westerly extension of the north line of Lot 15

and the north line thereof to the west line of the 15 foot wide alley west of North Kenmore Avenue; thence continuing east along the easterly extension of the north line of Lot 15 to the east line of North Kenmore Avenue; thence south along said east line of North Kenmore Avenue to the north line of the south 15 feet of Lot 15 in Block 6 in said Cochran's Addition to Edgewater in Section 5; thence east along said north line of the south 15 feet of Lot 15 to the west line of the 15 foot wide alley east of North Kenmore Avenue; thence north along said west line of the 15 foot wide alley east of North Kenmore Avenue to the westerly extension of the north line of the south 20 feet of Lot 9 in Block 6 in said Cochran's Addition to Edgewater in Section 5; thence east along said westerly extension of the north line of the south 20 feet of Lot 9 and the north line thereof to the west line of North Sheridan Road; thence continuing east along the easterly extension of the north line of the south 20 feet of Lot 9 to the east line of North Sheridan Road; thence south along said east line of North Sheridan Road to the northerly line of West Hollywood Avenue; thence southeasterly along said northerly line of West Hollywood Avenue to an angle point in said northerly line; thence east along said northerly line of West Hollywood Avenue to the northerly extension of the easterly line of Lots 26 through 36 inclusive in Block 21 in said Cochran's Second Addition to Edgewater in Section 5; thence southwesterly along said northerly extension of the easterly line of Lots 26 through 36 inclusive and the easterly line thereof to the south line of said Lot 36; thence continuing southwesterly along the southerly extension of the easterly line of Lot 36 to the centerline of West Bryn Mawr Avenue; thence east along said centerline of West Bryn Mawr Avenue to the east line of the parcel of land bearing Permanent Index Number 14-8-203-007; thence south along said east line of the parcel of land bearing Permanent Index Number 14-8-203-007 to the southerly line thereof; thence westerly along said southerly line of the parcel of land bearing Permanent Index Number 14-8-203-007, a portion of said southerly line being the arc of a curve concave to the southwest, to the west boundary line of Lincoln Park; thence south along said west boundary line of Lincoln Park to the south line of the parcel of land bearing Permanent Index Number 14-8-203-002; thence west along said south line of the parcel of land bearing Permanent Index Number 14-8-203-002 to the east line of North Sheridan Road; thence south along said east line of North Sheridan Road to the easterly extension of the south line of West Catalpa Avenue; thence west along said easterly extension of the south line of West Catalpa Avenue and the south line thereof to the east line of the 15 foot wide alley west of North Sheridan Road; thence south along said east line of the 15 foot wide alley west of North Sheridan Road to the north line of West Berwyn Avenue; thence east along said north line of West Berwyn Avenue and the easterly extension thereof to the east line of North Sheridan Road; thence south along said east line of North Sheridan Road to the north line of Lot 1 in Foster-Lake Subdivision, a subdivision of part of the south 578.25 feet of the east fractional half of the northeast quarter of

Section 8; thence east along said north line of Lot 1 to the east line thereof; thence south along said east line of Lot 1 to the northwest corner of Lot 2 in said Foster-Lake Subdivision in Section 8; thence east along the northernmost line of Lot 2 to a point on a line parallel with and 20 feet east from the east line of said Lot 1; thence south along said parallel line; a distance of 200 feet to the northerly line of said Lot 2; thence east along said northerly line of Lot 2 to the easterly line thereof; thence southeasterly along said easterly line of Lot 2 and the southeasterly extension thereof to the south line of West Foster Avenue; thence west along said south line of West Foster Avenue to the east line of the 16 foot wide alley east of North Sheridan Road; thence south along said east line of the 16 foot wide alley east of North Sheridan Road and the southerly extension thereof to the south line of West Winona Street; thence west along said south line of West Winona Street to the east line of the 16 foot wide alley east of North Sheridan Road; thence south along said east line of the 16 foot wide alley east of North Sheridan Road and the southerly extension thereof to the south line of West Argyle Street; thence west along said south line of west argyle street to the east line of North Sheridan Road; thence south along said east line of North Sheridan Road to the north line of West Margate Terrace; thence east along said north line of West Margate Terrace to the northerly extension of the east line of Lot 5 in Block 2 in Geo. K. Spoor's Subdivision of Block 4 of Conarroe's Resubdivision in the southeast quarter of Section 8; thence south along said northerly extension of the east line of Lot 5 and the east line thereof to the north line of the 16 foot wide alley south of West Margate Terrace; thence continuing south along the southerly extension of the east line of Lot 5 to the south line of the 16 foot wide alley south of West Margate Terrace; thence west along said south line of the 16 foot wide alley south of West Margate Terrace to the west line of Lot 19 in Block 2 in said Geo. K. Spoor's Subdivision in Section 8; thence south along said west line of Lot 19 and the southerly extension thereof to the centerline of West Ainslie Street; thence west along said centerline of West Ainslie Street, a portion of which is vacated, to the west line of North Sheridan Road and the point of beginning, in Cook County, Illinois:

Exhibit "B".

Street Location Of The Area.

The Hollywood/Sheridan T.I.F. is generally bounded by Rosemont Avenue on the north to Ainslie on the south, running principally along the frontage of Broadway on the west to Sheridan on the East.

**EXHIBIT B
PROPERTY
(to be recorded)**

**THE SOUTH 20 FEET OF LOT 9, AND ALL OF LOTS 10, 11 AND 12 IN BLOCK 6 IN COCHRAN'S
ADDITION TO EDGEWATER BEING A SUBDIVISION OF SOUTH 1946 FEET OF WEST 1320
FEET OF EAST FRACTIONAL ½ OF SECTION 5, TOWNSHIP 40 NORTH, RANGE 14, EAST OF
THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS**

Commonly Known As: 5700 North Sheridan Road, Chicago, Illinois 60660

PIN: 14-05-406-021

EXHIBIT C
TIF-FUNDED IMPROVEMENTS
(to be recorded)

TIF Funded Improvements Incurred by Heartland Housing, Inc./the Partnership - Acquisition	13,143,000
Total	\$13,143,000*

**Notwithstanding the total of TIF-Funded Improvements or the amount of TIF-eligible costs, the assistance to be provided by the City is limited to the amount described in Section 4.03 and shall not exceed \$4,000,000 to Heartland Housing, Inc. and the lesser of \$5,900,000 or 18.68% of the Project Budget to the Partnership.

EXHIBIT D

REDEVELOPMENT PLAN

[Not attached for Recording purposes.]

EXHIBIT E

CONSTRUCTION CONTRACT

[Not attached for Recording purposes.]

EXHIBIT F

ESCROW AGREEMENT

[Not attached for Recording purposes.]

EXHIBIT G
PERMITTED LIENS
(to be recorded)

1. Liens or encumbrances against the Property:

Those matters set forth as Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any:

- a. Covenants in Warranty Deed dated March 1, 1911 and recorded May 6, 1911 in Book 11190, page 561 as document no. 4753737
- b. Covenants in Warranty Deed dated October 28, 1911 and recorded November 22, 1911 as document no. 4872303
- c. Covenants in Warranty Deed dated October 30, 1911 and recorded November 16, 1911 as document no. 4868801
- d. Memorandum of License Agreement dated August 10, 2000 and recorded September 22, 2000 as document 000741800

**EXHIBIT H
PROJECT BUDGET
(to be recorded)**

**EXHIBIT H
PROJECT BUDGET**

Acquisition	\$	13,000,000
Title and Transfer Taxes	\$	143,000
Hard Construction - Apartments	\$	7,793,002
General Requirements (6%)	\$	462,100
Profit (6%)	\$	462,100
Overhead (2%)	\$	154,033
P&P Bond (1.5%)	\$	75,358
Construction Contingency	\$	907,966
Commercial (hard costs and fees)	\$	133,067
A&E	\$	492,625
Contractor (Predevelopment)	\$	15,000
Architectural Reimbursables	\$	9,440
Syndicator Legal	\$	30,000
Emergency Call System	\$	201,877
Personal Property	\$	75,000
Laundry Equipment	\$	15,000
Developer's Services (permit process)	\$	34,907
Surveys	\$	7,425
Environmental	\$	91,847
Physical Needs Assessment	\$	4,163
Market Study	\$	16,317
Appraisal	\$	31,000
Dominion Due Diligence	\$	12,000
Interpreter	\$	80
Legal	\$	190,000
Accounting	\$	35,000
TIF Consultant	\$	223,180
Title & Recording	\$	40,000
Construction Period Taxes	\$	210,000
Construction Period Insurance	\$	147,924
Interest	\$	843,066
Interim Financing Origination Fee	\$	3,000
Real Estate Tax Escrow	\$	300,000
Insurance Escrow	\$	66,700
TIF Escrow	\$	1,853,359
Lease Up Reserve & Marketing	\$	124,038
IOD Reserve	\$	100,236
Operating Reserve	\$	859,618
Deposit to Replacement Reserve	\$	49,500
Tenant Relocation	\$	258,494
Application Fees - Soft	\$	3,125
IAHTC Reservation Fee	\$	34,338
Underwriter counsel (Series A)	\$	36,250
Underwriter take down (1%) (Series A)	\$	155,104
Bond counsel (Series A)	\$	80,000
Trustee	\$	13,500

**EXHIBIT H
PROJECT BUDGET (Cont'd)**

Rating Agency (Series A)	\$	16,000
Structuring Agent	\$	100,000
Printing	\$	5,000
Underwriter counsel (Series B)	\$	20,000
Underwriter take down (1%) (Series B)	\$	37,481
Series B LOC fee	\$	67,000
Series B interest	\$	170,180
Series B rating	\$	11,500
Series B legal	\$	30,000
Series B Other Costs	\$	3,000
Wells Fargo Reimbursement Negative Arbitrage	\$	844,500
Wells Fargo Reimbursement Bond Discount	\$	260,200
Wells Fargo Reimbursement Mortgage Deposit	\$	1,100
HUD Financing Fee (1.5%)	\$	172,666
HUD MIP (.9%)	\$	103,600
HUD Exam Fee (.3%)	\$	34,533
HUD Inspection Fee (.5%)	\$	47,295
FHA Legal Fee	\$	25,000
Developer Fee	\$	1,200,000
TOTAL	\$	32,942,434

**EXHIBIT I
APPROVED PRIOR EXPENDITURES**

None

EXHIBIT J

OPINION OF DEVELOPER'S COUNSEL

[Not attached for Recording purposes.]

EXHIBIT K
PRELIMINARY TIF PROJECTION – REAL ESTATE TAXES
(to be recorded)

**Heartland Housing
Hollywood/Sheridan TIF District Assumptions**

HOLLYWOOD HOUSE ASSUMPTIONS	
PIN	14-05-406-021
Number of Units	198
Retail Square Footage	3,141

TIF DISTRICT ASSUMPTIONS	
TIF District Established in Year	2007
Assumed Base EAV for all Parcels (2006)	\$ 168,324,487
Estimated Base EAV of Hollywood House Parcel (2006)	\$0 (Property is currently exempt)
2006 District Wide Base EAV (less Hollywood House)	\$ 168,324,487
Estimated 2006 Base EAV for Class 3 Parcels: Assessed at 24% Market Value	\$ 63,835,055
Estimated 2007 EAV for Class 3 Parcels: Assessed at 22% Market Value	\$ 58,515,467
Estimated 2008 EAV for Class 3 Parcels: Assessed at 20% Market Value	\$ 53,195,879
2007 District Wide EAV (Reflecting Class 3 Assessment Change): Less Hollywood House	\$ 163,004,900
2008 District Wide EAV (Reflecting Class 3 Assessment Change): Less Hollywood House	\$ 157,685,312

GENERAL ASSUMPTIONS	
2006 Property Tax Rate Actual	5.302%
2005 Property Tax Rate Actual	5.981%
2004 Property Tax Rate Actual	6.280%
2003 Property Tax Rate Actual	6.433%
2002 Property Tax Rate Actual	7.277%
2006 Equalization Factor	2.7076
% Revenue Collected	95%
Assessment Ratio for Commercial (Class 5):	38%
Assessment Ratio for Residential (Class 2):	16%
Assessment Ratio for Residential (Class 3): 2006	24%
Assessment Ratio for Residential (Class 3): 2007	22%
Assessment Ratio for Residential (Class 3): 2008 and thereafter	20%
Assessment Ratio for Residential (Class 9):	16%
Annual Inflation	3.0%
Triennial Inflation	9.27%
Estimated EAV per Unit for Comparable Class 9 Properties (\$2006)	\$ 12,308
Estimated EAV per PSF for Retail (\$2006)	\$ 69.40

Source: Heartland Housing, Cook County Assessor, and S.B. Friedman & Company

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

Heartland Housing

INFLATIONARY PROJECTIONS FOR HOLLYWOOD HOUSE AND THE HOLLYWOOD/SHERIDAN TIF BOUNDARY-ABOVE 2006 VALUE

TIF Year	Year Assessed [1] [2]	Inflation Factor [3]	Incremental Taxes Collected for Project @ 95%	Incremental Taxes Collected Full Boundary @ 95%	Total Incremental Taxes Collected 95%	City Administration Fee 10%	Incremental Taxes Available
0	2005	0.00%					
0	2006	9.27%					
0	2007	6.00%					
1	2008	0.00%					
2	2009	9.27%					
3	2010	0.00%	100,000	97,074	209,475	20,947	208,528
4	2011	0.00%	151,387	201,628	352,915	35,292	317,623
5	2012	9.27%	154,313	205,661	359,974	35,997	323,977
6	2013	0.00%	159,713	976,228	1,136,011	113,601	1,022,410
7	2014	0.00%	162,908	993,828	1,156,737	115,674	1,041,063
8	2015	9.27%	166,165	1,015,239	1,181,404	118,140	1,063,264
9	2016	0.00%	171,281	1,025,625	1,196,906	119,691	1,077,215
10	2017	0.00%	175,421	1,039,687	1,215,108	121,511	1,093,597
11	2018	9.27%	179,930	1,076,479	1,256,409	125,641	1,130,768
12	2019	0.00%	183,191	2,083,503	2,266,694	226,669	2,040,025
13	2020	0.00%	188,895	2,737,173	2,925,070	292,507	2,632,563
14	2021	9.27%	192,673	2,791,921	2,984,594	298,459	2,686,134
15	2022	0.00%	199,416	3,630,206	3,829,622	382,962	3,446,660
16	2023	0.00%	203,403	3,922,281	4,125,684	412,568	3,713,116
17	2024	9.27%	207,471	3,706,425	3,913,896	391,390	3,522,506
18	2025	0.00%	214,732	4,618,169	4,832,901	483,290	4,349,611
19	2026	0.00%	219,027	4,710,528	4,929,555	492,955	4,436,600
20	2027	9.27%	223,405	4,804,695	5,028,100	502,810	4,525,290
21	2028	0.00%	231,222	5,682,231	5,913,455	591,345	5,322,110
22	2029	0.00%	235,847	5,795,890	6,031,737	603,174	5,428,563
23	2030	9.27%	240,566	6,152,370	6,392,936	639,294	5,753,642
Collection for Year 23	2031		248,982	6,817,759	7,066,741	706,674	6,360,067
Total 2008-2031 (Not Discounted)			\$4,212,347	\$66,745,488	\$70,957,835	\$7,095,784	\$63,862,052
PV 2008-2031 @		7.5%	\$1,620,481	\$19,958,636	\$21,579,117	\$2,157,912	\$19,421,205
w/ Debt Coverage Ratio @		1.25	\$1,296,384	\$15,966,909	\$17,263,293	\$1,726,329	\$15,536,964
PV 2008-2031 @		6.0%	\$1,920,332	\$24,949,513	\$26,869,845	\$2,686,985	\$24,182,861
w/ Debt Coverage Ratio @		1.25	\$1,536,266	\$19,959,610	\$21,495,876	\$2,149,588	\$19,346,288
PV 2008-2031 @		5.0%	\$2,162,516	\$29,096,423	\$31,259,939	\$3,125,894	\$28,133,045
w/ Debt Coverage Ratio @		1.25	\$1,730,013	\$23,277,138	\$25,007,151	\$2,500,715	\$22,506,436

SOURCE: S. R. Friedman & Company

[1] The TIF assumed to be established in 2007 with a base year of 2006.

[2] The TIF will expire in last year 2030, with taxes payable in 2031.

[3] 9.27% Triennial Inflation is assumed to be applied every third year.

[4] Hollywood House projections do not include any deferred property taxes that could result from a partial assessment in 2008 as an "Omitted Tax Liability," potentially be collected in 2010.

This could result in up to \$70,000 in additional taxes that could potentially be collected in 2010.

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

EXHIBIT L-1

REQUISITION FORM

[Not attached for Recording purposes.]

EXHIBIT L-2

FORM OF REQUEST FOR CERTIFICATE OF EXPENDITURE

[Not attached for Recording purposes.]

EXHIBIT M

FORM OF NOTE

[Not attached for Recording purposes.]

EXHIBIT N
[intentionally omitted]

EXHIBIT O

FORM OF SUBORDINATION AGREEMENT

[Not attached for Recording purposes.]

EXHIBIT P

FORM OF PAYMENT AND PERFORMANCE BOND

[Not attached for Recording purposes.]

EXHIBIT Q
HUD-REQUIRED PROVISIONS RIDER

THIS RIDER is attached to and made a part of that certain Hollywood House Apartments Redevelopment Agreement (the "Document"), dated as of December 1, 2008, entered into by and among the City of Chicago, Illinois, an Illinois municipal corporation (the "Subordinate Lender"), through its Department of Planning, having its offices at 121 North LaSalle Street, Room 1000, Chicago, Illinois 60602, Hollywood House Limited Partnership, an Illinois limited partnership (the "Developer"), and Heartland Housing, Inc., an Illinois not-for-profit corporation, relating to the property located at 5700 North Sheridan Road, in 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 meaning 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 organizational 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 loan for the Project (Project No. 071-35795):

- A. Commitment for Insurance dated October 24, 2008, as amended, issued by the Secretary of HUD pursuant to Section 221(d)(4) to Developers Mortgage Corporation and later assigned to PNC Bank, N.A. ("Mortgagee");
- B. Building Loan Agreement dated December 1, 2008, between the Developer and Mortgagee;
- C. Mortgage Note dated December 1, 2008, made by the Developer payable to the order of Mortgagee in the principal amount of \$11,511,100 (the "Mortgage Note");
- D. Mortgage dated December 1, 2008, made by Developer in favor of Mortgagee and encumbering the Project as security for the Mortgage Note (the "Mortgage");
- E. Security Agreement dated December 1, 2008, between the Developer, as debtor, and Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party;
- F. UCC-1 Financing Statement made by the Developer, as debtor, in favor of Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party recorded with the Cook County Recorder's Office and to be filed with the Illinois Secretary of State;
- G. Regulatory Agreement for Multifamily Housing Projects, dated December 1, 2008, between the Developer and HUD (the "HUD Regulatory Agreement");

H. Assignment of Rents and Leases from Developer to Mortgagee dated December 1, 2008; and

I. Assignment of Contracts and Documents from Developer to Mortgagee dated December 1, 2008.

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 other than those HUD Mortgage insurance regulations, related HUD directives or 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 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, except for those HUD mortgage insurance regulations, related HUD directives or administrative requirements which have been waived in writing by HUD with respect to the Project.

R-2 Failure on the part of the Developer to comply with the covenants contained in the Document shall not serve as a basis for default on any HUD-insured or HUD-held mortgage on the Project. Additionally, and notwithstanding any term or condition to the contrary in the Document or any of the Subordinate Lender's Loan Documents, no failure on the part of the Borrower or its successors or assigns to comply with the covenants in the Mortgage Note, the HUD Mortgage, the HUD Regulatory Agreement, or any of the other HUD/FHA Loan Documents shall serve as a basis for the Subordinate Lender, its successors or assigns, or any other party acting by or through the rights provided therein, to declare a default under the Document or any of the Subordinate Lender's Loan Documents or to exercise any other rights provided in the Subordinate Lender's Loan Documents, without the express written approval of the Senior Lender, or its successors and assigns to the HUD Mortgage, and HUD.

R-3 Compliance by the Developer with the provisions and covenants of the Document and enforcement of the provisions and 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 "Surplus Cash" 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 of the Developer which is 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 Developer 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 Surplus Cash, as such term is defined, and in accordance with the conditions prescribed in the HUD Regulatory Agreement unless 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, 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., 23rd Floor
Chicago, IL 60604
Attention: Director of Multi-Family Housing
Project No. 071-35795

HUD may designate any further or different addresses for such duplicate notices.

R-9 Notwithstanding anything in the Document to the contrary, the Developer 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. The Developer 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

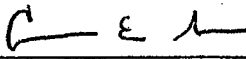
be served on the Subordinate Lender. Within 90 days after such service, the Subordinate Lender shall serve written notice of its approval of such transfer, or of its requirements for approval of such transfer, on HUD, the Mortgagee and the Developer. No such transfer shall occur or be effective until 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 Developer within said time, then any consent by HUD to such transfer shall be conclusively 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 Developer's 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 such releases and other documentation as HUD 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.


Executed as of the date set forth above.

HOLLYWOOD HOUSE LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Hollywood Sheridan Neighborhood Development
Corp., NFP, an Illinois not-for-profit corporation
Its: General Partner

By: 
Name: Andrew E. Geer
Its: Secretary

HEARTLAND HOUSING, INC., an Illinois not-for-profit
corporation

By: 
Name: Andrew E. Geer
Its: Executive Director

CITY OF CHICAGO

By: _____
Arnold Randall
Commissioner
Department of Planning and Development

Executed as of the date set forth above.

HOLLYWOOD HOUSE LIMITED PARTNERSHIP,
an Illinois limited partnership


By: Hollywood Sheridan Neighborhood Development
Corp., NFP, an Illinois not-for-profit corporation
Its: General Partner

By: _____
Name: Andrew E. Geer
Its: Secretary

HEARTLAND HOUSING, INC., an Illinois not-for-profit
corporation

By: _____
Name: Andrew E. Geer
Its: Executive Director

CITY OF CHICAGO

By: 
Commissioner
Department of Planning and Development