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DESIGNATION OF LAKE AND WALLER, L.L.C. AS PROJECT  
DEVELOPER AND AUTHORIZATION FOR EXECUTION OF  
REDEVELOPMENT AGREEMENT FOR CONSTRUCTION  
OF AFFORDABLE HOUSING AT 420 AND  
445 -- 457 NORTH WALLER AVENUE.

The Committee on Finance submitted the following report:

CHICAGO, July 26, 2006.

*To the President and Members of the City Council:*

Your Committee on Finance, having had under consideration an ordinance authorizing entering into and executing a redevelopment agreement with Lake and Waller, L.L.C. amount of notes not to exceed One Million Three Hundred Ten Thousand Dollars (\$1,310,000), having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

Respectfully submitted,

(Signed) EDWARD M. BURKE,  
*Chairman.*

On motion of Alderman Burke, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

*Yeas* -- Aldermen Flores, Haithcock, Tillman, Preckwinkle, Hairston, Lyle, Beavers, Stroger, Beale, Pope, Balcer, Cárdenas, Olivo, Burke, T. Thomas, Coleman, L. Thomas, Murphy, Rugai, Troutman, Brookins, Muñoz, Zalewski, Chandler, Solis, Ocasio, Burnett, E. Smith, Carothers, Reboyras, Suarez, Matlak, Mell, Austin, Colón, Banks, Mitts, Allen, Laurino, O'Connor, Doherty, Natarus, Daley, Tunney, Levar, Shiller, Schulter, M. Smith, Moore, Stone -- 50.

*Nays* -- None.

Alderman Beavers moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, Pursuant to an ordinance adopted by the City Council ("City Council") of the City of Chicago (the "City") on September 29, 1999 and published at pages 11506 -- 11622 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 for the Madison/Austin Corridor Redevelopment Project Area (the "Area"), as amended by an ordinance adopted on November 3, 2004 and published at pages 34555 -- 34569 of the *Journal* (the "Plan") 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 September 29, 1999 and published at page 11621 and pages 11623--11642 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 September 29, 1999 and published at pages 11643 -- 11663 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, Lake and Waller, L.L.C., an Illinois limited liability company (the "Developer"), intends to purchase certain property located within the Area generally located at 420 North Waller Avenue, Chicago, Illinois 60644 (the "City Parcel") and currently owns certain property located within the Area generally located at 445 -- 457 North Waller Avenue, Chicago, Illinois 60644 (the "Developer Parcel" and together with the City Parcel, the "Property") and legally described on Exhibit A hereto, with the City Parcel subject to final title commitment and survey for consideration of One Hundred Ninety-six Thousand Five Hundred Dollars (\$196,500); and

WHEREAS, The Developer shall commence and complete construction of the following, collectively referred to herein as the "Facility": forty-one (41) residential units, with twenty-six (26) town homes and fifteen (15) condominiums; of the forty-one (41) units, nine (9) condominium units (the "Affordable Units") will meet affordability guidelines at one hundred percent (100%) of Area Median Income ("A.M.I.") and thirty-two (32) units will be at market rate. The nine (9), two (2) bedroom Affordable Units will have approximately one thousand one hundred eighty-three (1,183) square feet, cost approximately One Hundred Eighty-one Thousand Five Hundred Dollars (\$181,500) and shall be subject to a City Recapture Mortgage. The six (6), two (2) bedroom market-rate condominium units will have approximately one thousand four hundred fifteen (1,415) square feet and will cost approximately Two Hundred Seventy Thousand Dollars (\$270,000). The twenty-six (26), two (2) bedroom market-rate townhomes will range in size from one thousand nine hundred eleven (1,911) square feet to two thousand one hundred fifty-nine (2,159) square feet and will range in price from Three Hundred Fifty-five Thousand Dollars (\$355,000) to Three Hundred Ninety-five Thousand Dollars (\$395,000) (the "Project"); and

WHEREAS, The Developer has proposed to undertake the redevelopment of the Property in accordance with the Plan and pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by the Developer and the City, including but not limited to the acquisition of the Property and construction of the Project, to be financed in part by (i) all or a portion of the proceeds of any City tax increment allocation bonds issued in connection with the Area secured by incremental taxes, if any, deposited in the Madison/Austin Corridor Redevelopment Project Area Special Tax Allocation Fund (as defined in the T.I.F. Ordinance, the "Fund") pursuant to Section 5/11-74.4-8(b) of the Act ("Incremental Taxes"); (ii) all or a portion of the proceeds of other notes or bonds secured by Incremental Taxes, if any; or (iii) Incremental Taxes, if any; and

WHEREAS, Pursuant to Resolution 06-CDC-04 adopted by the Community

Development Commission of the City of Chicago (the "Commission") on January 10, 2006, the Commission approved the Developer as the successful respondent to a request for proposals to purchase and develop the Property, recommended that the City be authorized to sell and convey the City Parcel to the Developer and that the Developer be designated as the developer for the Project, and authorized the City's Department of Planning and Development ("D.P.D."), on behalf of the City, to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project; now, therefore,

*Be It Ordained by the City Council of the City of Chicago:*

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

SECTION 2. The Developer is hereby designated as the developer for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 3. The Commissioner of D.P.D. (the "Commissioner") or a designee of the 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 B and made a part hereof (the "Redevelopment Agreement"), 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 4. The City is hereby authorized to sell and convey to the Developer the Property listed on Exhibit A for a consideration of One Hundred Ninety-six Thousand Five Hundred Dollars (\$196,500). The Property shall be conveyed to the Developer subject to the Developer's execution of and in accordance with the terms and conditions of the Redevelopment Agreement referred to in Section 3 above.

SECTION 5. The Mayor or his proxy is authorized to execute, and the City Clerk to attest, a quitclaim deed conveying to the Developer the Property listed on Exhibit A.

SECTION 6. The City Council of the City hereby finds that the City is authorized to issue its tax increment allocation revenue obligation, in one or more notes, in an aggregate principal amount not to exceed One Million Three Hundred Ten Thousand Dollars (\$1,310,000) for the purpose of paying a portion of the eligible costs incurred by the Developer in the construction of the Project.

SECTION 7. There shall be borrowed for and on behalf of the City a principal amount not to exceed One Million Three Hundred Ten Thousand Dollars (\$1,310,000) for the payment of 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 notes of the City in an aggregate principal amount up to One

Million Three Hundred Ten Thousand Dollars (\$1,310,000) shall be issued and shall be designated as follows: "Tax Increment Allocation Revenue Note (Madison/Austin Corridor Redevelopment Project Area), Series 200\_\_A" in the maximum aggregate principal amount of Four Hundred Thousand Dollars (\$400,000) ("City Note A"); and "Tax Increment Allocation Revenue Note (Madison/Austin Corridor Redevelopment Project Area), Series 200\_\_B" in the maximum aggregate principal amount of Nine Hundred Ten Thousand Dollars (\$910,000) ("City Note B" and together City Note A, the "City Notes"). City Notes A and B shall be substantially in the forms attached to the Redevelopment Agreement as (Sub)Exhibits L-1 and L-2, respectively, and made a part hereof, with such additions or modifications as shall be determined to be necessary by the Authorized Officer (the person duly appointed and serving as the Chief Financial Officer of the City, or if no such person has been appointed, then the City Comptroller, being each referred to herein as an "Authorized Officer") of the City, at the time of issuance to reflect the purpose of the issue. The City Notes 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 Notes are hereby appropriated for the purposes set forth in this Section 5.

Each City Note shall mature on the earlier of (i) payment in full or (ii) December 31, 2023, and shall bear interest at a fixed interest rate as described in the Redevelopment Agreement until the principal amount of each City Note is paid or until maturity, with the exact rate to be determined by the Authorized Officer, computed on the basis of a three hundred sixty (60) day year of twelve (12) thirty (30) day months.

The principal of and interest on the City Notes shall be paid by check, draft or wire transfer of funds by the Authorized Officer 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 Notes 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 (15) 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 Notes 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 Notes, and the City Notes 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 Notes shall cease to be such officer before the delivery of the City Notes, 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 Notes 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 Notes, and showing the date of authentication. The City Notes 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 Notes shall be conclusive evidence that the City Notes have been authenticated and delivered under this ordinance.

SECTION 8. The City shall cause books (the "Register") for the registration and for the transfer of the City Notes (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 Notes. 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 Notes.

Upon surrender for a transfer of a 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 (or his or her designee) and the 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 (15) 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) business 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 each City Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of a 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 Notes to the extent of the sum or sums so paid.

No service charge shall be made for any transfer of the City Notes, 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 Notes.

SECTION 9. Subject to the limitations set forth herein, the Authorized Officer is authorized to determine the terms of the City Notes and to issue the City Notes on such terms as the Authorized Officer may deem to be in the best interest of the City. The principal of the City Notes shall be subject to prepayment as provided in the form of City Notes attached to the Redevelopment Agreement as (Sub)Exhibits L-1 and L-2. As directed by the Authorized Officer, the Registrar shall proceed with prepayment without further notice or direction from the City.

SECTION 10. The City Notes 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, said City Notes shall be deposited with the Commissioner, and delivered by the Commissioner to the Developer.

SECTION 11. Pursuant to the T.I.F. Ordinance, the City has created or will create the Fund. The Authorized Officer is hereby directed to maintain the Fund as a segregated interest-bearing account, separate and apart from the General Fund or any other fund of the City, with a bank that is insured by the Federal Deposit Insurance Corporation or its successor. Pursuant to the T.I.F. Ordinance, all Incremental Taxes received by the City for the Area are to be deposited into the Fund.

There is hereby created within the Fund a special subaccount to be known as the "Madison/Austin Corridor/Lake and Waller, L.L.C. Project Account" (the "Project Account"). The City shall designate and deposit into the Project Account an amount equal to ninety percent (90%) of the Incremental Taxes deposited into the Fund attributable to increases in the equalized assessed value of the tax parcels comprising the Property (such amount, the "Available Incremental Taxes"). 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 City Note A and City Note B when due under the terms of the Redevelopment Agreement and in accordance with the debt service schedules attached to the City Notes. 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 City Note A and City Note B, at maturity or upon payment or redemption prior to maturity, in accordance with the terms of such note, which payments from the Project Account are hereby authorized and appropriated by the City. Upon payment of all amounts due under City Note A and City Note B and the Redevelopment Agreement in accordance with their terms, the amounts on deposit in the Project Account, as applicable, shall be deposited in the Fund of the City and the Project Account shall be closed.

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

SECTION 12. The City Notes are special limited obligations of the City. City Note A and City Note B are payable solely from amounts on deposit in the Project Account, and shall be a valid claim of the registered owners thereof only against said sources. The City Notes 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 Notes 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 Notes.

SECTION 13. Monies on deposit in the 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 (the "Municipal Code"). 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 Notes.

SECTION 14. Pursuant to the Redevelopment Agreement, the Developer shall complete the Project. The eligible redevelopment project costs of the Project constituting T.I.F.-Funded Improvements up to the principal amount of One Million Three Hundred Ten Thousand Dollars (\$1,310,000), when evidenced by Certificates of Expenditure shall be deemed to be a disbursement of the proceeds of the City Notes. Upon issuance, the City Notes shall have in the aggregate an initial principal balance equal to the Developer's prior expenditures for T.I.F.-Funded Improvements up to a maximum amount of One Million Three Hundred Ten Thousand Dollars (\$1,310,000), as evidenced by Certificates of Expenditures delivered in accordance with the Redevelopment Agreement, and subject to the reductions described in the Redevelopment Agreement. After issuance, the principal amount outstanding under the City Notes shall be the initial principal balance of the City Notes, minus any principal amount and interest paid on the City Notes and other reductions in principal as provided in the Redevelopment Agreement.

SECTION 15. The Mayor, the Authorized Officer, the City Clerk, the Commissioner (or his or her designee) and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this ordinance.

SECTION 16. The Registrar shall maintain a list of the names and address of the registered owners from time to time of the City Notes 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 17. The provisions of this ordinance shall constitute a contract between the City and the registered owners of the City Notes. All covenants relating to the City Notes are enforceable by the registered owners of the City Notes.

SECTION 18. 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 other provisions of this ordinance.

SECTION 19. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance. No provision of the Municipal Code shall be deemed to render voidable at the option of the City any document, instrument or agreement authorized hereunder or to impair the validity of this ordinance or the instruments authorized by this ordinance or to impair the rights of the owner(s) of the City Notes to receive payment of the principal of or interest on the City Notes or impair the security for the City Notes; provided further that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code.

SECTION 20. This ordinance shall be in full force and effect immediately upon its passage.

Exhibits "A" and "B" referred to in this ordinance read as follows:

*Exhibit "A".*  
(To Ordinance)

*Property.*

(Subject To Final Survey And Title Commitment)

Parcel 1 -- City Parcel.

Legal Description:

The east 50 feet of lot 431 and all of lot 432 (except the north 170 feet of each lot) in Austin's Resubdivision of Block 9 in that part of Austinville lying in the east half of the northeast quarter of Section 8, Township 39 North, Range 13, comprising the west part of Austinville, being Austin & Merrick's Subdivision of the east half of the northeast quarter of Section 8 and the west half of the northwest quarter of Section 9, Township 39 North, Range 13, East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

420 North Waller Avenue  
Chicago, Illinois 60644.

Permanent Index Number:

16-08-226-022.

Parcel 2 -- Developer Parcel.

Legal Description:

Lots 6, 7, 8, 9 and 10 in William H. Odiorne's Subdivision of Block 8 of the Austinville Subdivision of the Austinville Subdivision of the east half of the northeast quarter of Section 8, Township 39 North, Range 13, East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

445 -- 457 North Waller Avenue  
Chicago, Illinois 60644.

Permanent Index Numbers:

16-08-227-001; and

16-08-227-002.

*Exhibit "B".  
(To Ordinance)*

*Madison/Austin Corridor  
Redevelopment Project Area*

*Lake And Waller, L.L.C.  
Redevelopment Agreement*

*By And Between*

*The City Of Chicago*

*And*

*Lake And Waller, L.L.C.,  
An Illinois Limited Liability Company.*

This Lake and Waller, L.L.C. Redevelopment Agreement (this "Agreement") is made as of this \_\_\_ day of \_\_\_\_\_, 2006, by and between the City of Chicago, an

Illinois municipal corporation (the "City"), through its Department of Planning and Development ("D.P.D."), and Lake and Waller, L.L.C., an Illinois limited liability company (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 ordinances on September 29, 1999: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Madison/Austin Corridor Redevelopment Project Area", which was amended by an ordinance adopted on November 3, 2004; (2) "An Ordinance of the City of Chicago, Illinois Designating the Madison/Austin Corridor Redevelopment Project Area as a Redevelopment Project Area and a Conservation Area pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Madison/Austin Corridor Redevelopment Project Area" (the "T.I.F. Adoption Ordinance") (items (1)--(3) collectively referred to herein as the "T.I.F. Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in (Sub)Exhibit C hereto.

D. The Project. The Developer expects to purchase from the City (the "Acquisition") certain property within the Redevelopment Area that is approximately twenty-one thousand eight hundred (21,800) square feet generally located at 420 North Waller Avenue, Chicago, Illinois 60644 and legally described on (Sub)Exhibit A hereto (the "City Parcel") on the Closing Date. The City Parcel shall be conveyed to the Developer for One Hundred Ninety-six Thousand Five Hundred Dollars (\$196,500) (the "Purchase Price"), which is the appraised fair market value of the property, and in consideration of the Developer's agreement to construct Affordable Units, as defined below. The Developer currently owns another parcel in the Redevelopment Area that is approximately thirty-three thousand three hundred (33,300) square feet, generally located at 445 -- 457 North Waller Avenue, Chicago, Illinois 60644 and legally described on (Sub)Exhibit A hereto (the "Developer Parcel" and together with the City Parcel, the "Property"). Within the

time frames set forth in Section 3.01 hereof, the Developer shall commence and complete construction of the following, collectively referred to herein as the "Facility": forty-one (41) residential units, with twenty-six (26) townhomes and fifteen (15) condominiums; of the forty-one (41) units, nine (9) condominium units (the "Affordable Units") will meet affordability guidelines at one hundred percent (100%) of Area Median Income ("A.M.I.") and thirty-two (32) units will be at market rate. The nine (9), two (2) bedroom Affordable Units will have approximately one thousand one hundred eighty-three (1,183) square feet and will cost approximately One Hundred Eighty-one Thousand Five Hundred Dollars (\$181,500) and shall be subject to a City Recapture Mortgage. The six (6), two (2) bedroom market-rate condominium units will have approximately One Thousand Four Hundred Fifteen (1,415) square feet and will cost approximately Two Hundred Seventy Thousand Dollars (\$270,000). The twenty-six (26) two (2) bedroom market-rate townhomes will range in size from one thousand nine hundred eleven (1,911) square feet to two thousand one hundred fifty-nine (2,159) square feet and will range in price from Three Hundred Fifty-five Thousand Dollars (\$355,000) to Three Hundred Ninety-five Thousand Dollars (\$395,000). The Facility and related improvements (including but not limited to those T.I.F.-Funded Improvements as defined below and set forth on (Sub)Exhibit B) and other obligations described above are collectively referred to herein as the "Project". The Project will comply with the City's Landscape Ordinance. 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 Madison/Austin Corridor Tax Increment Financing Redevelopment Plan and dated September 29, 1999 and as amended on November 3, 2004 (the "Redevelopment Plan") attached hereto as (Sub)Exhibit C, as amended from time to time.

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

G. Prior T.I.F. Financing. Pursuant to a note ordinance adopted by the City Council on December 4, 2002, as amended by an ordinance adopted on May 7, 2003, the City issued its Tax Increment Allocation Revenue Note (Madison/Austin Corridor Redevelopment Project) Taxable Series 2003 (dated July 2, 2003), in the amount of Eight Hundred Sixty-five Thousand Dollars (\$865,000) to The Northern Trust Company, secured by the pledge of certain Incremental Taxes (as hereinafter defined) for the payment of redevelopment project costs in connection with the City's Small Business Improvement Program and Neighborhood Improvement Program (the "Bank Note").

Pursuant to an ordinance adopted by the City Council on September 1, 2004, the City has entered into an Intergovernmental Agreement with the Board of Education of the City, whereby the City agrees to transfer certain Incremental Taxes from the

Midwest Redevelopment Project Area to the Redevelopment Area, as part of a pledge to pay the City's Tax Increment Allocation Revenue Note (Madison/Austin Corridor Redevelopment Project) Series 2004H (dated December 9, 2004) in a principal amount not to exceed Eighteen Million Five Hundred Thousand Dollars (\$18,500,000) for the payment of redevelopment project costs in connection with the construction of DePriest Elementary School (the "School Obligation"). Pursuant to Article 3, Section 1(d)(iii) of the Intergovernmental Agreement, dated November 24, 2004 (the "I.G.A.") between the City, by and through D.P.D. and the Board of Education of the City of Chicago (the "Board") regarding DePriest Elementary School, as amended by the First Amended to Intergovernmental Agreement, dated December 9, 2004, between the City, by and through D.P.D., and the Board (the "First Amendment" with the I.G.A. are collectively referred to herein as the "Amended I.G.A."), the City may pledge up to ninety percent (90%) of the "Increment generated from the construction value of a new assisted development project", as defined therein, to a developer on a basis superior to that of the Board.

The Developer acknowledges that the Bank Note is a prior lien on the Madison/Austin Corridor Redevelopment Project Area T.I.F. Fund and that the Developer has no claim on any monies except for monies which are Available Incremental Taxes (as defined herein). The City agrees to give written notice to the Board, at least seven (7) days prior to the Closing Date, that it will pledge Available Incremental Taxes to the Developer and meet other requirements as prescribed in Article 3, Section 1(d)(iii) of the Amended I.G.A.

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

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 Recital B hereof.

“Actual Profit” shall mean an amount equal to Net Sales Proceeds, plus City Funds, less Actual Project Costs.

“Actual Project Costs” shall mean all hard and soft costs actually expended to implement the Project, exclusive of sales commissions, closing costs, developer fee, profit and other Project costs that the Commissioner reasonably determines should not be included in Project costs for the purpose of determining the profit threshold, as such costs are proved up to the satisfaction of the Commissioner.

“Acquisition” shall have the meaning set forth in Recital D hereof.

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

“Affordable Price” shall have the meaning set forth in (Sub)Exhibit B to the City Recapture Mortgage attached hereto as (Sub)Exhibit O.

“Affordable Units” shall mean the nine (9) two (2) bedroom condominium units included in the Project, each of which shall be sold to a Qualified Household for the applicable Affordable Price.

“Available Incremental Taxes” shall mean an amount equal to ninety percent (90%) of the Incremental Taxes deposited in the Madison/Austin Corridor Redevelopment Project Area T.I.F. Fund attributable to the taxes levied on the Property after payment has been made for the debt service of the Bank Note.

“Bank Note” shall have the meaning set forth in Recital G hereof.

“Certificate” shall have the meaning set forth in Section 7.01 hereof.

“Certificate of Expenditure” shall mean any Certificate of Expenditure referenced in the City Notes pursuant to which the principal amount of the City Notes will be established.

“Change Order” shall mean any amendment or modification to the Plans and Specifications or the Project Budget as described in Section 3.02, Section 3.03 and Section 3.04, respectively.

“City Council” shall have the meaning set forth in Recital C hereof.

“City Funds” shall mean the funds paid to the Developer as described in Section 4.03(b) hereof.

“City Note A” shall mean the City of Chicago Tax Increment Allocation Revenue Note (Madison/Austin Corridor Redevelopment Project Area), Series 200\_\_ to be in the form attached hereto as (Sub)Exhibit L-1, in the maximum principal amount of Four Hundred Thousand Dollars (\$400,000), issued by the City to the Developer upon the completion of the Initial Improvements and the issuance of the Initial Completion Certificate, bearing interest at the City Note A Interest Rate, and as more fully described in Section 4.03 hereof.

“City Note B” shall mean the City of Chicago Tax Increment Allocation Revenue Note (Madison/Austin Corridor Redevelopment Project Area), Series 200 to be in the form attached hereto as (Sub)Exhibit L-2, in the maximum principal amount of Nine Hundred Ten Thousand Dollars (\$910,000) issued by the City to the Developer upon the completion of Secondary Improvements and the issuance of the Final Completion Certificate, bearing interest at the City Note B Interest Rate, and as more fully described in Section 4.03 hereof.

“City Notes” shall mean collectively, City Note A and City Note B as defined in this Section 2.

“City Note A Interest Rate” shall mean an annual rate equal to the ten (10) year Treasury Note rate as published in the Federal Reserve Bulletin (or other source acceptable to the City) for fifteen (15) business days prior to the date of issuance of the City Note A plus two hundred seventy-five (275) basis points, but in no event exceeding seven and one-half percent (7.5%).

“City Note B Interest Rate” shall mean an annual rate equal to the ten (10) year Treasury Note rate as published in the Federal Reserve Bulletin (or other source acceptable to the City) for fifteen (15) business days prior to the date of issuance of the City Note plus two hundred seventy-five (275) basis points, but in no event exceeding eight and one-half percent (8.5%).

“City Parcel” shall have the meaning set forth in Recital D hereof.

“City Recapture Mortgage” shall mean the Mortgage, Security Agreement and Recapture Agreement Including Restrictive Covenants to be executed by purchasers of Affordable Units in favor of the City to secure the conditional repayment of the purchase price subsidy afforded such purchasers, which shall be in substantially the form of (Sub)Exhibit O.

“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.

“Commissioner” shall mean the Commissioner of the City’s Department of Planning and Development.

“Completion Certificate” shall mean the certificate of completion that the City may issue with respect to completion of that portion of the Project described in Section 7.01 hereof.

“Construction Contract” shall mean that certain contract entered into between the Developer and the General Contractor in the form attached hereto as (Sub)Exhibit D, providing for construction of portions of the Project.

“Corporation Counsel” shall mean the City’s Office of Corporation Counsel.

“Developer Parcel” shall have the meaning set forth in Recital D hereof.

“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.) (“C.E.R.C.L.A.”); (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 (as defined below), including but not limited to the Municipal Code of Chicago, Sections 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.

“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).

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

“Excess Profit” shall mean an amount equal to Actual Profit, less Threshold Profit.



“Existing Mortgage” shall have the meaning set forth in Section 16 hereof.

“Facility” shall have the meaning set forth in Recital D hereof.

“Final Completion Certificate” shall mean the certificate of completion that the City may issue with respect to completion of that portion of the Project described in Section 7.01 hereof.

“Financial Statements” shall mean audited financial statements of the Developer 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 Anthony Homes, Inc.

“Governmental Charge” shall have the meaning set forth in Section 8.19(a) hereof.

“Gross Sales Proceeds” shall mean all income generated and actually received by the Project, including but not limited to the proceeds from the sale of residential units, parking spaces and upgrades to residential units; provided, however, that Gross Sales Proceeds shall not include any fees or proceeds not actually received by the Developer. If all of the market rate units have not been sold at the time of computation of Excess Profit, estimates of the gross and net sales proceeds for the unsold units will be based on the average of the gross and net sales proceeds on a per square foot basis for the market rates already sold.

“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.

“Human Rights Ordinance” shall have the meaning set forth in Section 10 hereof.

“Incremental Taxes” shall mean such ad valorem taxes which, pursuant to the T.I.F. 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 Madison/Austin Corridor Redevelopment Project Area Special Tax Allocation Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Indemnitees" shall have the meaning set forth in Section 13.01 hereof.

"Initial Completion Certificate" shall mean the certificate of completion that the City may issue with respect to completion of that portion of the Project described in Section 7.01 hereof.

"Initial Improvements" shall mean the construction and sale of fifteen (15) condominium units which include nine (9) Affordable Units as required under Section 7.01 hereof to issue the Initial Completion Certificate.

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

"Madison/Austin Corridor Redevelopment Project Area T.I.F. Fund" shall mean the special tax allocation find created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"Market-Rate Units" shall mean the thirty-two (32) (or such lesser number as may be applicable if units are combined) condominium and townhome units included in the Project that shall be sold at market rates.

"M.B.E.(s)" shall mean a business which, as of the date that it enters into a contract relating to the Project, is 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.

"M.B.E./W.B.E. Budget" shall mean the budget attached hereto as (Sub)Exhibit H, as described in Section 10.03.

"M.B.E./W.B.E. Program" shall have the meaning set forth in Section 10.03 hereof.

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

"Net Sales Proceeds" shall mean Gross Sales Proceeds minus actual sales commissions, closing costs and other Project costs that the Commissioner reasonably determines should be deducted from gross sales proceeds rather than included in Project costs.

"New Mortgage" shall have the meaning set forth in Section 16 hereof.

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

“Occupancy Report” shall have the meaning set forth in Section 8.06 hereof.

“Permitted Liens” shall mean those liens and encumbrances against the Property, the Property and/or the Project set forth in (Sub)Exhibit F hereto.

“Permitted Mortgage” shall have the meaning set forth in Section 16 hereof.

“Plans and Specifications” shall mean final 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 Recital D hereof.

“Project Budget” shall mean the budget attached hereto as (Sub)Exhibit G, showing the total cost of the Project by line item, furnished by the Developer to D.P.D., in accordance with Section 3.03 hereof.

“Property” shall have the meaning set forth in Recital D and (Sub)Exhibit A hereof.

“Qualified Household” shall have the meaning set forth in (Sub)Exhibit B to the City Recapture Mortgage attached hereto as (Sub)Exhibit O.

“Redevelopment Area” shall have the meaning set forth in Recital C hereof.

“Redevelopment Plan” shall have the meaning set forth in Recital E 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 (Sub)Exhibit K, to be delivered by the Developer to D.P.D. 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.

“Secondary Improvements” shall mean the construction and sale of twenty-six (26) townhouses as required under Section 7.01 hereof to issue the Final Completion Certificate.

“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 one hundred eighty

(180) days prior to the Closing Date accompanied by an affidavit from the surveyor dated the Closing Date indicating no changes to the survey, 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 and the Title Company, 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 construction 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, 2023).

“Threshold Profit” shall mean fifteen percent (15%) of Actual Project Costs.

“T.I.F. Adoption Ordinance” shall have the meaning set forth in Recital C hereof.

“T.I.F. Bonds” shall have the meaning set forth in Recital F and Section 8.05 hereof.

“T.I.F. Bond Ordinance” shall have the meaning set forth in Recital F.

“T.I.F.-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 out of the City Funds, subject to the terms of this Agreement. (Sub)Exhibit B lists the T.I.F.-Funded Improvements for the Project.

“T.I.F. Ordinances” shall have the meaning set forth in Recital C hereof.

“Title Company” shall mean \_\_\_\_\_.

“Title Policy” shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the Property related to Lender Financing, if any, issued by the Title Company.

“W.A.R.N. Act” shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101, et seq.)

“W.B.E.(s)” shall mean a business which, as of the date that it enters into a contract relating to the Project, is 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 December 31, 2006; and (ii) shall complete construction of the Project no later than December 30, 2008.

3.02 Scope Drawings And Plans And Specifications.

The Developer has delivered to D.P.D. the Scope Drawings and Plans and Specifications for approval. Any subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to D.P.D. as a Change Order pursuant to Section 3.04 hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget.

The Developer has furnished to D.P.D., and D.P.D. has approved, a Project Budget showing total costs for the Project in an amount not less than [Thirteen Million Two Hundred Fifty-two Thousand Two Hundred Forty-eight Dollars (\$13,252,248)]. The Developer hereby certifies to the City that (a) the City Funds, together with Lender Financing and Equity described in Section 4.01 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 D.P.D. certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

#### 3.04 Change Orders.

Any Change Orders that individually or in the aggregate (a) permanently increase or decrease the Project Budget by more than ten percent (10%), (b) reduce the net rentable square footage of the Project by more than five percent (5%), or (c) change the basic uses of the Project must be submitted by the Developer to D.P.D. for D.P.D.'s prior written approval. D.P.D. will attempt to expeditiously review any such Change Order request and approve or disapprove (with a brief written explanation given of any disapproval) such proposed Change Order within thirty (30) days of its receipt thereof. The Developer shall not authorize nor permit the performance of any work relating to the Change Order described in the preceding clauses (a), (b) or (c) or the furnishing of materials in connection therewith prior to the receipt of D.P.D.'s written approval, or D.P.D.'s deemed approval. The Construction Contract and each contract between the General Contractor and any subcontractor shall contain a provision to this effect. An approved Change Order shall not be deemed to imply an obligation on the part of the City to increase the amount of City Funds payable pursuant to this Agreement or provide any other finding.

#### 3.05 D.P.D. Approval.

Any approval granted by D.P.D. of the 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 D.P.D. pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

#### 3.06 Other Approvals.

Any D.P.D. 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 D.P.D.'s approval of the Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

#### 3.07 Progress Reports And Survey Updates.

The Developer shall provide D.P.D. 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 D.P.D.'s written approval pursuant to Section 3.04). The Developer shall provide

three (3) copies of an updated Survey to D.P.D. upon the request of D.P.D. or any lender providing Lender Financing, reflecting improvements made to the Property.

### 3.08 Inspecting Agent Or Architect.

An independent agent or architect (other than the Developer's architect but which may be the same as Lender uses) approved by D.P.D. shall be selected to act as the inspecting agent or architect, at the Developer's expense, provided its reasonable and customary for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to D.P.D., prior to requests for disbursement for costs related to the Project. At the Developer's option, the inspecting architect may be the inspecting architect engaged by any lender providing Lender Financing for the Project, provided that said architect is an independent architect licensed by the State of Illinois.

### 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 federal, state or City laws, ordinances and regulations. D.P.D. 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.

In connection with the Project, the Developer shall be obligated to pay only those building permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City and are of general applicability to other property within the City.

### 3.13 Conveyance Of City Parcel.

The following provisions shall govern the City's conveyance of the City Parcel to the Developer:

(i) Form Of Quitclaim Deed. The City shall, upon satisfaction of the conditions precedent set forth in Section 5, convey title to the City Parcel by a quitclaim deed for the Purchase Price, which shall be paid in full by the Developer on the Closing Date by wire transfer or certified check. Such conveyance and title shall, in addition to the provisions of this Agreement, be subject to:

- (A) the Redevelopment Plan;
- (B) the standard exceptions in an ALTA title insurance policy;
- (C) all general real estate taxes;
- (D) easements, encroachments, covenants and restrictions of record and not shown of record; and
- (E) such other title defects as may exist.

If necessary to clear title of exceptions for general real estate tax liens attributable to taxes due and payable prior to the Closing Date, the City shall submit to the County a tax abatement letter and/or file a vacation of tax sale proceeding in the Circuit Court of Cook County, seeking the exemption or waiver of such pre-closing tax liabilities, but shall have no further duties with respect to any such taxes due with respect to the City Parcel. In the event the condition of title to the City Parcel is unsatisfactory to the Developer, Developer's sole right shall be to decline to accept the conveyance of the City Parcel, it being understood that the City shall have no obligation to expend any funds to clear title to the City Parcel.

(ii) The Conveyance Closing. The conveyance of the City Parcel shall take place on the Closing Date.



(iii) Recordation Of Quitclaim Deed. The Developer shall promptly record the quitclaim deed for the City Parcel in the Recorder's Office of Cook County. The Developer shall pay all costs for so recording the quitclaim deed.

(iv) Escrow. In the event that the Developer requires conveyance through an escrow the Developer shall pay all escrow fees.

(v) "As Is" Sale. The City makes no covenant, representation or warranty as to the soil or environmental condition of the City Parcel or the suitability of the City Parcel for any purpose whatsoever, and the Developer agrees to accept the City Parcel "as is". The Developer hereby acknowledges that, in purchasing the City Parcel, the Developer is relying solely upon its own inspection and other due diligence activities and not upon any information (including, without limitation, environmental studies or reports of any kind) provided by or on behalf of the City or its agents or employees with respect thereto. If, after the Closing Date, the soil or environmental condition of the City Parcel is not in all respects entirely suitable for the use to which the City Parcel is to be utilized, it shall be the sole responsibility and obligation of the Developer to take such action as is necessary to put the City Parcel in a condition suitable for such intended use. The Developer agrees to release and 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 relating to or arising from the environmental condition of the City Parcel (including, without limitation, claims under C.E.R.C.L.A.) and to undertake and discharge all liabilities of the City arising from any environmental condition which existed on the City Parcel prior to the Closing Date, including, without limitation, liabilities arising under C.E.R.C.L.A.

#### *Section 4.*

#### *Financing.*

##### 4.01 Total Project Cost And Sources Of Funds.

The cost of the Project is estimated to be Thirteen Million Two Hundred Fifty-two Thousand Two Hundred Forty-eight Dollars (\$13,252,248), 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 4.05 and 4.06)	\$ 750,000
Lender Financing	<u>12,502,248</u>
ESTIMATED TOTAL:	\$13,252,248

#### 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 T.I.F.-Funded Improvements that constitute Redevelopment Project Costs. (Sub)Exhibit B sets forth, by line item, the T.I.F.-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(c), contingent upon receipt by the City of documentation satisfactory in form and substance to D.P.D. evidencing such cost and its eligibility as a Redevelopment Project Cost. The costs listed on (Sub)Exhibit B are Redevelopment Project Costs. City Funds shall not be paid to the Developer hereunder prior to the issuance of the applicable Certificate.

(b) Sources Of City Funds. 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 reimburse the Developer for T.I.F.-eligible expenses up to a maximum of One Million Three Hundred Ten Thousand Dollars (\$1,310,000) (the "City Funds"). The City's financial commitment will be as follows:

(i) City Note A. The City will issue the City Note A to the Developer upon the issuance of the Initial Completion Certificate in a principal amount not to exceed the lesser of: (i) Four Hundred Thousand Dollars (\$400,000) or (ii) an amount equal to the costs of the T.I.F.-eligible expenses which have been incurred by the Developer by the completion of the Initial Improvements and are to be reimbursed by the City through payments of principal and interest on the City Note A, subject to the provisions hereof; and provided, however, that payments under the City Note A are subject to the amount of Available Incremental Taxes deposited into the Madison/Austin Corridor Redevelopment Project Area T.I.F. Fund being sufficient for such payments. Interest on the City Note A will accrue at the City Note A Interest Rate upon the issuance of the Initial Completion Certificate. The City Note A attached hereto as (Sub)Exhibit L-1 will have a maximum term of seventeen (17) years, but not to exceed the Term of the Agreement. The first payment with respect to the City Note A shall be made on the later to occur of: the first March 1 after issuance of the Initial Completion Certificate (from Available Incremental Taxes received by the City in the prior year) or two (2) months after the City's receipt of a Requisition Form in accordance with Section 4.04. Thereafter, annual payments shall be made on the later to occur of March 1<sup>st</sup> of each subsequent calendar year or two (2) months after the City's receipt of a Requisition Form. If in any year, the City does not make such scheduled annual payment, then, in the next year (and if required, any subsequent years), Available

Incremental Taxes shall first be applied to repay any shortfall amounts, and then applied to make such year's scheduled annual payment. In the event Available Incremental Taxes are more than sufficient to pay the scheduled annual payment (and no shortfall amounts remain unpaid), the City, in its sole discretion, may elect to use such excess Available Incremental Taxes to prepay the City Note A or for any other legal use that the City may deem necessary or appropriate. The City Note A may be prepaid in whole or in part, without premium or penalty, at any time.

(ii) City Note B. The City will issue the City Note B to the Developer upon the issuance of the Final Completion Certificate in a principal amount of (i) Nine Hundred Ten Thousand Dollars (\$910,000) or (ii) the lesser of (x) that amount which brings the Developer's total T.I.F. assistance to One Million Three Hundred Ten Thousand Dollars (\$1,310,000) or (y) that amount equal to the costs of the T.I.F.-eligible expenses which have been incurred by the Developer on the Project and are to be reimbursed by the City through payments of principal and interest on the City Note B, subject to the provisions hereof; and provided, however, that payments under the City Note B are subject to the Developer realizing Excess Profits as described in Paragraph (c) below and the amount of Available Incremental Taxes deposited into the Madison/Austin Corridor Redevelopment Project Area T.I.F. Fund being sufficient for such payments. Interest on the City Note B will accrue at the City Note B Interest Rate upon the issuance of the Final Completion Certificate. The City Note B attached hereto as (Sub)Exhibit L-2 will have a maximum term of seventeen (17) years, but not to exceed the Term of the Agreement. The first payment with respect to the City Note B shall be made on the later to occur of: the first March 1 after issuance of the Final Completion Certificate (from Available Incremental Taxes received by the City in the prior year) or two (2) months after the City's receipt of a Requisition Form in accordance with Section 4.04. Thereafter, annual payments shall be made on the later to occur of March 1<sup>st</sup> of each subsequent calendar year or two (2) months after the City's receipt of a Requisition Form. If, in any year, the City does not make such scheduled annual payment, then, in the next year (and if required, any subsequent years), Available Incremental Taxes shall first be applied to repay any shortfall amounts, and then applied to make such year's scheduled annual payment. In the event Available Incremental Taxes are more than sufficient to pay the scheduled annual payment (and no shortfall amounts remain unpaid), the City, in its sole discretion, may elect to use such excess Available Incremental Taxes to prepay the City Note B or for any other legal use that the City may deem necessary or appropriate. The City Note B may be prepaid in whole or in part, without premium or penalty, at any time.

If the Developer defaults pursuant to Section 15.01, interest shall immediately cease to accrue on the City Notes effective as of the date on which the Event of Default is deemed to have occurred pursuant to Section 15.03, and no payments shall be made with respect to the City Notes during any cure period applicable to such default. Any Available Incremental Taxes that would have been used to

make payments during such time period shall, however, be reserved by the City pending the possible cure of such default. If such default is cured, interest shall again begin to accrue on the City Notes effective as of the actual date on which the default is cured and any reserved payments of Available Incremental Taxes shall be released by the City and used to pay the City Notes. If such default is not cured or is not subject to a cure period, the City shall have the remedies set forth in Section 15.03.

(iii) **Transfer Of City Notes.** The City Notes may be pledged to a lender providing Lender Financing (and to any other party after the issuance of the Final Completion Certificate), but may not be sold without the consent of the Commissioner of D.P.D., which consent shall be in the Commissioner's reasonable discretion. Notwithstanding any such permitted pledge(s), the City shall have no obligation to make any payments with respect to the City Notes except to the Developer, and then subject to the conditions set forth in this Agreement, including but not limited to Section 18.15, and in the City Notes.

(iv) **Cessation Of City Notes Payments.** If an Event of Default occurs (but subject to Section 15.03), the City shall have no further obligations to make any payments with respect to the City Notes and the City shall have the remedies set forth in Section 15.

(v) **Other Incremental Taxes.** Any Incremental Taxes that either (a) are not Available Incremental Taxes or (b) are not required to make payments under this Agreement (whether because all currently due payments have been made, because of the failure of the City Notes to issue, because of an Event of Default entitling the City to terminate further payments with respect to the City Notes, because of the full repayment of the City Notes, or otherwise) shall belong to the City and may be pledged or used for such purposes as the City deems necessary or appropriate.

(c) **Excess Profit Provision.** Prior to the issuance of the Final Completion Certificate, the Developer shall submit to D.P.D. an updated pro forma, including an updated Project Sources and Uses, using the final Project data. If the Developer realizes an Excess Profit, then for every One Dollar (\$1.00) of Excess Profit, the principal amount of the City Note B will be decreased by Fifty Cents (\$.50). The amount that the City Note B shall be decreased shall be determined prior to the issuance of the Final Completion Certificate, and the principal amount of the City Note B shall be adjusted accordingly.

#### 4.04 Requisition Form.

On the Closing Date and prior to each December 31 (or such other date as the parties may agree to thereafter, beginning in 2007 and continuing throughout the earlier of (i) the Term of the Agreement or (ii) the date that the Developer has been

reimbursed in full under this Agreement, the Developer shall provide D.P.D. with a Requisition Form in the form attached hereto as (Sub)Exhibit K, along with the documentation described therein. Requisition for reimbursement of T.I.F.-Funded Improvements shall be made not more than one (1) time per calendar year (or as otherwise permitted by D.P.D.).

#### 4.05 Treatment Of Prior Expenditures And Subsequent Disbursements.

(a) Prior Expenditures. Only those expenditures made by the Developer with respect to the Project that occurred prior to the Closing Date, evidenced by documentation satisfactory to D.P.D. and approved by D.P.D. as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). D.P.D. shall have the right, in its reasonable discretion, to disallow any such expenditure as a Prior Expenditure. (Sub)Exhibit I hereto sets forth the Prior Expenditures approved by D.P.D. as of the date hereof as Prior Expenditures. Prior Expenditures not listed on (Sub)Exhibit I, made for items other than T.I.F.-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) Allocation Among Line Items. Disbursements for expenditures related to T.I.F.-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 D.P.D., being prohibited, subject to the terms of Section 3.04. D.P.D. shall not unreasonably withhold its consent to such transfers so long as the Corporation Counsel has advised D.P.D. that an expenditure qualifies as an eligible cost under the Act.

#### (c) Allocation Of Costs With Respect To Sources Of Funds.

(i) Disbursement Of Equity. Each amount paid pursuant to this Agreement, whether for T.I.F.-Funded Improvements or otherwise, shall be charged first to Equity.

(ii) Disbursement Of Lender Financing. After there is no Equity remaining, each amount paid pursuant to this Agreement, whether for T.I.F.-Funded Improvements or otherwise, shall be charged to Lender Financing.

#### 4.06 Cost Overruns.

If the aggregate cost of the T.I.F.-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 T.I.F.-Funded Improvements in excess of City Funds and of completing the Project.

#### 4.07 Execution Of Certificate Of Expenditure.

Prior to each execution of a Certificate of Expenditure by the City if a City Note is issued, the Developers all submit documentation regarding the applicable expenditures to D.P.D., which shall be satisfactory to D.P.D. in its sole discretion. Delivery by the Developer to D.P.D. 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 cost of the Acquisition or the actual amount payable to (or paid to) the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees;

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

(c) the Developer has approved all work and materials for the current request for Certificate of Expenditure, and such work and materials conform to the Plans and Specifications;

(d) the representations and warranties contained in this Redevelopment Agreement are true and correct and the Developer is in compliance with all covenants contained herein;

(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; (ii) the undisbursed Lender Financing, if any; (iii) the undisbursed Equity and (iv) any other amounts deposited by the Developer pursuant to this Agreement. The Developer hereby

agrees that, if the Project is not In Balance, the Developer shall, within ten (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 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 Bond Ordinance, if any, T.I.F. Bond Ordinance, if any, the Bonds, if any, the T.I.F. Bonds, if any, the T.I.F. Ordinances, this Agreement and/or the Escrow Agreement.

#### 4.08 Conditional Grant.

The City Funds being provided hereunder are being granted on 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 4.03 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 D.P.D., and D.P.D. has approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

##### 5.02 Scope Drawings.

The Developer has submitted to D.P.D., and D.P.D. has approved, the Scope Drawings in 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 D.P.D.

### 5.04 Financing.

The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and to 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 Developer as needed and are sufficient (along with Equity as set forth in Section 4.01) to complete the Project. The Developer has delivered to D.P.D. a copy of the construction escrow agreement entered into by the Developer regarding the Lender Financing, if any. Any liens against the Property in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

### 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, showing the Developer as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on (Sub)Exhibit F 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 D.P.D., 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 D.P.D.'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 Developer's name 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
United States District Court	Pending suits and judgments
Clerk of Circuit Court, Cook County	Pending suits and judgments

showing 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 D.P.D.

#### 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 (Sub)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 (Sub)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 D.P.D. in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

#### 5.11 Financial Statements.

The Developer has provided Financial Statements to D.P.D. for its most recent fiscal year, and audited or unaudited interim Financial Statements.

#### 5.12 Documentation.

The Developer has provided documentation to D.P.D., satisfactory in form and substance to D.P.D., with respect to current employment matters, as set forth in Section 8.21 hereof.

#### 5.13 Environmental.

The Developer has provided D.P.D. with copies of any Phase I environmental audits completed with respect to the Property and any Phase II environmental audits 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 its Articles of Organization containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state of organization and all other states in which the Developer is qualified to do business; a secretary's certificate or similar instrument in such form and substance as the Corporation Counsel may require; operating agreement of the company; and such other organizational documentation as the City has requested. The Developer has provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date.

#### 5.15 Litigation.

The Developer has provided to Corporation Counsel and D.P.D. 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 Bid Requirement For General Contractor And Subcontractors.

(a) Except as set forth in Section 6.01(b) below, prior to entering into an agreement with a General Contractor or any subcontractor for construction of the Project, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with, and having an office located in the City of Chicago, and shall submit all bids received, as requested by D.P.D., to D.P.D. for its inspection. For the T.I.F.-Funded Improvements, the Developer shall select the General Contractor (or shall cause the General Contractor to select the subcontractor) submitting the lowest responsible bid who can complete the Project in a timely manner. If the Developer selects a General Contractor (or the General Contractor selects any subcontractor) submitting other than the lowest responsible bid for the T.I.F.-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. The Developer shall submit copies of the Construction Contract to D.P.D. in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the T.I.F.-Funded Improvements shall be provided to D.P.D. within five (5) business days of D.P.D.'s request. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by D.P.D. and all requisite permits have been obtained.

(b) If prior to entering into an agreement with a General Contractor for construction of the Project, the Developer does not solicit bids pursuant to Section 6.01(a) hereof, then the fee of the General Contractor proposed to be paid out of City Funds shall not exceed ten percent (10%) of the total amount of the Construction Contract. Except as explicitly stated in this paragraph, all other provisions of Section 6.01(a) shall apply, including but not limited to the requirement that the General Contractor shall solicit competitive bids from all subcontractors.

##### 6.02 Construction Contract.

The Developer has delivered to D.P.D. and D.P.D. has approved the Construction Contract with the General Contractor selected to handle the Project accordance with

Section 6.01 above. The Developer shall deliver to D.P.D. 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 related to such work by sureties having an AA rating or better using a bond in the form attached as (Sub)Exhibit N hereto. 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 (M.B.E./W.B.E. 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 T.I.F.-Funded Improvements shall be provided to D.P.D. within seven (7) business days of the execution thereof.

### *Section 7.*

#### *Completion Of Construction Or Rehabilitation.*

#### 7.01 Certificates Of Completion Of Construction.

Upon completion of construction of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, D.P.D. shall issue to the Developer the Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement.

(a) The Initial Completion Certificate will not be issued until:

(i) the Developer has notified the City in writing that the Initial Improvements have been completed as defined in this Agreement; and

(ii) the Developer has received a Certificate of Occupancy or other evidence acceptable to D.P.D. that the Developer has complied with building permit requirements; and

(iii) the fifteen (15) condo units, including nine (9) affordable units have been sold and closed on; and

(iv) Developer has complied with its obligations under the terms of the affordable housing requirements for the Project as set forth in, but not limited to, Section 8.20 of this Agreement; and

(v) the City's Monitoring and Compliance Unit has verified that the Developer is in full compliance with City requirements set forth in Section 10 and Section 8.09 (M./W.B.E., City Residency and Prevailing Wage) with respect to construction of the Project; and

(b) The Final Completion Certificate will not be issued until:

(i) the Developer has notified the City in writing that the Secondary Improvements have been completed as defined in this Agreement; and

(ii) the Developer has received a Certificate of Occupancy or other evidence acceptable to D.P.D. that the Developer has complied with building permit requirements; and

(iii) the twenty-six (26) townhomes have been sold and closed on; and

(iv) Developer has complied with its obligations under the terms of the affordable housing requirements for the Project as set forth in, but not limited to, Section 8.20 of this Agreement; and

(v) the City's Monitoring and Compliance Unit has verified that the Developer is in full compliance with City requirements set forth in Section 10 and Section 8.09 (M./W.B.E., City Residency and Prevailing Wage) with respect to construction of the Project; and

(vi) the Excess Profit amount, if any, has been determined.

(c) D.P.D. shall respond to the Developer's written request for the applicable Certificate within thirty (30) 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 and the City thereafter shall issue the Certificate within thirty (30) days or send the Developer a written statement which details the way in which the Project does not conform to the Agreement or has not been satisfactorily completed.

#### 7.02 Effect Of Issuance Of Certificate; Continuing Obligations.

Each Certificate relates only to the construction of the applicable component 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 the Final Completion 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 Final Completion 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 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 the Final Completion Certificate; provided, that upon the issuance of the Final Completion 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 the Final Completion 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.

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 the T.I.F.-Funded Improvements that are public improvements and to pay for the costs of T.I.F.-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing such T.I.F.-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 T.I.F.-Funded Improvements in excess of the available City Funds; and

(c) the right to seek any remedies set forth in Section 15.02.

#### 7.04 Notice Of Expiration Of Term Of Agreement.

Upon the expiration of the Term of the Agreement, D.P.D. 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) the Developer is an Illinois limited liability company duly organized, validly existing, qualified to do business in its state of organization and 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 its Articles of Organization or operating agreement 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 Developer shall acquire the Property and shall maintain 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 until the earlier to occur of the expiration of the Term of the Agreement and the date, if any, on which the Developer has no further interest in the Project, 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 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;

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

(j) prior to the issuance of the Final Completion Certificate, the Developer shall not do any of the following without the prior written consent of D.P.D. (with the exception of the contemplated sales of portions of the Property and the conveyance of common area parcels to an owners' association, which shall not in any event require the consent of the City): (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 for a period of five (5) years from issuance of the Final Completion Certificate (including but not limited



to any fixtures or equipment now or hereafter attached thereto), except for the sale of individual condominium or townhome units; (3) enter into any transaction outside the ordinary course of the Developer's business that would materially adversely affect the ability of the Developer to complete the Project; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity that would materially adversely affect the ability of the Developer to complete the Project; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition; and

(k) the Developer has not incurred, and, prior to the issuance of the Final Completion Certificate, shall not, without the prior written consent of the Commissioner, 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; provided that nothing in this Section 8.01(k) shall be construed to prohibit the granting of easements and other similar recordable interests and liens in the Property necessary or desirable for the redevelopment of the Property; and

(l) 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.

(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 United States Department of the Treasury, the Bureau of Industry and Security of the United States 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 D.P.D.'s approval of the Project Budget and the Scope Drawings 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 T.I.F. Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. 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 the 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 T.I.F.-Funded Improvements as provided in this Agreement.

#### 8.05 T.I.F. 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 payable from Incremental Taxes in connection with the Redevelopment Area, the proceeds of which may be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment of, the T.I.F.-Funded Improvements ("T.I.F. Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such T.I.F. 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 [Reserved]

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; provided, however, that the contracting, hiring and testing requirements associated with the M.B.E./W.B.E. and City resident obligations in Section 10 shall be applied on an aggregate basis and the failure of the General Contractor to require each subcontractor to satisfy, or the failure of any one subcontractor to satisfy, such obligations shall not result in a default or a termination of the Agreement or require payment of the City resident hiring shortfall amount so long as such Section 10 obligations are satisfied on an aggregate basis. The Developer shall deliver to the City written progress reports detailing (1) compliance with the requirements of Sections 8.08, 10.02 and 10.03 of this Agreement (based on expenditures to-date); and (2) copies of draw requests to monitor for City requirements, and any other reports. Such reports shall be delivered to the City when the Project is fifty percent (50%) completed (to be measured in dollars expended to date, based on fifty percent (50%) of the Project Budget in the executed Redevelopment Agreement), and thereafter on a regular quarterly basis; failure to do so will be deemed an Event of Default. If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to D.P.D. which shall outline, to D.P.D.'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 D.P.D., from time to time, statements of its employment profile upon D.P.D.'s request.

8.09 Prevailing Wage.

The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor for all construction trades, to all Project employees employed by the Developer. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Illinois Department of Labor revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 8.09.

#### 8.10 Arms-Length Transaction.

Unless D.P.D. 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 T.I.F.-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 D.P.D.'s request, prior to any such disbursement.

#### 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, 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 Developer shall obtain and provide to D.P.D. Financial Statements for the Developer's fiscal year ended 2004 and, until the earlier to occur of the expiration of the Term of the Agreement and the date, if any, on which the Developer has no further interest in the Property, the Developer shall obtain and provide to D.P.D. Financial Statements for each fiscal year thereafter. In addition, until the earlier to occur of the expiration of the Term of the Agreement and the date, if any, on which the Developer has no further interest in the Property, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as D.P.D. may 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 D.P.D., within thirty (30) days of D.P.D.'s request, official receipts from the appropriate entity or other proof satisfactory to D.P.D., 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 D.P.D.'s sole option, to furnish a good and sufficient bond or other security satisfactory to D.P.D. in such form and amounts as D.P.D. 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 D.P.D. 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 an other documents and agreements.

#### 8.17 Compliance With Laws.

To the best of the Developer's knowledge, after diligent inquiry, the Project prior to its sale is and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. 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 the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with the Lender Financing, if any. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

#### 8.19 Real Estate Provisions.

##### (a) Governmental Charges.

(i) Payment Of Governmental Charges. Subject to subsection (ii) below, 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 or may create a lien upon the Developer or all or any portion of the Property. "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 D.P.D. of the Developer's intent to contest or object to a Governmental Charge and, unless, at D.P.D.'s sole option,

(A) the Developer shall demonstrate to D.P.D.'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 D.P.D. in such form and amounts as D.P.D. 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 D.P.D. thereof in writing, at which time D.P.D. may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in D.P.D.'s sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which D.P.D. deems advisable. All sums so paid by D.P.D., if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to D.P.D. 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.

#### 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 this Affordable Housing Covenant (as set forth in this Section 8.20) shall 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 govern the terms of the obligation to provide affordable housing under this Agreement:

(a) The Facility shall be operated and maintained solely as a residential development.

(b) At least twenty percent (20%) of the units in the Facility shall be Affordable Units, i.e., sold to Qualified Households for the applicable Affordable Price, all as set forth on (Sub)Exhibit O. In connection with the marketing of each Affordable Unit, the Developer shall attach as an exhibit to each purchase contract a copy of the City Recapture Mortgage and shall state in such purchase contract that the purchaser will be obligated to execute such junior mortgage at the time of closing and comply with its terms thereafter. At each closing of the sale of an Affordable Unit, the Developer shall cause such fully executed and acknowledged junior mortgage to be recorded as a junior mortgage lien against the purchaser's Affordable Unit.

#### 8.21 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 the 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, 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:

(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, 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 fifty percent (50%) 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.

Each Employer shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project and shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (United States Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of D.P.D. 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 Commissioner of D.P.D., 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 D.P.D., 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 noncompliance, it is agreed that one-twentieth of one percent (0.0005) of the aggregate hard construction costs set forth in the Project Budget (the product of .0005 multiplied by such aggregate hard construction costs as the same shall be evidenced by approved contract value for the actual contracts, but excluding tenant improvements that are not undertaken by the Developer), 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.

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 Developer 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 The Developer's M.B.E./W.B.E. Commitment.

The Developer 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 the (i) Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420, et seq., Municipal Code of Chicago (the "Procurement Program"), and (ii) Minority-Owned 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 "M.B.E./W.B.E. Program"), and in reliance upon the provisions of the M.B.E./W.B.E. 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 the M.B.E./W.B.E. Budget (as these budgeted amounts may be reduced to reflect decreased actual costs) shall be expended for contract participation by M.B.E.s or W.B.E.s:

- i. at least twenty-four percent (24%) by M.B.E.s; and
- ii. at least four percent (4%) by W.B.E.s.

(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" 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 M.B.E./W.B.E. commitment may be achieved in part by

the Developer's status as an M.B.E. or W.B.E. (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 M.B.E.s or W.B.E.s (but only to the extent of the lesser of (i) the M.B.E. or W.B.E. participation in such joint venture or (ii) the amount of any actual work performed on the Project by the M.B.E. or W.B.E.), by the Developer utilizing an M.B.E. or a W.B.E. as a 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 M.B.E.s or W.B.E.s, or by the purchase of materials used in the Project from one or more M.B.E.s or W.B.E.s, or by any combination of the foregoing. Those entities which constitute both an M.B.E. and a W.B.E. shall not be credited more than once with regard to the Developer's M.B.E./W.B.E. 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 M.B.E. or W.B.E. General Contractor or subcontractor without the prior written approval of D.P.D.

(d) The Developer shall deliver quarterly reports to D.P.D. during the Project describing its efforts to achieve compliance with this M.B.E./W.B.E. commitment. Such reports shall include inter alia the name and business address of each M.B.E. and W.B.E. 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 M.B.E. or W.B.E. 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 D.P.D. in determining the Developer's compliance with this M.B.E./W.B.E. commitment. The Developer shall maintain records of all relevant data with respect to the utilization of M.B.E.s and W.B.E.s in connection with the Project for at least five (5) years after completion of the Project, and D.P.D. shall have access to all such records maintained by the Developer, on five (5) business days notice, to allow the City to review the Developer's compliance with its commitment to M.B.E./W.B.E. participation and the status of any M.B.E. or W.B.E. performing any portion of the Project.

(e) Upon the disqualification of any M.B.E. or W.B.E. 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 M.B.E. or W.B.E. 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 M.B.E./W.B.E. 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, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of D.P.D. with regard to the Developer's compliance with its obligations under this Section 10.03. During this meeting, the Developer shall demonstrate to D.P.D. its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by D.P. D.. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the monitoring staff of D.P.D., 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 M.B.E./W.B.E. 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 D.P.D., upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder. 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 Plans and Specifications and all amendments thereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, including, without limitation, Section 3.13(v), and except to the extent caused by the gross negligence or intentional acts of the City, 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. In the event of a conflict between Section 3.13(v) and this section, Section 3.13(v) shall control.

*Section 12.*

*Insurance.*

The Developer must provide and maintain, at the Developer's own expense, or cause to be provided and maintained during the Term of the Agreement, the insurance coverage and requirements specified below, insuring all operations related to the Agreement.

(a) Prior To Execution And Delivery Of This Agreement.

(i) Workers' Compensation And Employer's Liability.

Workers' Compensation Insurance, as prescribed by applicable law covering all employees who are to work under this Agreement and Employer's Liability coverage with limits of not less than One Hundred Thousand Dollars (\$100,000) each accident, illness or disease.

(ii) Commercial General Liability Insurance (Primary And Umbrella).

Commercial General Liability Insurance or equivalent with limits of not less than One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: all premises and operations, products/completed operations, independent contractors, separation of insureds, defense and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, noncontributory basis for any liability arising directly or indirectly from the work.

(iii) All Risk Property.

All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

(b) Construction.

Prior to the construction of any portion of the Project, Developer will cause its architects, contractors, subcontractors, project managers and other parties constructing the project to procure and maintain the following kinds and amounts of insurance:

(i) Workers' Compensation And Employer's Liability.

Workers' Compensation Insurance, as prescribed by applicable law covering all employees who are to provide work under this Agreement and Employer's Liability coverage with limits of not less than Five Hundred Thousand Dollars (\$500,000) each accident, illness or disease.

(ii) Commercial General Liability (Primary And Umbrella).

Commercial General Liability Insurance or equivalent with limits of not less than Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage liability. Coverages shall include the following: all premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, separation of insureds, defense and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, noncontributory basis for any liability arising directly or indirectly from the work.

(iii) Automobile Liability (Primary And Umbrella).

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the General Contractor shall provide Automobile Liability Insurance with limits of not less than Two Million Dollars (\$2,000,000) per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, noncontributory basis.

(iv) Railroad Protective Liability.

When any work is to be done adjacent to or on railroad or transit property, Developer must cause to be provided with respect to the operations that the contractors perform, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy must have limits of not less than Two Million Dollars (\$2,000,000) per occurrence and Six Million Dollars (\$6,000,000) in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.



(v) All Risk/Builders Risk.

When the Developer undertakes any construction, including improvements, betterments and/or repairs, the Developer must provide or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the Project. The City of Chicago shall be named as an additional insured and loss payee/mortgagee, if applicable.

(vi) Professional Liability.

When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Professional Liability Insurance covering acts, errors, or omissions shall be maintained with limits of not less than One Million Dollars (\$1,000,000). Coverage must include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

(vii) Valuable Papers.

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement, Valuable Papers Insurance must be maintained in an amount to insure against any loss whatsoever, and must have limits sufficient to pay for the re-creations and reconstruction of such records.

(viii) Contractor's Pollution Liability.

When any remediation work is performed which may cause a pollution exposure, Developer must cause remediation contractor to provide Contractor Pollution Liability covering bodily injury, property damage and other losses caused by pollution conditions that arise from the contract scope of work with limits of not less than One Million Dollars (\$1,000,000) per occurrence. Coverage must include completed operations, contractual liability, defense, excavation, environmental cleanup, remediation and disposal. When policies are renewed or replaced, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years. The City of Chicago is to be named as an additional insured.

(c) Post-Construction.

All Risk Property Insurance at replacement value of the Property to protect against loss of, damage to or destruction of the building/facility. The City of Chicago is to be named as an additional insured and loss payee/mortgagee if applicable.

(d) Other Requirements.

The Developer must furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance, or such similar evidence, to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Developer must submit evidence of insurance on the City of Chicago Insurance Certificate Form or equivalent prior to Closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from the Developer is not a waiver by the City of any requirements of the Developer to obtain and maintain specified coverages. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Nonconforming insurance does not relieve the Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to stop work and/or terminate this Agreement until proper evidence of insurance is provided.

The insurance must provide for sixty (60) days prior written notice to be given to the City in the event coverage is substantially changed, canceled or non-renewed.

Any deductibles or self-insured retentions on referenced insurance coverages must be borne by the Developer or the contractors.

The Developer hereby waives and agrees to require its insurers to waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents or representatives.

The coverages and limits furnished by the Developer shall in no way limit the Developer's liabilities and responsibilities specified within the Agreement or by law.

Any insurance or self-insurance programs maintained by the City of Chicago do not contribute with insurance provided by the Developer under the Agreement.

The required insurance to be carried is not to be limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

If the Developer is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

The Developer must require the General Contractor and all subcontractors to provide the insurance required herein, or Developer may provide the coverages for the General Contractor or subcontractors. All General Contractors and subcontractors shall be subject to the same requirements of Developer unless otherwise specified in this Agreement.

If the Developer, General Contractor or any subcontractor desires additional coverages, the party desiring the additional coverages is responsible for the acquisition and cost.

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements.

### *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 the General Contractor, subcontractors or materialmen in connection with the T.I.F.-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 gross negligence, wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it 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.

#### *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 day 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:

(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 under any agreement that would materially adversely effect the ability of Developer to fulfill its obligations under this Agreement;

(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 business, property, assets, operations or condition, financial or otherwise;

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

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens, 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 the fulfillment of any obligation of this Agreement 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, which default is not cured within any applicable cure period;

(i) the dissolution of the Developer;

(j) Developer's failure to complete the tasks required under this Agreement to obtain a Final Completion Certificate on or prior to December 31, 2009, subject to force majeure, or such revised date as is approved in writing by the Commissioner of D.P.D.;

(k) 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

(l) any prohibited sale, lease or transfer of the ownership interests in the Property in violation of Section 8.01 hereof without the prior written consent of the City, except for the sale of individual condominium units.

For purposes of Section 15.01(k) hereof, a person with a material interest in the Developer shall be one owning in excess of twenty percent (20%) of the Developer's membership interests.

#### 15.02 Remedies.

Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, may suspend payments due on the City Note or terminate the City Note. In the event that the City chooses to suspend payments due on the City Note, no interest shall accrue on the City Note during the curative period described in Section 15.03, unless the Developer complies within the applicable curative period. 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 ten (10) 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 thirty (30) 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 thirty (30) 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 thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured; provided, further, that there shall be no cure period under this Section 15.03 with respect to the Developer's failure to obtain a Final Completion Certificate by December 31, 2009.

### *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 (Sub)Exhibit F 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 Developer 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 Developer 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 (which consent shall not be unreasonably withheld or delayed), 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 Developer'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, those provisions being Sections 8.02 and 8.20.

(b) In the event that any mortgagee or any other party shall succeed to the Developer'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 the exercise of any such remedy and the transfer of title to the Property or to a mortgagee or any other party in connection with such exercise shall not be subject to the consent of the City or D.P.D.), 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" hereunder as to the Property; 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, 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, those provisions being Sections 8.02 and 8.20.

(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 D.P.D., which consent shall not be unreasonably withheld or delayed.

(d) If a default by the Developer under this Agreement occurs and the Developer does not cure it within the applicable cure period, the City shall use reasonable efforts to give to the mortgagee under an Existing Mortgage copies of any notices of default which it may give to the Developer with respect to the Project pursuant to the Agreement. With respect to the preceding sentence, under no circumstances shall the Developer or any third party be entitled to rely upon the agreement provided for herein. The failure of the City to deliver such notice shall in no instance alter its rights or remedies under this Agreement.

(e) By virtue of Developer's agreement hereby, the City agrees that it shall accept cure by the mortgagee of an Existing Mortgage in fulfillment of the



Developer's obligations, for the account of the Developer and with the same force and effect as if performed by the Developer. No cure or attempted cure by or on behalf of such mortgagee shall cause it to be deemed to have accepted an assignment of this Agreement.

(f) The provisions of this Section 16 shall not apply to mortgages recorded in connection with the purchase of individual condominium units.

*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

If To The Developer:

Lake and Waller L.L.C.  
In care of David Doig  
GenOne Group  
5904 West Race Avenue  
Chicago, Illinois 60644

with copies to:

Erika L. Kruse/Rolando R. Acosta  
Acosta, Kruse & Zemenides, L.L.C.  
6336 North Cicero Avenue, Suite 202  
Chicago, Illinois 60646

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 (Sub)Exhibit C hereto without the consent of any party hereto. It is agreed that no material amendment or is 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 ninety (90) 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 T.I.F. Ordinances and/or the T.I.F. Bond Ordinance, if any, such ordinance(s) 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, D.P.D. or the Commissioner, or any matter is to be to the City's, D.P.D.'s or the Commissioners satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, D.P.D. 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 D.P.D. in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City. In furtherance of the foregoing, the terms of this Agreement may be modified administratively by the Commissioner without the same being deemed an

amendment to this Agreement provided that the Commissioner, in consultation with the Corporation Counsel of the City, has determined that such modification is minor, appropriate and consistent with the terms and conditions of this Agreement and the purposes underlying the provisions hereof.

#### 18.15 Assignment.

Prior to the date which is five (5) years after the issuance of the Final Completion Certificate, 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, subject to the provisions set forth in Section 8.01(j) hereof; provided that the Developer may assign, on a collateral basis, the right to receive City Funds under the City Note to a lender providing Lender Financing, if any, prior to the issuance of the Final Completion Certificate. 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 Section 8.21 (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 W.A.R.N. Act, the Developer shall, in addition to the notice required under the W.A.R.N. Act, provide at the same time a copy of the W.A.R.N. 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-judgement collection services. Developer also will pay any court costs, in addition to all other sums provided by law.

#### 18.22 Business Relationships.

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 Redevelopment Agreement to be executed on or as of the day and year first above written.

Lake and Waller, L.L.C., an Illinois  
limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

City of Chicago

By: \_\_\_\_\_

Lori T. Healey, 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 \_\_\_\_\_, personally





[(Sub)Exhibit "A" referred to in this Redevelopment Agreement with Lake and Waller, L.L.C. constitutes Exhibit "A" to ordinance and printed on pages 80824 and 80825 of this *Journal*.]

[(Sub)Exhibits "C", "D", "I" and "N" referred to in this Redevelopment Agreement with Lake and Waller, L.L.C. unavailable at time of printing.]

[(Sub)Exhibit "E" not referenced in this Redevelopment Agreement with Lake and Waller, L.L.C.]

(Sub)Exhibits "B", "F", "G", "H", "J", "K", "L-1", "L-2", "M" and "O" referred to in this Redevelopment Agreement with Lake and Waller, L.L.C. read as follows:

*(Sub)Exhibit "B".*  
(To Redevelopment Agreement With  
Lake And Waller, L.L.C.)

*T.I.F.-Funded Improvements.*

Line Item	Cost
Land acquisition	\$ 829,370
Site work and infrastructure	<u>500,975</u>
TOTAL T.I.F.-ELIGIBLE COSTS:	\$1,330,345*

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\* Notwithstanding the total of T.I.F.-Funded Improvements or the amount of T.I.F.-eligible costs, the assistance to be provided by the City is limited to the amount described in Section 4.03.

*(Sub)Exhibit "F".*  
(To Redevelopment Agreement With  
Lake And Waller, L.L.C.)

*Permitted Liens.*

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:

[\_\_\_\_\_]

*(Sub)Exhibit "G".*  
(To Redevelopment Agreement With  
Lake And Waller, L.L.C.)

*Project Budget.*

Project Activities	Costs
Land acquisition	\$ 829,370
Site work and infrastructure	500,975
Hard costs including contingency	9,735,098
Architectural, civil, engineering and plans	399,404 (includes \$10k civil)
Legal/accounting	120,000

Project Activities	Costs
Contractor fee	0
Construction administration and management	0
Closing costs	41,000
Sales commission	328,731
Compliance monitoring	25,000
Marketing	30,000
Financing fee	41,000
Interest expense	303,730
Other soft costs	284,130
Development management fee	<u>613,811</u>
TOTAL PROJECT COSTS:	\$13,252,248

*(Sub)Exhibit "H".*  
(To Redevelopment Agreement With  
Lake And Waller, L.L.C.)

*M.B.E./W.B.E. Budget.\**

Hard Costs:

Rehabilitation of existing structures	\$ 9,285,093.00
TOTAL:	\$ 9,285,093.00

Soft Costs:

Architectural, civil, engineering and plans	\$ 389,465.00
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\* If developer obtains M.B.E./W.B.E. participation in any hard or soft costs, regardless of whether a line item for such costs is shown above, Developer shall receive M.B.E./W.B.E. credit for such participation against its obligations in this exhibit.

Civil engineering	10,000.00
General conditions and contractor overhead	120,000.00
Environmental/geotechnical	8,000.00
Appraisal and surveys	15,000.00
Compliance monitoring	25,000.00
Legal/title related to sales and closing	41,000.00
TOTAL:	\$ 608,465.00

## Site And Acquisition Costs:

Demolition and environmental remediation	\$ 461,795.00
TOTAL M.B.E./W.B.E. Eligible Costs	\$10,355,353.00
Minimum Contract Amount to M.B.E. Contractors (twenty-four percent (24%))	\$ 2,485,284.72
Minimum Contract Amount to W.B.E. Contractors (four percent (4%))	\$ 414,214.12

*(Sub)Exhibit "J".*  
(To Redevelopment Agreement With  
Lake And Waller, L.L.C.)

*Opinion Of Developer's Counsel.*

[To Be Retyped On The Developer's Counsel's Letterhead]

City of Chicago  
121 North LaSalle Street  
Chicago, Illinois 60602

Attention: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to \_\_\_\_\_, an [Illinois] \_\_\_\_\_

(the "Developer"), in connection with the purchase of certain land and the construction of certain facilities thereon located in the \_\_\_\_\_ Redevelopment Project Area (the "Project"). In that capacity, we have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

(a) \_\_\_\_\_ Redevelopment Agreement (the "Agreement") of even date herewith, executed by the Developer and the City of Chicago (the "City");

[(b) the Escrow Agreement of even date herewith executed by the Developer and the City;]

(c) [insert other documents including but not limited to documents related to purchase and financing of the Property and all lender financing related to the Project]; and

(d) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, we have examined:

(a) the original or certified, conformed or photostatic copies of the Developer's (i) Articles of Incorporation, as amended to date, (ii) qualifications to do business and certificates of good standing in all states in which the Developer is qualified to do business, (iii) Bylaws as amended to date, and (iv) records of all corporate proceedings relating to the Project [revise if the Developer is not a corporation]; and

(b) such other documents, records and legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

In all such examinations, we have assumed the genuineness of all signatures (other than those of the Developer), the authenticity of documents submitted to us as originals and conformity to the originals of all documents submitted to us as certified, conformed or photostatic copies.

Based on the foregoing, it is our opinion that:

1. The Developer is a corporation duly organized, validly existing and in good standing under the laws of its state of [incorporation] [organization], has full power and authority to own and lease its properties and to carry on its business as presently conducted, and is in good standing and duly qualified to do business as a foreign [corporation] [entity] under the laws of every state in which the conduct

of its affairs or the ownership of its assets requires such qualification, except for those states in which its failure to qualify to do business would not have a material adverse effect on it or its business.

2. The Developer has full right, power and authority to execute and deliver the Documents to which it is a party and to perform its obligations thereunder. Such execution, delivery and performance will not conflict with, or result in a breach of, the Developer's [Articles of Incorporation or Bylaws] [describe any formation documents if the Developer is not a corporation] or 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 Developer is a party or by which the Developer or its properties is bound. To the best of our knowledge after diligent inquiry, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which the Developer is a party or by which it or any of its property may be bound, or result in the creation or imposition of (or the obligation to create or impose) any lien, charge or encumbrance on, or security interest in, any of its property pursuant to the provisions of any of the foregoing, other than liens or security interests in favor of the lender providing Lender Financing (as defined in the Agreement).

3. The execution and delivery of each Document and the performance of the transactions contemplated thereby have been duly authorized and approved by all requisite action on the part of the Developer.

4. Each of the Documents to which the Developer is a party has been duly executed and delivered by a duly authorized officer of the Developer, and each such Document constitutes the legal, valid and binding obligation of the Developer, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5. (Sub)Exhibit A attached hereto (a) identifies each class of capital stock of the Developer, (b) sets forth the number of issued and authorized shares of each such class, and (c) identifies the record owners of shares of each class of capital stock of the Developer and the number of shares held of record by each such holder. To the best of our knowledge after diligent inquiry, except as set forth on (Sub)Exhibit A, there are no warrants, options, rights or commitments of purchase, conversion, call or exchange or other rights or restrictions with respect to any of the capital stock of the Developer. Each outstanding share of the capital stock of the Developer is duly authorized, validly issued, fully paid and nonassessable.

6. To the best of our knowledge after diligent inquiry, no judgments are outstanding against the Developer, nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against the Developer or affecting the Developer or its property, or seeking to restrain or enjoin the performance by the Developer of the Agreement or the transactions contemplated by the Agreement, or contesting the validity thereof. To the best of our knowledge after diligent inquiry, the Developer is not in default 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 Developer or its business.

7. To the best of our knowledge after diligent inquiry, there is no default by the Developer or any other party under any material contract, lease, agreement, instrument or commitment to which the Developer is a party or by which the company or its properties is bound.

8. To the best of our knowledge after diligent inquiry, all of the assets of the Developer are free and clear of mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in the Documents.

9. The execution, delivery and performance of the Documents by the Developer have not and will not require the consent of any person or the giving of notice to, any exemption by, any registration, declaration or filing with or any taking of any other actions in respect of, any person, including without limitation any court, government or regulatory authority.

10. To the best of our knowledge after diligent inquiry, the Developer 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, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

11. 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 contained in the Documents and apply the law of the State of Illinois to the transactions evidenced thereby.

We are attorneys admitted to practice in the State of Illinois and we express no opinion as to any laws other than federal laws of the United States of America and the laws of the State of Illinois. [Note: include a reference to the laws of the state of incorporation/organization of the Developer, if other than Illinois.]

This opinion is issued at the Developer's request for the benefit of the City and its counsel, and may not be disclosed to or relied upon by any other person.

Very truly yours,

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

[(Sub)Exhibit "A" referred to in this Opinion of Developer's Counsel unavailable at time of printing.]

*(Sub) Exhibit "K".*  
(To Redevelopment Agreement With  
Lake And Waller, L.L.C.)

*Requisition Form.*

State of Illinois )  
                          )SS.  
County of Cook )

The affiant, \_\_\_\_\_, \_\_\_\_\_ of Lake and Waller, L.L.C., an Illinois limited liability company (the "Developer"), hereby certifies that with respect to that certain Lake and Waller, L.L.C. Redevelopment Agreement between the Developer and the City of Chicago dated \_\_\_\_\_, \_\_\_\_\_ (the "Agreement"):

A. Expenditures for the Project, in the total amount of \$[\_\_\_\_\_], have been made.

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

\$1,310,000

C. This paragraph C sets forth and is a true and complete statement of all costs



of T.I.F.-Funded Improvements for the Project reimbursed and interest on the Note paid by the City to date:

Principal \$ \_\_\_\_\_

Interest \$ \_\_\_\_\_

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

Principal \$ \_\_\_\_\_

Interest \$ \_\_\_\_\_

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

F. The Developer 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 Redevelopment Agreement are true and correct and the Developer is in compliance with all applicable covenants contained herein.

2. 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.

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

[Developer]

By: \_\_\_\_\_  
Name

Title: \_\_\_\_\_

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 "L-1".*  
(To Redevelopment Agreement With  
Lake And Waller, L.L.C.)

*Form Of City Note A.*

Registered  
Number R-1

Maximum Amount  
\$[400,000.00]

United States Of America

State Of Illinois

County Of Cook

City Of Chicago

Tax Increment Allocation Revenue Note  
(Madison/Austin Corridor Redevelopment Project Area),  
Series 200\_\_.

Registered Owner: Lake and Waller, L.L.C.

Interest Rate: \_\_\_\_% per annum [ten (10) year Treasury Note rate plus  
two hundred seventy-five (275) basis points, not to exceed  
seven and five-tenths percent (7.5%)]

Maturity Date: \_\_\_\_\_, [2023]

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 Four Hundred Thousand and no/ 100 Dollars (\$400,000.00) and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above from the date of the advance. 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 March 1 of each year 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 Chief Financial Officer of the City, as registrar and paying agent (the "Registrar"), at the close of business on the fifteenth (15<sup>th</sup>) day of the month immediately prior to the applicable payment, maturity or redemption date, 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.

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to Four Hundred Thousand Dollars (\$400,000) for the purpose of paying the costs of certain eligible redevelopment project costs incurred by the Registered Owner with respect to the acquisition, renovation and redevelopment of certain property known as 420 and 444 -- 457 North Waller Street Chicago, Illinois (the "Project"), which improvements were constructed and installed in connection with the development of an approximately one and twenty-seven hundredths (1.27) acres in the Madison/Austin Corridor Tax Increment Financing 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 \_\_\_\_\_, 2006 (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. The principal of this Note is subject to redemption on any date, as a whole or in part, at a redemption price of one hundred percent (100%) of the principal amount thereof being redeemed, plus any outstanding interest then due. There shall be no prepayment penalty. Notice of any such redemption shall be sent by registered or certified mail not less than five (5) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

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 (15<sup>th</sup>) 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 Section 15.02 of the Redevelopment Agreement, the City has reserved the right to suspend 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 and is continuing (subject to applicable cure periods). 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 bylaw; 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 \_\_\_\_\_, 200\_\_.

---

Mayor

[Seal]

Attest:

---

[Deputy] City Clerk

Certificate  
Of  
Authentication

Registrar and Paying Agent:  
Chief Financial Officer 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 (Madison/Austin Corridor Redevelopment Project), Series 200\_\_ of the City of Chicago, Cook County, Illinois.

\_\_\_\_\_  
Chief Financial Officer

Date: \_\_\_\_\_

Principal Payment Record.

Date Of Payment	Principal Payment	Principal Balance Due
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(Assignment)

For Value Received, The undersigned sells, assigns and transfers unto 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, Illinois  
Department of Planning and Development

By: \_\_\_\_\_

Its: \_\_\_\_\_

Certification Of Expenditure.

Date: \_\_\_\_\_, \_\_\_\_\_

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")  
Not to Exceed \_\_\_\_\_ Tax Increment Allocation Revenue Note  
(\_\_\_\_\_ Redevelopment Project, Taxable Series 200\_)  
(the "Redevelopment Note")

This Certification 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 \_\_\_\_\_, 2006 (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 Note.

7/26/2006

REPORTS OF COMMITTEES

80903

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

*(Sub)Exhibit "L-2".*  
(To Redevelopment Agreement With  
Lake And Waller, L.L.C.)

*Form Of City Note B.*

Registered  
Number R-2

Maximum Amount  
\$[910,000.00]

United States Of America

State Of Illinois

County Of Cook

City Of Chicago

Tax Increment Allocation Revenue Note  
(Madison/Austin Corridor Redevelopment Project Area),  
Series 200\_\_.

Registered Owner: Lake and Waller, L.L.C.

Interest Rate: \_\_\_\_\_% per annum [ten (10) year Treasury Note rate plus two hundred seventy-five (275) basis points, not to exceed eight and five-tenths percent (8.5%)]

Maturity Date: \_\_\_\_\_, [2023]



Now 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 Four Hundred Thousand and no/100 Dollars (\$400,000.00) and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above from the date of the advance. 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 March 1 of each year 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 Chief Financial Officer of the City, as registrar and paying agent (the "Registrar"), at the close of business on the fifteenth (15<sup>th</sup>) day of the month immediately prior to the applicable payment, maturity or redemption date, 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.

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to Nine Hundred Ten Thousand Dollars (\$910,000) for the purpose of paying the costs of certain eligible redevelopment project costs incurred by the Registered Owner with respect to the acquisition, renovation and redevelopment of certain property known as 420 and 445 -- 457 North Waller Street, Chicago, Illinois (the "Project"), which improvements were constructed and installed in connection with the development of an approximately one and twenty-seven hundredths (1.27) acres in the Madison/Austin Corridor Tax Increment Financing 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 \_\_\_\_\_, 2006 (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. The principal of this Note is subject to redemption on any date, as a whole or in part, at a redemption price of one hundred percent (100%) of the principal amount thereof being redeemed, plus any outstanding interest then due. There shall be no prepayment penalty. Notice of any such redemption shall be sent by registered or certified mail not less than five (5) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

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 (15<sup>th</sup>) 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 Section 15.02 of the Redevelopment Agreement, the City has reserved the right to suspend 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 and is continuing (subject to applicable cure periods). 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 \_\_\_\_\_, 200\_\_.

---

Mayor

[Seal]

Attest:

---

[Deputy] City Clerk

Certificate  
Of  
Authentication

Registrar and Paying Agent:

Chief Financial Officer 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 (Madison / Austin Corridor Redevelopment Project), Series 200\_\_ of the City of Chicago, Cook County, Illinois.

\_\_\_\_\_  
Chief Financial Officer

Date: \_\_\_\_\_

Principal Payment Record.

Date Of Payment	Principal Payment	Principal Balance Due
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(Assignment)

For Value Received, The undersigned sells, assigns and transfers unto 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, Illinois  
Department of Planning and Development

By: \_\_\_\_\_

Its: \_\_\_\_\_

Certificate Of Expenditure.

Date: \_\_\_\_\_, \_\_\_\_\_

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")  
Not to Exceed \_\_\_\_\_ Tax Increment Allocation  
Revenue Note (\_\_\_\_\_ Redevelopment Project,  
Taxable Series 200\_\_) (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 \_\_\_\_\_, 2006 (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 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:

\_\_\_\_\_

*(Sub)Exhibit "M".*  
(To Redevelopment Agreement With  
Lake And Waller, L.L.C.

*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 [Name Lender], a [national banking association] (the "Lender").

*Witnesseth.*

Whereas, Lake and Waller, L.L.C., an Illinois limited liability company (the "Developer"), purchased from the City certain property located within the Madison/Austin Corridor Redevelopment Area (the "Redevelopment Area") that is approximately twenty-one thousand eight hundred (21,800) square feet, generally located at 420 North Waller Avenue, Chicago, Illinois 60644 and legally described on (Sub)Exhibit A hereto (the "City Parcel"). The Developer owns another parcel in the Redevelopment Area that is approximately thirty-three thousand three hundred (33,300) square feet, generally located at 445 -- 457 North Waller Avenue, Chicago, Illinois 60644 and legally described on (Sub)Exhibit A hereto (the "Developer Parcel" and together with the City Parcel, the "Property"). The Developer shall complete construction of the following, collectively referred to herein as the "Facility": forty-one (41) residential units, with twenty-six (26) town homes and fifteen (15) condominiums; of the forty-one (41) units, nine (9) condominium units (the "Affordable Units") will meet affordability guidelines at one hundred percent (100%) of Area Median Income ("A.M.I.") and thirty-two (32) units will be at market rate. The nine (9), two (2) bedroom Affordable Units will have approximately one thousand one hundred eighty-three (1,183) square feet, cost approximately One Hundred Eighty-one Thousand Five Hundred Dollars (\$181,500) and shall be subject to a City Recapture Mortgage. The six (6), two (2) bedroom market-rate condominium units will have approximately one thousand four hundred fifteen (1,415) square feet and will cost approximately Two Hundred Seventy Thousand Dollars (\$270,000). The twenty-six (26) two (2) bedroom market-rate townhomes will range in size from one thousand nine hundred eleven (1,911) square feet to two thousand one hundred fifty-nine (2,159) square feet and will range in price from Three Hundred Fifty-five Thousand Dollars (\$355,000) to Three Hundred Ninety-five Thousand Dollars (\$395,000). The Facility and related improvements, including but not limited to those T.I.F.-Funded Improvements, as defined below and set forth on (Sub)Exhibit C and other obligations described above are collectively referred to herein as the "Project". The project will comply with the City's Landscape Ordinance.

Whereas, [Description of financing and security documents] as part of obtaining financing for the Project, the Developer has entered into a certain Construction Loan Agreement dated as of \_\_\_\_\_, 200\_\_ 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 and 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\_\_\_\_\_, 200\_\_ and recorded\_\_\_\_\_, 200\_\_ as document number \_\_\_\_\_ made by the Developer to the Lender; and (ii) Assignment of Leases and Rents recorded\_\_\_\_\_, 200\_\_ 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 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 their respective 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 any of the Lender's other rights or other priorities under the Loan Documents, including without limitation 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. Furthermore, nothing herein shall have any effect whatsoever on the respective rights, obligation and covenants of the Lender and the City under that certain Redevelopment Agreement dated \_\_\_\_\_, 2004. The



liabilities and obligations of the Lender with respect to the City Encumbrances and the City Agreements shall be as set forth in Section 16 of the Redevelopment Agreement.

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. Failure of either party to deliver such notices or waivers shall in no instance alter the rights or remedies of such party under the Loan Documents or the City Agreements.

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

Acknowledged and Agreed to this  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[Developer], a \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_



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

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

[Seal]

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

[(Sub)Exhibit "B" not referenced in this  
Form of Subordination Agreement.]

*(Sub)Exhibit "O".*  
(To Redevelopment Agreement With  
Lake And Waller, L.L.C.)

*City Recapture Mortgage*

Mortgage Security And Recapture Agreement,  
Including Restrictive Covenants.

This mortgage, security and recapture agreement, including restrictive covenants (this "Mortgage") is made as of this \_\_\_\_\_ day of \_\_\_\_\_ 200 \_\_\_\_\_ from \_\_\_\_\_ ("Mortgagor"), to the City of Chicago, an Illinois municipal corporation, having its principal office at City Hall, 121 North LaSalle Street, Chicago, Illinois 60602 (the "City" or "Mortgagee").

*Recitals.*

Whereas, Mortgagor is on the date hereof purchasing from the Initial Seller that certain real property legally described on (Sub)Exhibit A attached hereto and a condominium located thereon (the property described on (Sub)Exhibit A hereto is hereinafter referred to as the "Home") (certain terms used herein and not otherwise defined are defined on (Sub)Exhibit B attached hereto); and

Whereas, Mortgagor is purchasing the Home for the Purchase Price, based on the Base Purchase Price plus upgrades, if any; and

Whereas, The City's T.I.F. Contribution was conditioned upon, among other things, the requirement that the Home be subject to the Affordability Requirements that shall be imposed as encumbrances and as covenants running with the land; and

Whereas, The Affordability Requirements are necessary to implement certain requirements of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., and the City's T.I.F. Affordability Guidelines; and

Whereas, Affordability Requirements require that, among other things, with respect to the initial sale of the Home, with respect to which this Mortgage is being granted, and (unless Mortgagor is permitted and elects to repay to the City the City Subsidy Recapture Amount) with respect to each subsequent resale of the Home thereafter during the Recapture Period, such Home may be sold only to a Qualified Household at an Affordable Price; and

Whereas, Mortgagor's household is a Qualified Household and the Purchase Price is an Affordable Price; and

Whereas, Mortgagor acknowledges and agrees that the Base Purchase Price is less than the fair market price for the Home by an amount equal to the City Subsidy Amount, as evidenced by contemporaneous or projected sales of comparable units; and

Whereas, Mortgagor is able to purchase the Home for less than its fair market value because of the City's T.I.F. Contribution, which has subsidized a portion of the construction costs of the Home, and because of the imposition of the Affordability Requirements pursuant to this Mortgage; and

Whereas, But for the City's T.I.F. Contribution, and the City's imposition of the Affordability Requirements, Mortgagor would have been unable to purchase the Home for an Affordable Price; and

Whereas, The City has required Mortgagor to execute this Mortgage in order to both (a) impose the Affordability Requirements upon the Mortgaged Property and give notice of the Affordability Requirements to Mortgagor, to any subsequent purchaser of the Home, and to any lender having a mortgage secured by the Home, and (b) to secure the recapture payment described in Article III and Mortgagor's other obligations under this Mortgage; and

Whereas, In consideration of the City's T.I.F. Contribution, the benefits accruing to Mortgagor as a result of its purchase of the Home for an Affordable Price, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor has executed and delivered to the City this Mortgage;

Now, Therefore, To secure the performance and observance by Mortgagor of all the terms, covenants and conditions described in this Mortgage, and in order to charge the properties, interests and rights hereinafter described with such consideration, Mortgagor has executed and delivered this Mortgage and does hereby grant, convey, assign, mortgage, grant a security interest in, and confirm unto Mortgagee and its successors and assigns forever, all of the following described property (which is hereinafter sometimes referred to as "Mortgaged Property"):

(A) The Home, and all easements, rights, interests and appurtenances thereto, including, without limitation, any deeded, reserved or assigned parking area or storage space and any interest in common elements and limited common elements;

(B) All structures and improvements of every nature whatsoever now or hereafter situated within or comprising a part of the Home, including, without limitation, all fixtures of every kind and nature whatsoever which are or shall be attached to said buildings, structures or improvements, and now or hereafter owned by Mortgagor, including all extensions, additions, improvements, betterments, renewals and replacements of any of the foregoing ("Improvements");

(C) All rents and issues of the Home and Improvements from time to time and all of the estate, right, title, interest, property, possession, claim and demand at law, as well as in equity of Mortgagor, in and to the same;

To Have And To Hold The Mortgaged Property and all parts thereof unto Mortgagee, its successors and assigns, to its own proper use, benefit and advantage forever, subject, however, to the terms, covenants and conditions herein;

Without limitation of the foregoing, Mortgagor hereby further grants unto Mortgagee, pursuant to the provisions of the Uniform Commercial Code of the State of Illinois, a security interest in all of the above-described property, which are or are to become fixtures.

This Mortgage Is Given To Secure: (a) amounts which may become due and payable pursuant to this Mortgage, and (b) performance of each and every one of the other covenants, conditions and agreements contained in this Mortgage, and in any other agreement, document or instrument to which reference is expressly made in the Mortgage.

*Article I.*

*Incorporation Of Recitals.*

The recitals set forth above constitute an integral part of the Mortgage and are hereby incorporated herein by this reference with the same force and effect as if set forth herein as agreements of the parties.

*Article II.*

*Covenants, Representations And Warranties*

Mortgagor covenants and agrees with Mortgagee that at all times during the Recapture Period:

2.01 Taxes and Assessments.

(a) Mortgagor will pay when due all general taxes and assessments (including, without limitation, any condominium or homeowner's association assessments, if applicable), special assessments, water charges and all of the charges against the Mortgaged Property and shall, upon written request, furnish to Mortgagee receipts evidencing payment thereof, provided that Mortgagor, in good faith and with reasonable diligence, may contest the validity or amount of any such taxes, assessments or charges, provided that during any such contest the enforcement of the lien of such taxes, assessments or charges is stayed.

(b) Mortgagor will not suffer (unless bonded or insured over) any mechanic's, laborer's, materialmen's, or statutory lien to remain outstanding upon any of the Mortgaged Property. Mortgagor may contest such lien, provided that Mortgagor shall first post a bond in the amount of the contested lien, or provide title insurance over such contested lien, and further provided that Mortgagor shall diligently prosecute the contested lien and cause the removal of the same.



## 2.02 Insurance.

Mortgagor shall keep the Mortgaged Property continuously insured (or shall use reasonable efforts to cause the condominium or homeowner's association, as applicable, to keep insured such parts of the Mortgaged Property as maybe required to be insured by such association under the applicable declaration) in such amounts and against such risks as required of Mortgagor by the Senior Lender, paying the premiums for said insurance as they become due. Policies of insurance shall name Mortgagee as an additional insured. All policies of insurance shall provide that the same shall not be canceled, except upon thirty (30) days prior written notice to Mortgagee.

## 2.03 Maintenance of the Property.

(a) Mortgagor shall preserve and maintain the Mortgaged Property in good condition and repair, will not commit or suffer any waste thereof, and will keep the same in a clean, orderly and attractive condition. Mortgagor shall not do or suffer to be done anything which will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof.

(b) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, Mortgagor will immediately give written notice of the same to Mortgagee.

(c) Mortgagee or its representatives shall have the right to inspect the Mortgaged Property to assure compliance with the terms of this Mortgage.

(d) Mortgagor shall promptly comply, and cause the Mortgaged Property to comply, with all present and future laws, ordinances, orders, rules and regulations and other requirements of any governmental authority affecting the Mortgaged Property or any part thereof and with all instruments and documents of record or otherwise affecting the Mortgaged Property or any part thereof.

(e) If all or any part of the Mortgaged Property shall be damaged by fire or other casualty, Mortgagor (subject to the rights of the Board of Managers of the condominium or homeowner's association, if applicable, with respect to any proceeds applicable to common elements or limited common elements), will promptly restore the Mortgaged Property to the equivalent of its condition prior to the casualty, to the extent of any insurance proceeds made available to Mortgagor for that purpose.

## 2.04 Subordination.

This Mortgage shall be subject and subordinate in all respects to the Senior Mortgage, if any; provided, however, that the maximum amount of indebtedness

(including indebtedness attributable to protective advances made by the Senior Lender or other amounts secured under the terms of the Senior Mortgage) that shall be superior to the lien of this Mortgage shall in no instance and at no time exceed one hundred percent (100%) of the Purchase Price plus the City Subsidy Amount. Any refinancing of the Senior Mortgage permitted under this Section 2.04, however, will also be deemed a Senior Mortgage for purposes of the subordination set forth in this Section 2.04.

#### 2.05 Income Eligibility.

Mortgagor represents and warrants to Mortgagee that Mortgagor's household income, as of the time of Mortgagor's execution of its purchase contract for the Mortgaged Property, met the income eligibility requirements established by the City applicable to a purchaser of the Home, as set forth in the definition of Qualified Household on (Sub)Exhibit B hereto.

### *Article III.*

#### *Recapture Of City Subsidy Provisions.*

##### 3.01 Acknowledgment Of City Subsidy.

Mortgagor acknowledges and agrees that the City has subsidized a portion of the costs of construction of the Home in the amount of the City Subsidy Amount, resulting in Mortgagor's purchase of the Home at an Affordable Price.

##### 3.02 Primary Residence; No Leasing.

Mortgagor covenants to the City that during the Recapture Period, it shall own and use the Mortgaged Property as its primary residence (and the primary residence of Mortgagor's Qualified Household) as long as Mortgagor owns the Mortgaged Property. Mortgagor covenants that during the Recapture Period, it will not lease the Mortgaged Property to any person or let any other person to occupy or use the property without the prior written consent of the City, which shall be in the City's reasonable discretion, and which, if granted, will require that the total amount payable by any tenant household not exceed the amount set forth to qualify such housing as "affordable housing" as defined in the Illinois Affordable Housing Act, 310 ILCS 65/1, et seq.

### 3.03 Permitted Transfers.

Mortgagor covenants that during the Recapture Period, it shall not sell or otherwise directly or indirectly transfer ownership of the Mortgaged Property, except (a) to a Qualified Household, (b) for an Affordable Price, and provided that (c) the Qualified Household executes a mortgage, security and recapture agreement in similar form to this Mortgage, if such resale Affordable Price is below the market price, as reasonably determined by the City's Department of Housing. Any transfer of ownership (x) resulting from Mortgagor's death and occurring pursuant to (i) the terms of a written land trust, personal trust or will, or (ii) state intestacy law, (y) to a spouse or member of Mortgagor's Qualified Household, or (z) that simply consists of Mortgagor's transfer of the Home into a land trust or personal trust of which Mortgagor is the sole beneficiary and holder of power of direction, as applicable, shall be subject to the foregoing transfer restriction; provided, however, that the transferee in any such transfer shall be bound by all of the affordable housing covenants contained in this Mortgage. If Mortgagor attempts or purports to transfer the Mortgaged Property to a transferee in violation of any one or more of the conditions in clauses (a), (b) and (c), such attempted or purported transfer shall be a violation of the Affordability Requirements, and shall constitute an immediate Event of Default under Section 4.01(a).

### 3.04 Right To Request Waiver Or Modification.

The Affordability Requirements in this Article III may be waived or modified in writing by the City, upon a showing of undue hardship or changed circumstances that would make the enforcement of such covenants inequitable or impractical, as determined by the City in its sole discretion.

### 3.05 Approval Of Transfer And Release Of Mortgage.

Upon either (a) a permitted transfer described in Section 3.03, or (b) a transfer accompanied by a repayment of the City Subsidy Recapture Amount in accordance with the terms of this Mortgage, the City will, upon ten (10) business days prior written notice, execute and deliver a "Certificate of Transfer" confirming that such transfer is a permitted transfer hereunder and effective to deliver legal title to the transferee. In addition, within thirty (30) days of receipt of a written request from Mortgagor, Mortgagee shall execute a release of the Mortgage in recordable form.

### 3.06 Reasonable Restraint On Alienation.

Mortgagor Acknowledges And Agrees That To The Extent The Affordability Requirements, Anything In This Article III, Or Any Other Provision In This Mortgage Could Be Deemed A Restraint On Alienation, That Any Such Restraint (A) Is

Reasonable, (B) Is, As Explained In The Recitals, Supported By Adequate Consideration, (C) Is Necessary To Implement The City's Public Policy Objective Of Developing And Maintaining Low-income And Very Low-income Housing, (D) Should Be Enforced As Written, And (E) Was A Material Inducement To The City's Initial Decision To Provide the T.I.F. Contribution, Which Has Enabled Mortgagor To Buy The Home For The Purchase Price, Which Is Materially Below The Fair Market Value Price. Mortgagor, Therefore, Knowingly And Voluntarily, To The Fullest Extent Permitted By Law, Waives The Right To Raise Any Defense To The Enforcement Of The Affordability Requirements, Whether At Law Or In Equity.

*Article IV.*

*Default.*

4.01 Events Of Default.

The terms "Event of Default" or "Events of Default", wherever used in the Mortgage, shall mean any one or more of the following events:

- (a) A failure by Mortgagor to comply with any of the Affordability Requirements set forth under Section 3.02 or 3.03;
- (b) Failure by Mortgagor to duly observe or perform any other material term, covenant, condition or agreement in the Mortgage after the expiration of the applicable cure periods provided in Section 4.02; or
- (c) A default continuing beyond all applicable cure periods under the Senior Mortgage and permitting foreclosure thereunder.

4.02 City Remedies.

The City shall have the following remedies depending on the nature and timing of the Event of Default.

- (a) Recapture Payment Event. If an Event of Default occurs under Section 4.01(a) prior to the Recapture Period expiration, any purported lease, direct or indirect sale or transfer of ownership, or mortgaging of the Mortgaged Property shall make the City entitled to the specific enforcement of the Affordability Requirements and any other remedies available under this Mortgage. The City, in its sole discretion, and in lieu of its specific enforcement of the Affordability Requirements, may elect to require payment of the City Subsidy Recapture Amount

(as defined below) in the event that the City determines that specific enforcement of the Affordability Requirements is impractical or inappropriate. If Mortgagor pays to the City the City Subsidy Recapture Amount, then the City shall have no other remedy with respect to such Event of Default and shall be obligated to execute and deliver a release of this Mortgage in recordable form and the transferee shall not be bound by any Affordability Requirements or otherwise required to execute and deliver any mortgage in favor of the City.

The "City Subsidy Recapture Amount" shall be an amount equal to the City Subsidy Amount plus simple, non-compounding interest on such amount at the rate of one percent (1.0%) per annum (assuming twelve (12) thirty (30) day months) calculated from the date of this Mortgage to the date of the date of the Recapture Payment Event.

For example, if (a) this Mortgage was dated January 1, 2005, (b) the date of the Recapture Payment Event was July 1, 2011, and (c) the City Subsidy Amount was Twenty Thousand Dollars (\$20,000), then (i) the interest on the City Subsidy Amount would be One Thousand Three Hundred Dollars (\$1,300) (Two Hundred Dollars (\$200) per year for six (6) years, plus One Hundred Dollars (\$100) for one-half ( $\frac{1}{2}$ ) year), and (ii) the City Subsidy Recapture Amount would be Twenty-one Thousand Three Hundred Dollars (\$21,300) (Twenty Thousand Dollars (\$20,000) plus One Thousand Three Hundred Dollars (\$1,300)).

(b) If an Event of Default occurs under Section 4.02 or Section 4.03 and such default involves a failure to make timely payment of any amount due and secured by this Mortgage or the Senior Mortgage and such failure is not cured within ten (10) days of the Mortgagee's delivery of written notice of such failure to Mortgagor (a "Monetary Event of Default"), then Mortgagee shall be entitled to immediately: (i) declare the City Subsidy Recapture Amount immediately due and payable (with such Monetary Event of Default date being also being deemed a Recapture Payment Event for purposes of computing such amount); and (ii) exercise any other remedies available under this Mortgage (including, without limitation, specific enforcement of the Affordability Requirements any time prior to the end of the Recapture Period of this Mortgage), in either instance without further notice or demand.

(c) If Mortgagor fails to perform any other obligation required under this Mortgage not described in Section 4.02 and such failure is not cured within sixty (60) days of the Mortgagee's delivery of written notice of such failure to Mortgagor, Mortgagee shall be entitled to immediately (i): declare the City Subsidy Recapture Amount immediately due and payable (with such non-monetary Event of Default date being also being deemed a Recapture Payment Event for purposes of computing such amount); and (ii) exercise any other remedies available under this Mortgage (including, without limitation, specific enforcement of the Affordability Requirements any time prior to the end of the Recapture Period of this Mortgage), in either instance without further notice or demand. In the event such default cannot reasonably be

cured within such sixty (60) day period, however, and if Mortgagor has commenced efforts to cure such default, then the time to cure shall be extended so long as said party diligently continues to cure such default.

(d) If an Event of Default occurs under the Senior Lender's security documents (after the giving of any applicable notice and lapse of any applicable cure period, if any) and the Senior Lender commences efforts to foreclose its mortgage (or obtain a deed-in-lieu-of-foreclosure), obtain appointment of a receiver for the Mortgaged Property, or obtain possession of the Mortgaged Property, such event of default shall (notwithstanding anything in this Section 4.02 to the contrary) constitute an immediate Event of Default under this Mortgage and the Mortgagee shall be entitled to immediately: (i) declare the City Subsidy Recapture Amount immediately due and payable (with such commencement date being also deemed a Recapture Payment Event for purposes of computing the City Subsidy Recapture Amount); and (ii) exercise any other remedies available under this Mortgage, in either instance without further notice or demand.

#### 4.03 Other Remedies.

(a) If any amounts due under and secured by this Mortgage shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof. This Mortgage and the right of foreclosure hereunder shall not be impaired or exhausted by any foreclosure of the Senior Mortgage, and may be foreclosed successively and in parts, until all of the Mortgaged Property has been foreclosed against. In any such foreclosure, or upon the enforcement of any other remedy of Mortgagee, there shall be allowed and included as additional indebtedness all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs involved in title insurance and title examinations. All expenditures and expenses of the nature in this Section 4.03 mentioned, and such expenses and fees as may be incurred in the protection of the Mortgaged Property and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage or the Mortgaged Property, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the lesser of the highest rate permitted by law or fifteen percent (15%) per annum, and shall be secured by this Mortgage. The proceeds of any foreclosure sale of the Mortgaged Property shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incidental to the foreclosure proceedings, including all such items as are mentioned in this section; (ii) repayment of the indebtedness owed to the Senior Lender, subject to the limitation in Section 2.04; (iii) repayment of any other amounts due under this

Mortgage; and (iv) payment of any remaining amounts due to Mortgagor, its successors or assigns, as their rights may appear.

(b) Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws", now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Mortgaged Property marshaled upon any foreclosure of the lien hereof; and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. To the extent permitted by law, Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on such Mortgagor's behalf and on behalf of each and every person, except decree or judgment creditors of Mortgagor, acquiring any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage.

(c) Upon any other entering upon or taking of possession of the Mortgaged Property after the occurrence of an Event of Default and the expiration of the applicable cure period and other than by means of a foreclosure, Mortgagee, subject to the rights of the Senior Lender, may hold, use, manage and control the Mortgaged Property and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property required in connection therewith; (ii) insure or keep the Mortgaged Property insured; (iii) manage the Mortgaged Property and exercise all the rights and powers of Mortgagor to the same extent as Mortgagor could in its own name or otherwise with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to Mortgagee, all as Mortgagee from time to time may reasonably determine to be to its best advantage. Mortgagee may collect and receive all the rents, issues, profits and revenues of the same, including those past due as well as those accruing thereafter, and, after deducting to the extent reasonable: (aa) expenses of taking, holding and managing the Mortgaged Property (including compensation for the services of all persons employed for such purposes); (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisitions; (cc) the cost of such insurance; (dd) such taxes, assessments and other similar charges as Mortgagee may determine to pay; (ee) other proper charges upon the Mortgaged Property or any part thereof; and (ff) the reasonable compensation, expenses and disbursements of the attorneys and agents of Mortgagee, shall apply the remainder to the payment of amounts due under this Mortgage. The balance of such funds, if any, after payment in full, of all of the aforesaid amounts shall be paid to Mortgagor.

(d) Mortgagee may also seek specific performance or injunctive relief in order to enforce the provisions of this Mortgage.

#### 4.04 Receiver.

Subject to the rights of the Senior Lender, if an Event of Default shall have occurred and be continuing after an applicable cure period has expired, Mortgagee, upon application to a court of competent jurisdiction, shall be entitled to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall otherwise have all of the rights and powers to the fullest extent permitted by law.

#### 4.05 Purchase By Mortgagee.

Upon any foreclosure sale, Mortgagee may bid for and purchase the Mortgaged Property and shall be entitled to apply all or any part the City Subsidy Recapture Amount and other amounts due under and secured by this Mortgage as a credit to the purchase price.

#### 4.06 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to Mortgagee by this Mortgage is intended to be exclusive of any other right, power or remedy, but each and every right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law, in equity or by statute.

#### 4.07 Waiver.

No delay or omission of Mortgagee to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. No consent or waiver, expressed or implied, by Mortgagee to or of any breach or Event of Default by Mortgagor in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or Event of Default in the performance of the same or any other obligations of Mortgagor hereunder. Failure on the part of Mortgagee to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Mortgagee of its rights hereunder or impair any rights, powers or remedies on account of any breach or default by Mortgagor.



*Article V.*

*Miscellaneous Provisions.*

5.01 Successors And Assigns.

This Mortgage shall inure to the benefit of and be binding upon Mortgagor and Mortgagee and their respective legal representatives, successors and assigns.

Whenever a reference is made in this Mortgage to Mortgagor or to Mortgagee, such reference shall be deemed to include a reference to legal representatives, successors and assigns of Mortgagor or Mortgagee, as applicable.

5.02 Terminology.

All personal pronouns used in this Mortgage, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa. Titles and sections are for convenience only and neither limit nor amplify the provisions of this Mortgage, and all references herein to articles, sections or paragraphs shall refer to the corresponding articles, sections or paragraphs of this Mortgage unless specific reference is made to such articles, sections or paragraphs of another document or instrument.

5.03 Severability.

If any provision of this Mortgage or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Mortgage and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the extent permitted by law.

5.04 Security Agreement.

This Mortgage shall be construed as a "Security Agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgaged Property which constitutes fixtures. Mortgagee shall have all the rights with respect to such fixtures afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Mortgagee by this Mortgage or any other agreement.

5.05 Modification.

No change, amendment, modification, cancellation or discharge hereof, or of any part hereof, shall be valid unless in writing and signed by the parties hereto or their

respective successors and assigns. Mortgagor shall have no right to convey the Home into a land trust without obtaining the prior written consent of the City.

5.06 No Merger.

It being the desire and intention of the parties that this Mortgage and the lien hereof do not merge in fee simple title to the Mortgaged Property, it is hereby understood and agreed that should Mortgagee acquire any additional or other interests in or to said property or the ownership thereof, then, unless a contrary interest is manifested by Mortgagee as evidenced by an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

5.07 Applicable Law.

This Mortgage shall be interpreted, construed and enforced under the laws of the State of Illinois, without regard to its conflict of laws principles.

5.08 Administration.

All consents, approvals, modifications, waivers, adjustments or other actions of the City described herein shall be made in writing by the City, acting through its Department of Planning and Development, or any successor department thereto. All notices, requests or other communications to the City hereunder shall be made to the Department of Planning and Development at the following address: 121 North LaSalle Street, Chicago, Illinois 60602, Attention: Commissioner.

In Witness Whereof, The undersigned has caused this Mortgage to be executed as of the day and year first above written.

Mortgagor(s):

\_\_\_\_\_  
\_\_\_\_\_

State of Illinois )  
                          )SS.  
County of Cook )

I, \_\_\_\_\_, a notary public in and for said County, in the State aforesaid, do hereby certify that \_\_\_\_\_ to me as the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and being first duly sworn by me acknowledged that she signed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

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

(Sub)Exhibit "B" referred to in this Form of Recapture Mortgage reads as follows:

*(Sub)Exhibit "B".*  
(To Form Of Recapture Mortgage)

*Definitions.*

"Affordability Requirements" shall mean the affordability requirements contained in Sections 3.02 and 3.03 hereof.

"Affordable Price" shall mean an amount less than or equal to the price at which Monthly Homeownership Costs for the Home would total not more than thirty

percent (30%) of household income for a household with a family size equal to the product of one and five-tenths (1.5) multiplied by the number of bedrooms in the Home whose income is the maximum amount allowable for such household to be a Qualified Household.

“Base Purchase Price” shall mean the following, being the respective amount of the Purchase Price for each of the Homes exclusive of upgrades:

Home Number 1:	two (2) bedroom (one thousand one hundred eighty-three (1,183) square feet)	\$181,500
Home Number 2:	two (2) bedroom (one thousand one hundred eighty-three (1,183) square feet)	\$181,500
Home Number 3:	two (2) bedroom (one thousand one hundred eighty-three (1,183) square feet)	\$181,500
Home Number 4:	two (2) bedroom (one thousand one hundred eighty-three (1,183) square feet)	\$181,500
Home Number 5:	three (3) bedroom (one thousand one hundred eighty-three (1,183) square feet)	\$181,500
Home Number 6:	three (3) bedroom (one thousand one hundred eighty-three (1,183) square feet)	\$181,500
Home Number 7:	three (3) bedroom (one thousand one hundred eighty-three (1,183) square feet)	\$181,500
Home Number 8:	three (3) bedroom (one thousand one hundred eighty-three (1,183) square feet)	\$181,500
Home Number 9:	three (3) bedroom (one thousand one hundred eighty-three (1,183) square feet)	\$181,500

“City Subsidy Amount” shall mean \$\_\_\_\_\_, constituting the difference between the market value of the Home at the time of its initial purchase (based on appraisals, comparable sales or similar evidence reasonably acceptable to the Department of Planning and Development) and the Base Purchase Price.

“City Subsidy Recapture Amount” shall have the meaning set forth in Section 4.02 hereof.

“Closing Date” shall mean the date of execution of this Mortgage.

“Home” shall have the meaning set forth in the recitals hereto.

“Initial Seller” shall mean Lake and Waller, L.L.C.

“Monthly Homeownership Costs” shall mean the sum of the following estimated amounts:

- (i) monthly principal and interest payments on a thirty (30) year fixed rate purchase money mortgage in the amount of ninety-five percent (95%) of the purchase price, bearing interest at a rate equal to the prevailing rate as published in the *Chicago Tribune* (or posted on the internet website maintained by the *Chicago Tribune* as of the date of calculation of Monthly Homeownership Costs, rounded up to the nearest quarter,
- (ii) annual estimated real property taxes (based upon the most recently issued real estate tax bill), divided by twelve (12),
- (iii) annual insurance premiums, divided by twelve (12), for homeowners' insurance in the amount of the replacement value of the Home, and
- (iv) monthly condominium assessment payments or similar homeowner's association payments, if applicable.

“Purchase Price” shall mean \$ \_\_\_\_\_, being the sum of the Base Purchase Price plus upgrades.

“Recapture Period” shall mean for the period commencing on the Closing Date and ending upon the thirtieth (30<sup>th</sup>) anniversary of the Closing Date.

“Qualified Household” shall mean a single person, family or unrelated persons living together whose adjusted income is not more than (i) one hundred percent (100%) (with respect to Home Number 1, Home Number 4 and Home Number 5), (ii) ninety percent (90%) (with respect to Home Number 3), or (iii) eighty percent (80%) (with respect to Home Number 2), of the Chicago-area median income, adjusted for family size, as such adjusted income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development for purposes of Section 8 of the United States Housing Act of 1937. As of the Closing Date, such income limitations are as follows [Must Be Obtained From H.U.D. At Closing]:

Number of Persons In Household	100% Of A.M.I.	90% Of A.M.I.	80% Of A.M.I.
1	\$52,800	\$47,500	\$40,600
2	\$60,300	\$54,250	\$46,400
3	\$67,900	\$61,100	\$52,200
4	\$75,400	\$67,850	\$58,000
5	\$81,400	\$73,250	\$62,650
6	\$87,500	\$78,750	\$67,300

“Senior Lender” shall mean \_\_\_\_\_, being the mortgagee under the Senior Mortgage.

“Senior Mortgage” shall mean that certain mortgage dated as of \_\_\_\_\_, between Mortgagor and the Senior Lender, recorded with the Office of the Recorder of Deeds of Cook County, Illinois on \_\_\_\_\_ as document Number \_\_\_\_\_ to secure indebtedness in the original principal amount of \$\_\_\_\_\_.

“T.I.F. Contribution” shall mean a contribution by the City of tax increment financing funds towards payment of a portion of the construction costs of the Home.

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DESIGNATION OF PARKSIDE OLD TOWN I, L.L.C. AS PROJECT  
DEVELOPER, AUTHORIZATION FOR EXECUTION OF  
REDEVELOPMENT AGREEMENT, TRANSFER OF  
UNUSED 2006 TAX-EXEMPT BOND CAP TO  
CHICAGO HOUSING AUTHORITY, ISSUANCE  
OF CITY NOTE AND WAIVER OF CERTAIN  
FEES FOR CONSTRUCTION OF TOWN-  
HOMES WITHIN NEAR NORTH TAX  
INCREMENT FINANCING  
REDEVELOPMENT  
PROJECT AREA.

The Committee on Finance submitted the following report: